

PUBLIC DISCLOSURE

October 1, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Union Bank, Inc.
Certificate Number: 16620

103 Dodd Street
Middlebourne, West Virginia 26149

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

10 10th Street NE, Suite 900
Atlanta, Georgia 30309-3849

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 loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The majority of loans were originated outside the assessment area.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- The borrower profile reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the assigned rating.

DESCRIPTION OF INSTITUTION

Union Bank, Inc. (Union Bank) is a \$363.8 million institution headquartered in Middlebourne, West Virginia and operates as a wholly owned subsidiary of Hometown Bancshares, Inc., a one -bank holding company also located in Middlebourne. The bank does not have any other affiliates or subsidiaries. The institution received a Satisfactory CRA rating at the previous FDIC CRA Performance Evaluation dated August 16, 2021, which was based on Interagency Small Institution Examination Procedures.

Union Bank operates eight full-service brick-and-mortar locations throughout northwestern West Virginia. The bank's main office continues to operate at 103 Dodd Street, Middlebourne, West Virginia. In addition to the main office, the Sistersville branch location operates in Tyler County. The other branches are in Pleasants, Ritchie, and Wetzel Counties. No branches were opened or closed since the last examination. No mergers or acquisitions occurred since the previous evaluation.

The bank offers a variety of loan products including residential mortgage, commercial, and consumer loans. Residential mortgage loans include home equity lines of credit and secondary market loans. Union Bank's primary focus is home mortgage and commercial lending. Lending categories remained consistent during the review period. Deposit products include checking, savings, and certificates of deposit accounts. As an alternative for delivering retail banking services, the bank offers automated teller machines (ATM), internet banking, mobile banking, and mobile bill payments.

As of June 30, 2024, the bank had total assets of \$363.8 million, total deposits of \$334.4 million, and total loans of \$162.4 million. Since the previous CRA evaluation, the bank experienced a 9.8 percent growth in assets, 15.1 percent growth in deposits, and 26.4 percent growth in total loans. The loan portfolio is presented in the table below.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,113	2.5
Secured by Farmland	5,570	3.4
Secured by 1-4 Family Residential Properties	66,830	41.2
Secured by Multifamily (5 or more) Residential Properties	11,567	7.1
Secured by Nonfarm Nonresidential Properties	31,594	19.5
Total Real Estate Loans	119,674	73.7
Commercial and Industrial Loans	12,054	7.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	6,972	4.3
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	23,708	14.6
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	162,408	100.00
<i>Source: Reports of Condition and Income</i>		

The table above shows majority of the bank's loans are residential real estate and commercial loans combined. The Call Report data shows that residential real estate loans comprise 41.2 percent of the portfolio and commercial loans (including those secured by nonfarm, nonresidential real estate) comprise 26.9 percent.

Examiners did not identify any financial, legal, or other impediments identified that would limit the institution's ability to meet the credit needs of the assessment area.

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. The FDIC evaluates the bank's CRA performance based on its activity within the defined assessment area(s). The bank designated a single assessment area located within the nonmetropolitan portion of West Virginia consisting of Tyler, Pleasants, Ritchie, and Wetzel Counties. The assessment area has not changed since the previous examination.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area consists of 13 census tracts, including one moderate-income, eight middle-income, and four upper-income census tracts. All eight middle-income tracts were designated as distressed or underserved by the Federal Financial Institutions Examination Council (FFIEC) in 2023. The distressed and underserved middle-income tracts are in Ritchie (3 underserved tracts), Tyler (2 distressed tracts), and Wetzel Counties (3 distressed tracts).

The demographic composition of the assessment area changed since the previous evaluation due to the release of the 2020 U.S. Census data; as a result, the income designations of census tracts changed. Specifically, during the previous evaluation period, based on the 2015 American Community Survey, the assessment area was comprised of 13 middle-income census tracts that the FFIEC also designated as either distressed or underserved. The following table presents the demographic data of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	7.7	61.5	30.8	0.0
Population by Geography	38,852	0.0	6.4	62.2	31.4	0.0
Housing Units by Geography	22,559	0.0	7.5	64.4	28.0	0.0
Owner-Occupied Units by Geography	13,504	0.0	6.3	63.3	30.5	0.0
Occupied Rental Units by Geography	2,903	0.0	6.2	70.7	23.1	0.0
Vacant Units by Geography	6,152	0.0	10.9	64.0	25.1	0.0
Businesses by Geography	2,658	0.0	4.3	67.0	28.7	0.0
Farms by Geography	126	0.0	6.3	69.0	24.6	0.0
Family Distribution by Income Level	10,801	16.8	19.1	19.0	45.0	0.0
Household Distribution by Income Level	16,407	20.3	15.4	18.8	45.5	0.0
Median Family Income Non-MSAs - WV		\$55,205	Median Housing Value			\$96,407
			Median Gross Rent			\$549
			Families Below Poverty Level			9.5%
Source: 2020 U.S. Census and 2023 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.						

The Geographic Distribution criterion compares home mortgage lending to the distribution of owner-occupied housing units and compares small business lending to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. The 2020 Census data shows a significant majority of owner-occupied housing units and businesses are within the middle-income tracts, indicating most of the lending opportunities are in these geographies. The remaining owner-occupied housing units and businesses are significantly less present in the moderate-income tract and are mainly distributed across the upper-income census tracts.

The FFIEC-updated West Virginia nonmetropolitan median family income levels were used to analyze home mortgage lending under the Borrower Profile criterion. The following table presents each income category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040
<i>Source: FFIEC</i>				

The analysis of home mortgage lending by borrower income uses family income level as a comparison to bank performance. The assessment area's median housing value is \$96,407, which could limit lending to low-income families who earn less than \$32,100. Additionally, according to the community contacts, the aging housing stock is extremely limited and in need of renovations, which impacts affordability for low- and moderate-income population. Additionally, prices and rates have continued to rise. Lastly, most rental properties are located within the middle-income census tracts.

The analysis of small business lending under the Borrower Profile criterion compares the distribution of small business lending by gross annual revenue. The 2023 D&B distribution of businesses based on gross annual revenues is listed below.

- 81.6 percent reported \$1 million or less;
- 3.5 percent reported more than \$1 million; and
- 14.9 percent did not report revenues.

The top industries are services (35.3 percent) and non-classifiable establishments (17.9 percent). In addition, approximately 63.6 percent of area businesses have four or fewer employees. The largest employers in the individual counties are as follows.

- Tyler County: Momentive Performance Materials USA Inc., Tyler County Board of Education, and Quality Carriers Inc.
- Pleasants County: Pleasants County Board of Education, Cytec Industries Inc., and Cornerstone Building Brands.
- Ritchie County: Cornerstone Building Brands Services Inc., Hall Drilling LLC., Ritchie County Board of Education.
- Wetzel County: Wetzel County Board of Education, American Consolidated, and Wal-Mart Associates Inc.

Data obtained from the Bureau of Labor Statistics indicates that the 2023 year-end unemployment rate was 3.9 percent statewide for West Virginia, compared to the United States unemployment rate of 3.6 percent, which was below the unemployment rates in Tyler, Pleasants, Ritchie, and Wetzel Counties. As of August 2024, the unemployment rates in the assessment area counties were generally above both the state and national averages.

Unemployment Rates				
Area	2021	2022	2023	August 2024
	%	%	%	%
Pleasants County	7.2	5.3	5.4	6.4
Ritchie County	5.6	4.1	4.3	4.5
Tyler County	8.1	5.8	5.9	6.6
Wetzel County	6.9	5.6	5.9	6.3
State	5.2	3.9	3.9	4.2
National Average	5.4	3.6	3.6	4.2
<i>Source: Bureau of Labor Statistics</i>				

Competition

The bank operates in a competitive market. According to FDIC Deposit Market Share data as of June 30, 2024, 10 financial institutions that operated a total of 23 offices in the assessment area. Union Bank, Inc. ranked first with 30.4 percent of total deposits. Several larger banks are headquartered outside of the assessment area but operate branches within the assessment area. The primary competition for deposits includes WesBanco Bank (20.8 percent), Peoples Bank (14.0 percent) and West Union Bank (7.1 percent).

The bank is not required to collect or report its home mortgage loan data and has elected not to do so. Therefore, the analysis of home mortgage lending under the Lending Test does not include comparisons to aggregate data. However, the aggregate data does reflect the level of demand and competition for home mortgage loans. The aggregate data for 2023 shows 78 institutions reported a total of 360 residential mortgage loans originated or purchased in the assessment area, indicating a high level of competition for this product; however, the aggregate number of institutions and home mortgage loans decreased since the last evaluation. The most prominent home mortgage lenders by number include Bayer HFCU (13.61 percent), Rocket Mortgage (8.33 percent), and Peoples Bank (7.50 percent). While the bank does not report home mortgage data, it is noted that Union Bank's level of lending is comparable or higher than the leading reporting lenders in 2023.

The bank is not required to collect or report its small business data and has elected not to do so. Therefore, the analysis of small business lending under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the level of demand and competition for small business loans. Aggregate data for 2022 (most recent year available) shows that 31 institutions reported a total of 276 small business loans made in the assessment area, indicating a high level of competition for this product; however, the aggregate number of institutions and business loans decreased since the last evaluation. These levels indicate a downward trend in demand for business lending in the assessment area. The most prominent small business lenders include American Express National Bank (23.19 percent), Capital One NA (13.04 percent), and JP Morgan Chase Bank NA (12.32 percent). Together, the top three lenders account for approximately 49.0 percent of total market share by number of small business loans originated. By dollar volume, the primary lenders are United Bank VA, WesBanco, and Truist with 45.9 percent of the lending total. It is noted that while Union Bank does not report small business loan

data, the bank's level of lending for 2023 was comparable or higher than the lending reporting leaders in 2022.

Community Contacts

As part of the CRA evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available within the assessment area. Examiners completed community contact interviews with two local economic development organizations that primarily serve counties in the assessment area but also work closely with neighboring counties.

The contacts indicated the assessment area consists primarily of lower-middle-income persons. The assessment area has demographic challenges similar to the entire State of West Virginia, which include an aging workforce and low workforce participation. There are many manufacturing industries in the assessment area but finding qualified workers is a challenge. Oil and gas industries are high revenue industries present in the assessment area that do not employ many individuals. Many of the assessment area's residents commute to surrounding counties for work. Additionally, there has been an increase in remote work since the pandemic.

The contacts indicated that housing is the biggest challenge faced by the area currently. There is minimal available housing stock, and the housing stock consists of older homes that are in need of renovations. This makes quality housing very difficult to acquire for new workers and residents. There are no low-income tracts and only one moderate-income tract. There are currently no developers creating new affordable housing. Additionally, most occupied rental and vacant rental properties are within the middle-income tracts. These factors, along with increased prices and high interest rates, contribute to low available housing stock in the area. Although access to working capital is always a need for small businesses, economic factors contributed to a decline in small business lending in the area, leading to a subsequent decline in demand. The contacts also feel financial institutions can be conservative and the lending process challenging as financial institutions are less eager to originate business loans.

Credit Needs

Considering information from bank management, demographic and economic data, and the community contacts, the primary credit needs of the assessment area are home mortgage loans to finance affordable housing and working capital loans for small businesses. The limited availability of single-family homes and rental properties in the area that are affordable for low- and moderate-income earners indicates a demand for housing and a need for home construction. Small business loans are less of a demand but remain a credit need.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated August 16, 2021, to the current evaluation dated October 1, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate Union Bank's CRA performance. This evaluation does not include any lending activity performed by affiliates

Activities Reviewed

The CRA evaluation requires examiners to review lending performance with respect to home mortgage, small business, and small farm loans, if significant. Examiners determined the major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during 2023, as lending performance in 2023 was reflective of its performance during the entire evaluation period. The bank's record of originating home mortgage and small business loans were weighed equally to reach overall conclusions given the loan portfolio composition and the level of lending during the review period. In addition, no other loan types, such as small farm loans, represent a major product line and are not included in the review. The following table shows the originations from January 1, 2023, through December 31, 2023.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	2,661	6.2	9	2.3
Secured by Farmland	770	1.8	11	2.9
Secured by 1-4 Family Residential Properties	13,228	30.5	113	29.3
Multi-Family (5 or more) Residential Properties	537	1.2	2	0.5
Commercial Real Estate Loans	11,106	25.7	14	3.6
Commercial and Industrial Loans	4,629	10.7	36	9.3
Agricultural Loans	9	0.0	1	0.3
Consumer Loans	2,787	6.5	188	48.7
Other Loans	7,506	17.4	12	3.1
Total Loans	43,233	100.0	386	100.0
<i>Source: Bank Data</i>				

This evaluation considered all home mortgage loans Union Bank originated in 2023. The bank originated 102 home mortgage loans totaling \$12.7 million during that period. Examiners reviewed the entire universe of 2023 home mortgage loans to assess performance under the Assessment Area Concentration criterion. Examiners analyzed the 28 home mortgage loans totaling \$2.9 million originated inside the assessment area to assess performance under the Geographic Distribution and Borrower Profile criteria.

Demographic data from the 2020 U.S. Census is used for comparison purposes. The demographic data used includes the level of owner-occupied housing units within the various census tract levels and

families by income level to evaluate performance under the Geographic Distribution and Borrower Profile criteria, respectively.

Additionally, this evaluation considered small business loans for 2023. The bank originated 47 small business loans totaling \$5.3 million during that period. Examiners reviewed the entire universe of 2023 small business loans to assess performance under the Assessment Area Concentration criterion. Examiners analyzed the 17 small business loans totaling \$1.5 million originated inside the assessment area to assess performance under the Geographic Distribution and Borrower Profile criteria.

D&B data for 2023 provided a standard of comparison for the Geographic Distribution and Borrower Profile criteria. The demographic data used included the census tract income level of businesses and the distribution of small business lending by gross annual revenue, respectively, to evaluate the Geographic Distribution and Borrower Profile criteria.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Union Bank demonstrated reasonable performance under the Lending Test. Reasonable performance under the loan-to-deposit ratio, Geographic Distribution, and Borrower Profile criteria primarily supports this conclusion. Only loans made within the assessment area are included in the Geographic Distribution and Borrower Profile analyses.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The loan-to-deposit ratio was calculated from the Call Report data and averaged 43.0 percent over the last 12 calendar quarters from September 30, 2021 to June 30, 2024. The ratio ranged from a low of 40.7 percent, as of September 30, 2021, to a high of 48.1 percent as of June 30, 2024. This increase during the evaluation period was due to an increase in net loans (26.4 percent) that outpaced the increase in deposits (15.1 percent).

The loan-to-deposit ratio was compared to one similarly situated institution operating within the assessment area. The institution was selected based on size, portfolio composition, and market area. Union Bank's average loan-to-deposit ratio is comparable to that of West Union Bank, as shown in the table below.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Union Bank, Inc.	363,825	43.0
West Union Bank	260,453	44.5
<i>Source: Reports of Condition and Income</i>		

Assessment Area Concentration

The bank originated a majority of its home mortgage and small business loans by number and dollar volume outside of the assessment area.

As discussed under the Description of the Assessment Area, the aggregate lending data indicates a decreased demand for home mortgage and small business loans since the last evaluation. Additionally, the vast majority of home mortgage and small business loans that are outside of the assessment area were made in adjacent counties, accounting for all home mortgage and small business loans originated outside of the assessment area. The majority of these loans are in Wood County, which is part of the Parkersburg-Vienna, WV Metropolitan Statistical Area. Wood County includes a larger population base and serves as a business center for the surrounding area, thus providing more opportunity to lend as well as higher loan amounts. The following table illustrates the distribution of home mortgage loans and small business loans 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
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	28	27.5	74	72.5	102	2,894	22.8	9,795	77.2	12,689
Small Business	17	36.2	30	63.8	47	1,480	27.7	3,862	72.3	5,342
Total	45	30.2	104	69.8	149	4,374	24.3	13,657	75.7	18,031
Source: Bank Data										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable geographic distribution of home mortgage and small business loans supports this overall conclusion. Examiners focused on the percentage by number of loans in the moderate-income census tract as there are no low-income census tracts in the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Given there is only one moderate-income census tract coupled with the level of competition within the assessment area, lending is comparable to demographic data. Additionally, there is minimal available housing stock.

Geographic Distribution of Home Mortgage Loans			
Tract Income Level	% of Owner-Occupied Housing Units	#	%
Moderate	6.3	1	3.6
Middle	63.3	18	64.3
Upper	30.5	9	32.1
Total	100.0	28	100.0
<i>Source: Source: 2020 U.S. Census, Bank Data</i>			

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small business loans in the moderate-income tract. However, there is significant competition in the area with overall reduced demand for small business loans, and the one moderate-income tract includes a small percentage of assessment area businesses.

Geographic Distribution of Small Business Loans			
Tract Income Level	% of Businesses	#	%
Moderate	4.3	0	0.0
Middle	67.0	16	94.1
Upper	28.7	1	5.9
Total	100.0	17	100.0
<i>Source: 2023 D&B Data; Bank Data</i>			

Borrower Profile

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes. This conclusion is supported by the reasonable performance regarding home mortgage loans and excellent performance of small business loans. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and percentage of small business loans made to businesses with gross annual revenues of \$1 million or less. Demographic data for home mortgage loans and D&B data for small business loans were used as comparisons.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels is reasonable. Lending to low-income borrowers was lower than demographics. However, 9.5 percent of families in the assessment area live below the poverty level. Additionally, given the median housing value and the noted condition of the available housing, many low-income borrowers would likely have difficulty qualifying for a conventional home mortgage loan. Lending to moderate-income borrowers was higher than demographics.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	16.8	2	7.1	45	1.6
Moderate	19.1	9	32.1	615	21.3
Middle	19.0	2	7.1	154	5.3
Upper	45.0	15	53.6	2,080	71.9
Totals	100.0	28	100.0	2,894	100.0
<i>Source: 2020 U.S. Census and Bank Records</i>					

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with gross annual revenues of \$1 million or less. Lending to businesses with gross annual revenues of \$1 million or less was significantly above the demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	81.6	16	94.1	979	66.1
> \$1,000,000	3.5	1	5.9	501	33.9
Revenue Not Available	14.9	0	0.0	0	0.0
Total	100.0	17	100.0	1,480	100.0
<i>Source: 2023 D&B Data; Bank Data</i>					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs; 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.