PUBLIC DISCLOSURE

November 21, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Midland Community Bank
Certificate: #19796

112 Market Street
Kincaid, Illinois 62540

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.

Midland Community Bank's (MCB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. 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 home mortgage, small business, and small farm loans, by number and dollar volume, within its assessment area.

- The geographic distribution of loans reflects reasonable dispersion in moderate-income census tracts throughout the assessment area. The bank's designated assessment area does not contain low-income census tracts.

- The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and farms and business of varying sizes.

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

DESCRIPTION OF INSTITUTION

Background
Midland Community Bank is headquartered in the village of Kincaid, IL (population 1,505). The bank remains wholly-owned by Midland Bancshares, Inc., a one-bank holding company also in Kincaid. MCB has no affiliates that engage in lending activity. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated July 29, 2013, based on Interagency Small Institution Examination Procedures.

Operations
MCB operates two full-service offices in Kincaid and Taylorville, which are both in Christian County, IL. The bank did not open or close any branches, and no merger or acquisition activities occurred within this evaluation review period.

MCB offers an array of traditional loan and deposit products. Loan product offerings include home mortgages, consumer loans for auto and personal purposes, agricultural, and commercial loans. The primary focus is on home mortgage lending and offers flexible loan products and programs that especially benefit low- and moderate-income borrowers. Deposit product offerings include checking, savings, and money market accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, and no-fee automated teller machines (ATMs) are available in each community.

Ability and Capacity
As of September 30, 2019, MCB reported total assets of $62.4 million, including total loans of $43.9 million and total deposits totaling $55.1 million. The following table illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of 9/30/2019		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	400	0.9
Secured by Farmland	3,523	8.0
Secured by 1-4 Family Residential Properties	26,937	61.3
Secured by Multi-family (5 or more) Residential Properties	452	1.0
Secured by Non-farm Non-Residential Properties	1,896	4.3
Total Real Estate Loans	**33,208**	**75.5**
Commercial and Industrial Loans	6,017	13.7
Agricultural Production and Other Loans to Farmers	3,028	6.9
Consumer	1,580	3.6
Obligations of States and Political Subdivisions in the United States	104	0.3
Other Loans	-	-
Lease Financing Receivables (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	**43,937**	**100.0**
Source: Reports of Condition and Income		

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

DESCRIPTION OF ASSESSMENT AREA

Each financial institution is required to define one or more assessment areas within which its CRA performance will be evaluated. MCB's assessment area is comprised of Christian County, in its entirety. Christian County is comprised of ten census tracts in a predominantly rural area in central Illinois and is not part of a metropolitan statistical area (Non-MSA). The assessment area meets the requirements of the CRA regulation, as it consists of whole geographies, includes tracts in which the bank's main office and branches are located, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income geographies. The following sections contain economic and demographic information for the assessment area.

Economic and Demographic Data

According to the 2015 ACS, the area has a total population of 34,200 and is comprised of 10 census tracts. The following table provides a summary of the demographics, housing, and business information for the assessment area.

Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	70.0	10.0	0.0
Population by Geography	34,200	0.0	19.0	74.4	6.6	0.0
Housing Units by Geography	15,539	0.0	20.9	73.2	5.9	0.0
Owner-Occupied Units by Geography	10,447	0.0	17.8	75.2	7.0	0.0
Occupied Rental Units by Geography	3,566	0.0	24.8	72.0	3.2	0.0
Vacant Units by Geography	1,526	0.0	32.9	62.3	4.8	0.0
Businesses by Geography	1,514	0.0	18.7	74.5	6.8	0.0
Farms by Geography	236	0.0	4.2	80.9	14.8	0.0
Family Distribution by Income Level	9,032	21.5	17.5	23.0	38.0	0.0
Household Distribution by Income Level	14,013	23.9	16.7	18.7	40.6	0.0
Median Family Income IL Non-MSAs (2015)		$59,121	Median Housing Value			$85,845
Families Below Poverty Level		11.1%	Median Gross Rent			$593

Sources: 2015 ACS Census and 2018 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 two moderate-income, seven middle-income, and one upper-income tract. These income designations reflect changes from the 2010 U.S. Census when there was one moderate-income and nine middle-income tracts. One of the tracts comprising downtown Taylorville is now classified as

moderate-income and the tract containing a portion of the Village of Moweaqua is now classified as upper-income. Both of the bank's offices are in tract 9582, which is a middle-income geography. Median Family Income (MFI) for the assessment area is included in the table above. The following table illustrates how the 2018 figure translates to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels.

Median Family Income Ranges – IL Non-MSA (99999)				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
2018 ($63,900)	<$31,950	$31,950 to <$51,120	$51,120 to <$76,680	≥$76,680
Source: FFIEC. Due to rounding, totals may not equal 100.0				

According to 2018 D&B data, there were 1,514 non-farm businesses in the assessment area. A substantial majority of these businesses (75.9 percent) reported revenues of $1 million or less, 5.4 percent reported revenues greater than $1 million, and 18.8 percent did not report revenues. Also, according to D&B data, there were 236 farming operations in the assessment area. Almost all (98.7 percent) of these operations reported revenues of $1 million or less, 0.4 percent reported revenues greater than $1 million, and 0.8 percent did not report revenues. Since the previous evaluation, economic development has been a focus in the area. Efforts were made to redevelop portions of the county through various initiatives including infrastructure improvements, tax incentives, and the development of an industrial park in an effort to attract and retain businesses. Additional efforts were necessary to assist with recovery from tornados that hit the Taylorville area in December 2018 and mostly impacted homes, but some businesses, too.

Service industries represent the largest portion of businesses in the assessment area at 33.8 percent followed by retail trade at 14.2 percent and agriculture at 13.5 percent. Over half (68.2 percent) of area businesses have four or fewer employees, and 83.0 percent operate from a single location. The largest employment sectors in Christian County include healthcare, manufacturing, agriculture and related businesses, and retail trade. Taylorville Memorial Hospital, Pana Community Hospital, and affiliated offices and providers are among the largest employers in the area. Many residents are also employed by state and local governments and manufacturing plants that are either in or near the assessment area. According to the Illinois Department of Employment Security, the unemployment rate for the State of Illinois was 3.6 percent in September 2019 and the national rate was 3.3 percent. The unemployment rate in Christian County was slightly higher at 4.4 percent.

Competition

This market is competitive for financial services and loans due to the presence of several financial institutions in Christian County and neighboring communities. According to the FDIC Deposit Market Share data as of June 30, 2019, there were 13 financial institutions operating 20 full-service branches within Christian County. MCB ranked 6th in deposit share with $51.9 million or 6.6 percent of total deposits.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to these needs.

A community contact was previously conducted in this assessment area and reviewed as part of the scope of the current evaluation. The contact specializes in economic development within the assessment area and surrounding market area that includes adjoining counties. The contact expressed that the economic conditions in Christian County are fair and reflect stability partially due to less migration out of the area. Also noted is that the City of Taylorville has been pretty active in working to attract new business and that there is an Enterprise Zone in the area. There was mention of bank acquisitions and consolidations in the area, as well as the impact that has had on local financial institutions. The contact did not identify any unmet credit needs.

Credit Needs

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

SCOPE OF EVALUATION

General Information

The Interagency Small Institution Examination Procedures were utilized for this evaluation, which covers the period from the prior evaluation dated July 29, 2013, to the current evaluation dated November 21, 2019.

Activities Reviewed

Examiners determined that the bank's major product line is home mortgage lending, followed by small business, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank's record of originating home mortgage loans contributed more to the overall conclusions due to the larger loan volume when compared to small business and small farm lending during the review period. In addition, the volume of small business and small farm loan originations during the evaluation period is significantly lower than home mortgage lending. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. Examiners did not analyze any other loan types, such as consumer loans, because they do not represent major product lines and would therefore not provide material support for conclusions or ratings.

Loans originated or renewed in the period January 1, 2018 through December 31, 2018 are considered representative of the bank's performance during the entire evaluation period. In 2018, the bank originated 115 home mortgage loans totaling $10.5 million, 32 small business loans totaling $2.0 million, and 9 small farm loans totaling $778,000. Examiners used the universe of

home mortgage, small business, and small farm loans to evaluate the bank's assessment area concentration performance and geographic distribution. Sampling procedures were used when analyzing home mortgage loans under the borrower profile criterion and all small business and small farm loans were reviewed due to the size of the universe for these loan types. The sample of home mortgage loans includes 48 loans totaling $3.9 million. Only loans originated within the assessment area are used to evaluate the bank's performance under the geographic distribution and borrower profile criterion.

Examiners analyzed MCB's CRA performance in relation to applicable performance context. Performance context includes factors such as bank size and structure, financial condition, loan mix, resources and limitations, demographics of the assessment area, economic factors, competition, credit needs, and available opportunities. For home mortgage lending, examiners used demographic data obtained from the 2015 American Community Survey (ACS). D&B data for 2018 was used as a comparative factor for small business and small farm lending performance. D&B data includes all businesses and farms in a given area that voluntarily respond to a survey request, including a large number of very small operations that have limited or no credit needs. As such, the D&B data is primarily an indicator of demographics in a given area and is not considered an absolute distribution of credit needs or lending opportunities.

While examiners reviewed the number and dollar volume of loans, the performance by number of loans was emphasized because it is a better indicator of the number of borrowers served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

MCB demonstrated reasonable performance under the Lending Test. The bank's performance under the Borrower Profile, Geographic Distribution, and Loan-to-Deposit (LTD) Ratio support this conclusion.

Loan-to-Deposit Ratio

The 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 76.5 percent over the past 25 calendar quarters from September 30, 2013 to September 30, 2019. It fluctuated slightly throughout the evaluation period, but reflects growth overall. The ratio ranged from a low of 66.5 percent as of March 31, 2014, to a high of 84.6 percent as of September 30, 2018.

Examiners selected comparable institutions in Christian County and the surrounding area based on their asset size, geographic location, branching structure, and lending focus. These banks were ranked according to their average LTD over the review period and MCB ranked second. As detailed in the following table, the LTD ratios for the similarly situated banks ranged from a high of 80.7 percent and a low of 21.2 percent.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2019 $(000s)	Average Net LTD Ratio (%)
Midland Community Bank	62,373	76.5
Similarly-Situated Institution #1	95,110	21.2
Similarly-Situated Institution #2	98,194	45.5
Similarly-Situated Institution #3	128,471	80.7
Source: Reports of Condition and Income 9/30/13 through 9/30/19		

Assessment Area Concentration

The bank made a majority of home mortgage, small business, and small farm loans, by number and dollar volume, within its assessment area. The following table details the bank's lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans $(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	$	%	$	%	$(000s)
Home Mortgage	82	71.3	33	28.7	115	6,482	61.7	4,027	38.3	10,509
Small Business	23	71.9	9	28.1	32	1,817	90.7	187	9.3	2,004
Small Farm	7	77.8	2	22.2	9	489	62.9	289	37.1	778
Total	112	71.8	44	28.2	156	8,788	66.1	4,503	33.9	13,291
Source: Evaluation Period: 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance across all three product lines supports this conclusion. Examiners focused on the percentage of loans, by number, in moderate-income census tracts. There are no low-income geographies in the area. As previously mentioned, there are now two moderate-income tracts in the area and competition is a factor in both of them. One tract is less than a half mile from the Taylorville office and the other is almost 15 miles away in Pana.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As detailed in the following table, the bank's lending in moderate-income tracts was below area demographics. In the moderate-income tracts, just over half (57.3 percent) of the housing units are owner-occupied, which impacts available lending opportunities. Roughly one quarter (27.2 percent) of the housing units are occupied rentals and the remainder are vacant units. Additionally, there are numerous competing financial institutions in these areas. Overall, MCB's

lending is generally reflective of the area demographics, including moderate-income geographies, and is considered reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	$(000s)	%
Moderate	17.8	10	12.2	840	13.0
Middle	75.2	67	81.7	5,363	82.7
Upper	7.0	5	6.1	279	4.3
Total	**100.0**	**82**	**100.0**	**6,482**	**100.0**
Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0					

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion with only one loan originated in a moderate-income tract. However, there are performance context factors that impact the bank's ability to attract additional borrowers in these areas. The bank's Taylorville office, which is the closest to a moderate-income tract, is located several blocks from Route 29, which is a main thoroughfare that runs through Taylorville and connects it to nearby towns. Many of the businesses in the immediate vicinity of the bank are larger operations or retail chains that often seek financing options from larger financial institutions. As previously mentioned, the other moderate-income tract is a considerable distance from both MCB offices and there are competing financial institutions in that geography. These factors assist in explaining the low level of lending in this assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	$(000s)	%
Moderate	18.7	1	4.3	100	5.5
Middle	74.5	19	82.6	1,442	79.4
Upper	6.8	3	13.0	275	15.2
Total	**100.0**	**23**	**100.0**	**1,817**	**100.0**
Sources: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0.					

Small Farm Loans

The geographic distribution of small farm loans is reasonable. However, the overall loan volume of originations is nominal. Almost a third (28.6 percent) of the bank's lending was to farming operations in the moderate-income geographies. Since two of only seven loans make up that percentage, it is considered to compare reasonably to the four percent of all farming operations located in these geographies.

The bank's distribution of small farm loans is depicted in the following table.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	$(000s)	%
Moderate	4.2	2	28.6	251	51.3
Middle	80.9	4	57.1	219	44.8
Upper	14.9	1	14.3	19	3.9
Total	100.0	7	100.0	489	100.0
Sources: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0.					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and farms and business of different sizes. For this review, examiners focused on low- and moderate-income borrowers and businesses and farming operations with GARs of $1 million or less.

Home Mortgage Loans

The distribution of sampled home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable particularly to moderate-income borrowers and based on the bank's efforts to extend credit to these income segments of applicants. Through the use of flexible mortgage lending programs designed to assist low- and moderate-income borrowers, the bank has been able to penetrate these income segments, as detailed in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	$(000s)	%
Low	21.5	2	4.2	125	3.2
Moderate	17.5	13	27.1	1,077	27.9
Middle	23.0	14	29.2	1,296	33.6
Upper	38.0	19	39.5	1,363	35.3
Total	100.0	48	100.0	3,861	100.0
Sources: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0					

Lending levels to low-income borrowers trailed area demographics, but are not considered unreasonable, especially when considering the bank's efforts. A low-income family in Christian County, with an income of $31,950 or less, may not qualify for or have the capacity to support a mortgage under conventional underwriting standards, especially considering the median housing value of $85,845. Due to their limited financial resources, families with low-incomes, including those living below the poverty level often do not have the capacity to support a home mortgage, thereby limiting the demand and opportunity for lending to low-income borrowers.

Lending performance to moderate-income borrowers was strong and exceeded area demographics by nearly ten percent. This performance is reflective of the bank's efforts to provide flexible lending programs that are designed to assist low- and moderate-income borrowers. In particular, the bank participates in the United States Department of Agriculture (USDA) Rural Development program, the Finally Home Loan Guarantee program, and the Down-payment Plus Assistance program.

- USDA Rural Development - This program assists approved lenders in providing low- and moderate-income families the opportunity to own primary residences in eligible rural areas. Eligible applicants may build, rehabilitate, improve or relocate a dwelling in an eligible rural area. The program provides a 90 percent loan note guarantee to approved lenders in order to reduce the risk of extending 100 percent loans to eligible rural homebuyers. Since the previous examination in 2016, the bank originated 49 loans totaling $4,080,185 utilizing this program.

- Finally Home - The Finally Home program was established in 2002 to help Illinois residents buy a home or keep their existing homes from going into foreclosure. It is a free program that helps borrowers who cannot obtain conventional, sustainable mortgages from credible lenders because of factors such as damaged credit or high debt-to-income ratios. Since the previous performance evaluation in 2013, the bank originated 21 loans with guarantees totaling $134,770 utilizing this program.

- Down-payment Plus Program - The bank offers long-term fixed rate loans through the Federal Home Loan Bank. In addition, grant assistance loans are available for qualified applicants through the Federal Home Loan Bank of Chicago. These grants allow program member banks to offer down payment and closing cost assistance for low- and moderate-income homebuyers. Since the previous examination in 2016, the bank originated 25 loans with grant assistance totaling $139,000 utilizing this program.

Small Business Loans

The distribution of small business loans to businesses of different sizes is reasonable. As shown in the following table, all but two of the bank's small business loans were made to operations reporting GARs of less than $1 million. This level of lending exceeded the number of businesses in the area reporting revenues at this level to D&B.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	$(000s)	%
<=$1,000,000	75.9	21	91.3	1,367	75.2
>=$1,000,000	5.4	2	8.7	450	24.8
Revenue Not Available	18.7	0	0.0	0	0.0
Total	100.0	23	100.0	1,817	100.0
Sources: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0.					

Small Farm Loans

The distribution of small farm loans to operations of different sizes is reasonable. A vast majority of the bank's lending was to farms with GARs at or below $1 million. MCB's lending is generally reflective of the area demographics and considered reasonable, even though the percentages are derived from only 7 total loans.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	$(000s)	%
<=$1,000,000	98.7	5	71.4	411	84.0
>=$1,000,000	0.4	2	28.6	78	16.0
Revenue Not Available	0.9	0	0.0	0	0.0
Totals	100.0	7	100.0	489	100.0
Sources: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0.					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices, inconsistent with helping to meet community credit needs, was identified.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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

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

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

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

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

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

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

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