

PUBLIC DISCLOSURE

April 26, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Conneaut Savings Bank
Certificate Number: 28677

305 Main Street
Conneaut, Ohio 44030

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.

Conneaut Savings Bank's (Conneaut) satisfactory Community Reinvestment Act (CRA) performance under the Small Bank Lending Test supports the overall rating. 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 (AA) credit needs.
- The bank made a majority of its home mortgage and small business inside its AA.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects poor dispersion throughout the AA.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Conneaut is a full-service community bank headquartered in Conneaut, Ohio. The bank is a wholly-owned subsidiary of Conneaut Bancorp, Incorporated, a single-bank holding company also located in Conneaut, Ohio. The bank received a "Satisfactory" rating at its previous FDIC CRA Performance Evaluation dated April 4, 2016, based on Interagency Small Institution Examination Procedures. The prior evaluation included operations in the State of Pennsylvania (PA), as the bank opened its Girard branch in Girard, PA in June 2010.

In addition to its main office in Conneaut, the bank also operates one full-service branch in Austinburg, Ohio. Both branches are located in the northwest region of Ohio. Each branch has an automated teller machine (ATM) that accepts deposits. Since the previous evaluation, the bank closed the aforementioned Girard branch and the ATM. The branch and ATM were located in a middle-income census tract. There were no merger or acquisition activities since the previous evaluation.

Conneaut offers a variety of consumer and commercial deposit services including checking, savings, and money market accounts. Loan products include home mortgage loans, home equity and commercial lines of credit, and commercial, installment, automobile, and construction loans.

As of December 31, 2021, the bank’s assets were approximately \$86.2 million and included total loans of \$51.3 million and total securities of \$23.3 million. The bank’s total deposits were \$72.1 million. The net loan portfolio increased by 12.9 percent since the prior evaluation, and the composition of the loan portfolio remained largely consistent over the review period. The following table illustrates the bank’s loan portfolio distribution using data from the most recently available Call report.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	906	1.8
Secured by Farmland	299	0.6
Secured by 1-4 Family Residential Properties	41,913	81.7
Secured by Multifamily (5 or more) Residential Properties	2,828	5.5
Secured by Nonfarm Nonresidential Properties	3,922	7.7
Total Real Estate Loans	49,868	97.3
Commercial and Industrial Loans	1,285	2.5
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	257	0.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(136)	(0.3)
Total Loans	51,274	100.0
<i>Source: Reports of Condition and Income</i>		

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

The CRA requires institutions to define one or more AAs that serve as the basis for evaluating the institution’s record of serving the credit needs of its community. The bank maintains one geographically contiguous AA composed of the southwest and northeast portions of Ashtabula County. The county is not in a Metropolitan Statistical Area (MSA). The AA changed since the last evaluation, eliminating six PA census tracts with the Girard branch closing. The AA does not arbitrarily exclude low- and moderate-income areas, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulations.

Economic and Demographic Data

The AA consists of nine census tracts with the following income designations according to the 2015 American Community Survey (ACS) data:

- 0 low-income tracts

- 2 moderate-income tract
- 5 middle-income tracts
- 2 upper-income tracts
- 0 income not available (NA) tracts

Since the last evaluation, the income designations of four census tracts changed. Two tracts changed from middle- to moderate-income, one tract changed from middle- to upper-income, and one tract changed from upper- to middle-income.

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	22.2	55.6	22.2	0.0
Population by Geography	40,468	0.0	17.6	69.1	13.3	0.0
Housing Units by Geography	17,693	0.0	20.3	66.2	13.5	0.0
Owner-Occupied Units by Geography	11,911	0.0	15.1	69.8	15.2	0.0
Occupied Rental Units by Geography	3,324	0.0	36.0	56.4	7.6	0.0
Vacant Units by Geography	2,458	0.0	24.5	62.2	13.3	0.0
Businesses by Geography	2,013	0.0	14.6	70.4	15.0	0.0
Farms by Geography	160	0.0	3.1	79.4	17.5	0.0
Family Distribution by Income Level	10,500	18.4	18.9	25.2	37.5	0.0
Household Distribution by Income Level	15,235	21.7	18.0	18.7	41.6	0.0
Median Family Income Non-MSA OH		\$55,785	Median Housing Value			\$118,435
			Median Gross Rent			\$633
			Families Below Poverty Level			10.4%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2015 ACS data, the AA contains 17,693 housing units, of which 67.3 percent are owner-occupied, 18.8 percent are renter-occupied, and 13.9 percent are vacant. The analysis of mortgage lending under the geographic distribution criterion compares the bank’s lending activities to the percentages of owner-occupied housing units by tract income levels.

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 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 AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
OH NA Median Family Income (99999)				
2020 (\$63,400)	<\$31,700	\$31,700 to <\$50,720	\$50,720 to <\$76,080	≥\$76,080
2021 (\$64,700)	<\$32,350	\$32,350 to <\$51,760	\$51,760 to <\$77,640	≥\$77,640
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile Criterion compares the distribution of the institution’s small business loans by the gross annual revenue (GAR) of the business. According to 2020 Dun and Bradstreet (D&B) data, the AA contains 2,013 non-farm businesses with the following GAR levels:

- 83.9 percent have \$1.0 million or less,
- 4.1 percent have more than \$1.0 million, and
- 12.0 percent have unknown revenues

Major employers within the AA include Ashtabula Area City School Board of Education, Ashtabula County Government, Ashtabula County Medical Center, KraftMaid Cabinetry, University Hospitals Health System, Molded Fiber Glass Company, INEOS Pigments, Kennametal, Inc., and Premix.

According to 2020 D&B data, primary industries throughout the AA are Services (36.6 percent); followed by Retail (13.5 percent); Non-Classifiable Establishments (10.4 percent); Construction (9.9 percent); and Agriculture, Forestry and Fishing (7.0 percent).

AA unemployment data, obtained from the U.S. Bureau of Labor Statistics, shows periodic declining rates that were consistently higher than state and national rates. The unemployment rates increased significantly in 2020 due to the COVID-19 Pandemic. The following table illustrates relevant unemployment rates during the evaluation period.

Unemployment Rates				
Area	2018	2019	2020	2021
	%	%	%	%
Ashtabula County	5.2	4.8	8.3	5.5
Ohio	4.5	4.2	8.2	5.1
National Average	3.9	3.7	8.1	5.4
<i>Source: Bureau of Labor Statistics</i>				

Competition

There is a moderate level of competition for financial services in the AA. As of the June 30, 2021 FDIC deposit market share data, eight financial institutions operate 21 offices within Ashtabula County. Of these, Conneaut ranks 6th with 4.8 percent of the deposit market share. The top three institutions includes two national banks and comprises 73.7 percent of the deposit market share.

There is a high level of competition within the AA for home mortgage lending from local, regional, and national institutions as well as national mortgage lenders. Conneaut is not required to collect or report data under the Home Mortgage Disclosure Act (HMDA). Therefore, the analysis does not include aggregate HMDA data comparisons; however, aggregate data is useful in identifying the loan demand. In 2020, the most recent aggregate data available, 152 lenders originated 2,042 home mortgage loans within the AA. The top four lenders, including one national bank and two national mortgage lenders accounted for 40.7 percent of the home mortgage lending market share.

There is also a high level of competition in the AA for small business lending from regional and national institutions. Conneaut is not required to report its small business data. Therefore, the small business loan analysis does not include aggregate data comparisons; however, aggregate data is useful in identifying the level of loan demand. In 2020, the most recent aggregate data available, 54 institutions originated 1,196 small business loans within the AA. The top five lenders, all national banks, accounted for 52.9 percent of the small business lending market share.

Community Contact(s)

As part of the evaluation process, examiners contact local organizations to help identify credit needs and the responsiveness of financial institutions to those needs. Examiners used a previous contact from a local organization to identify credit needs of the AA.

The contact stated that economic conditions were bleak prior to the COVID-19 pandemic and conditions continue to decline. The contact identified the credit needs of homeowner down payment assistance programs and affordable housing. Contributing issues include limited new housing inventory and minimal housing development space.

The contact believes some local financial institutions are meeting the overall credit needs within the area; however, an opportunity exists for more participation from local financial institutions. Specifically, borrowers with limited or modest credit incur issues securing down payment funding. However, the contact stated that some institutions provide matching funds to assist with down payments or closing costs.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated April 4, 2016, to the current evaluation dated April 26, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate Conneaut's CRA Performance. The first appendix to this evaluation discusses the small bank performance criteria.

As discussed previously, Conneaut designated a single AA, and examiners conducted a full-scope review of the AA.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the number and dollar volume of loans originated during the evaluation period, the composition of the bank's loan portfolio, and the bank's business strategy. No other loan types, such as agricultural or consumer loans, represent a major product line. Examiners placed more weight on home mortgage lending as it represents the highest volume of originations during the evaluation period and the largest portion of the bank's loan portfolio.

The composition of the bank's loan portfolio and lending focus remained consistent throughout the evaluation period. Nevertheless, the COVID-19 Pandemic and subsequent lower interest rates caused loan demand to differ between 2020 and 2021. As a result, examiners analyzed and presented lending activities for both years within this evaluation.

The bank is not a HMDA reporter and does not track information such as borrower income or geographic location for all loans; therefore, examiners gathered this information by reviewing a sample of loans. Examiners utilized Conneaut's records to identify home mortgage lending activities. The bank granted 83 home mortgage loans totaling \$9.8 million in 2020 and 52 loans totaling \$5.9 million in 2021. Examiners reviewed a sample of 41 loans totaling \$4.7 million in 2020 and 36 loans totaling \$5.0 million in 2021. The sample represents a 90.0 percent confidence level and a 10.0 percent precision level.

Examiners also utilized Conneaut's records to identify small business lending activities. The bank granted 64 small business loans totaling \$3.9 million in 2020 and 42 loans totaling \$4.3 million in 2021. Examiners analyzed the entire universe of small business lending for both years in this evaluation.

Conneaut participated in both rounds of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act, which provided aid to businesses, self-employed workers, sole proprietors, non-profit organizations, and tribal businesses during the COVID-19 pandemic. The bank originated 47 PPP loans totaling \$1.7 million in 2020 and 24 PPP loans totaling \$1.2 million in 2021. These loans are included in the aforementioned numbers and dollar volumes of small business lending in 2020 and 2021 that examiners included in the evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, the institution’s performance reflects reasonable responsiveness to the credit needs within the AA.

Loan-to-Deposit Ratio

Conneaut’s LTD ratio is reasonable given the institution’s size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 75.0 percent over the previous 23 calendar quarters from June 30, 2016 to December 31, 2021. The ratio ranged from a low of 70.7 percent as of December 31, 2021 to a high of 78.5 percent as of December 31, 2016. The ratio decreased slightly since the previous evaluation, when the LTD was 79.2 percent. There are only national and regional institutions in the AA; therefore, no similarly situated institutions were available for comparison.

Assessment Area Concentration

The bank originated a majority of its loans within the AA, based on a review of a sample of home mortgage loans and all of the bank’s small business loans granted in 2020 and 2021. The following table illustrates the AA concentration by loan type and year.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	34	82.9	7	17.1	41	3,920	83.8	758	16.2	4,678
2021	22	61.1	14	38.9	36	2,950	59.0	2,046	41.0	4,996
Total	56	72.7	21	27.3	77	6,870	71.0	2,804	29.0	9,674
Small Business										
2020	56	87.5	8	12.5	64	2,956	74.9	989	25.1	3,945
2021	30	71.4	12	28.6	42	2,332	54.4	1,953	45.6	4,285
Total	86	81.1	20	18.9	106	5,288	64.3	2,942	35.7	8,230
<i>Source: 2020 and 2021 Bank Data Due to rounding, totals may not equal 100.0%</i>										

Borrower Profile

Overall, the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Examiners focused on the percentages of home mortgage loans to low- and moderate-income borrowers, and businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The sample of home mortgage loans reflects reasonable penetration among borrowers of different income levels. The following table illustrates the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2020	18.4	1	2.9	66	1.7
2021	18.4	2	9.1	75	2.5
Moderate					
2020	18.9	6	17.6	442	11.3
2021	18.9	3	13.6	183	6.2
Middle					
2020	25.2	11	32.4	777	19.8
2021	25.2	4	18.2	326	11.1
Upper					
2020	37.5	16	47.1	2,635	67.2
2021	37.5	13	59.1	2,367	80.2
Not Available					
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
Totals					
2020	100.0	34	100.0	3,920	100.0
2021	100.0	22	100.0	2,950	100.0
<i>Source: 2015 ACS; 2020 & 2021 Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Conneaut’s lending to low-income borrowers is below the percentage of low-income families; however, this category includes families with incomes below the poverty level, which represents 10.4 percent of all families within the AA. These particular families likely face difficulty obtaining and/or servicing loans in amounts necessary to finance homes in the AA. The bank’s lending to moderate-income borrowers more closely reflects the demographic data. Taken together, examiners considered the bank’s performance reasonable overall.

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1.0 million or less. The following table shows the distribution of small business loans by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	83.9	13	23.2	1,497	50.6
2021	83.8	11	36.7	1,406	60.3
>\$1,000,000					
2020	4.1	0	0.0	0	0.0
2021	4.0	0	0.0	0	0.0
Revenue Not Available					
2020	12.0	43	76.8	1,459	49.4
2021	12.2	19	63.3	926	39.7
Totals					
2020	100.0	56	100.0	2,956	100.0
2021	100.0	30	100.0	2,332	100.0
<i>Source: 2020 and 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

The majority of the 2020 and 2021 small business loans were PPP loans, for which the institution was not required to collect revenue data from the businesses. These loans are shown in the “Revenue Not Available” section of the preceding table. Excluding the PPP loans, Conneaut originated all small business loans in its AA to businesses with GARs of \$1.0 million or less. Consequently, the bank’s non-PPP lending to small businesses exceeded the percent of small businesses within the AA. Additionally, 95.1 percent of PPP originations were loans in amounts less than \$100,000, demonstrating the institution’s ability to serve small businesses. Overall, the institution’s performance is excellent.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects poor dispersion throughout the AA overall. The bank’s AA does not contain any low-income census tracts; therefore, examiners primarily focused on the bank’s record of lending in moderate-income tracts.

Home Mortgage Loans

Based on the sample of home mortgage loans, the bank’s lending reflects poor dispersion throughout the AA. As shown in the following table, the bank did not originate any loans in moderate-income tracts.

As noted earlier, the bank is not a HMDA reporter; therefore, examiners did not compare the bank’s performance to aggregate HMDA data. Nevertheless, the aggregate data is a useful indicator of lending demand. In 2020, approximately 8.2 percent of loans granted in the AA by HMDA-reporting lenders were within the moderate-income tracts, which suggests that there are opportunities to make loans in these areas.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2020	15.1	0	0.0	0	0.0
2021	15.1	0	0.0	0	0.0
Middle					
2020	69.8	34	100.0	3,920	100.0
2021	69.8	22	100.0	2,950	100.0
Upper					
2020	15.1	0	0.0	0	0.0
2021	15.1	0	0.0	0	0.0
Totals					
2020	100.0	34	100.0	3,920	100.0
2021	100.0	22	100.0	2,950	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021; HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the AA. As shown in the following table, over 14.0 percent of the businesses within the AA are located in the moderate-income tracts; however, the bank granted only one small business loan in these areas during 2020 and 2021.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2020	14.6	1	1.8	6	0.0
2021	14.4	0	0.0	0	0.0
Middle					
2020	70.4	55	98.2	2,950	100.0
2021	70.0	30	100.0	2,332	100.0
Upper					
2020	15.0	0	0.0	0	0.0
2021	15.6	0	0.0	0	0.0
Totals					
2020	100.0	56	100.0	2,956	100.0
2021	100.0	30	100.0	2,332	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data; "--" data not available. 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 rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination included a review of the institution’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify 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.