

PUBLIC DISCLOSURE

September 25, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

OSB Community Bank
Certificate Number: 27989

925 La Salle Street
Ottawa, Illinois 61350

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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

OSB Community Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and AA credit needs.
- A majority of home mortgage and small business loans are in the institution's AA.
- The geographic distribution of home mortgage and small business loans reflect reasonable dispersion throughout the AA.
- The distribution of loans to borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

DESCRIPTION OF INSTITUTION

Background

OSB Community Bank (OSB) is a \$367 million financial institution headquartered in Ottawa, Illinois (population 18,749), and wholly-owned by Ottawa Bancorp, Inc., a one-bank holding company. The prior CRA Performance examination was conducted by the Office of the Comptroller of the Currency (OCC) as of March 30, 2020 and resulted in a Satisfactory rating based on Interagency Small Institution Examination Procedures.

Operations

OSB also operates two branch offices with locations in Marseilles (population 4,804) and Morris (population 14,359). The main office (census tract 9627) and the Marseilles branch office (census tract 9625) are located in LaSalle County. The Morris branch office (census tract 2) is located in Grundy County. The main office is located in a moderate-income census tract while the branch locations are located in middle-income census tracts.

OSB offers numerous credit and deposit products and services. Lending products include commercial, home mortgage, construction, agriculture, and consumer loans, with a primary focus on home mortgage and commercial loans. In addition to traditional home mortgage loan products, OSB participates in several specialized lending programs to help meet the credit needs of the communities it serves. These products provide additional home ownership opportunities for low- and moderate-income borrowers and service members. OSB participates in the Federal Home Loan Bank's Downpayment Plus Program, which offers down payment and closing cost assistance to qualifying low- and moderate-income homebuyers. Since the prior evaluation, OSB originated seven loans through this program. Additional lending programs that OSB participates in, and activity levels since the prior evaluation, are presented in the following table.

Loan Program	#	\$ (000s)
Veterans Administration	36	7,016
Federal Housing Administration	64	10,198
U.S. Department of Agriculture	23	3,111
Freddie Mac's Home Possible and Home Ready	40	4,397

During the evaluation period, OSB participated in the Paycheck Protection Program (PPP), which was created and administered by the Small Business Administration to assist communities and businesses impacted by the COVID-19 pandemic. In 2020 and 2021, OSB originated 176 PPP loans totaling \$8.6 million within its overall AA.

Deposit products include checking, savings, and money market accounts. Deposits can be made and cash obtained at an automated teller machine (ATM) at any of the bank's three office locations. Another ATM is located in a retail store in Ottawa. Mobile and online banking services are also available, including remote deposit and 24-hour banking. These alternative systems provide customers with considerable flexibility in carrying out their banking needs.

Ability and Capacity

According to the Consolidated Reports of Condition and Income (Call Report) dated June 30, 2023, OSB reported \$376 million in total assets, \$323 million in total loans, and \$294 million in total deposits. Since the prior OCC evaluation, the bank's total assets have increased by 19.5 percent and total loans have increased by 27.2 percent. The following table provides additional information into the composition of the loan portfolio as of June 30, 2023.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	35,780	11.1
Secured by Farmland	12,138	3.8
Secured by 1-4 Family Residential Properties	179,815	55.8
Secured by Multifamily (5 or more) Residential Properties	16,384	5.1
Secured by Nonfarm Nonresidential Properties	40,907	12.7
Total Real Estate Loans	285,024	88.5
Commercial and Industrial Loans	25,640	8.0
Agricultural Production and Other Loans to Farmers	4,130	1.3
Consumer Loans	7,027	2.2
Obligations of State and Political Subdivisions in the U.S.	739	<0.1
Other Loans	0	0.0
Total Loans	322,560	100.0
<i>Source: 6/30/2023 Call Report</i>		

There are no legal or financial impediments that would hinder the bank's ability to meet the credit needs of its AAs.

DESCRIPTION OF ASSESSMENT AREAS

Under CRA, each financial institution must define one or more AAs in which its performance will be evaluated. At the prior OCC evaluation, OSB had two AAs and continues to have two contiguous AAs, which consist of two counties. LaSalle County, which includes the main office in Ottawa and a branch office in Marseilles, is located in the Illinois non-Metropolitan Statistical Area (MSA) and Grundy County, which includes the branch office in Morris, is part of the Chicago-Naperville-Schaumburg, IL Metropolitan Division #16984. Both counties are part of the larger Chicago-Naperville, IL-IN-WI Combined Statistical Area (CSA) #176. OSB's lending performance in the Non-MSA and MSA areas are presented together in this evaluation.

The AAs conform to the requirements of CRA in that they consist only of whole geographies, include the census tracts where the bank's offices and deposit-taking ATMs are located, do not arbitrarily exclude low- or moderate-income areas, and do not reflect illegal discrimination.

Economic and Demographic Data

According to the 2020 U.S. Census data, the overall AA includes 38 census tracts and has a population of 162,191. These tracts reflect the following income designations according to 2020 Census data:

- 3 moderate-income tracts,
- 30 middle-income tracts, and
- 5 upper-income tracts.

Changes are noted regarding moderate-income census tract income designations based on the 2020 Census data. The prior evaluation utilized the 2015 American Community Survey (ACS) data, which designated three moderate-income census tracts in LaSalle County. The 2015 ACS data designated all tracts in Grundy County as middle- and upper-income tracts. According to the 2020 Census data, LaSalle County now contains two moderate-income tracts and Grundy County contains one moderate-income tract. All remaining tracts are designated as middle- and upper-income tracts. The table below provides select characteristics of the overall AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	0.0	7.9	78.9	13.2	0.0
Population by Geography	162,191	0.0	4.9	80.2	14.9	0.0
Housing Units by Geography	71,233	0.0	5.6	79.9	14.5	0.0
Owner-Occupied Units by Geography	47,224	0.0	3.8	79.5	16.7	0.0
Occupied Rental Units by Geography	17,936	0.0	9.9	82.7	7.3	0.0
Vacant Units by Geography	6,073	0.0	6.4	75.5	18.0	0.0
Businesses by Geography	11,634	0.0	9.4	75.7	14.9	0.0
Farms by Geography	789	0.0	2.2	72.5	25.3	0.0
Family Distribution by Income Level	43,594	19.5	16.7	22.5	41.3	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		\$92,622	Median Housing Value			\$153,298
Median Family Income Non-MSAs – IL		\$68,958	Median Gross Rent			\$869
			Families Below Poverty Level			8.3%
Sources: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0% *The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the borrower profile criterion compares the distribution of businesses by gross annual revenue (GAR). According to 2022 D&B data, there were 11,634 businesses in the AA with the following GAR levels:

- 82.7 percent have \$1 million or less,
- 4.8 percent have more than \$1 million, and
- 12.5 percent have unknown revenues.

A total of 61.7 percent of businesses in the AA employ between one and four employees, while 28.5 percent employ just five to nine employees. Services (32.4 percent), retail trade (13.8 percent), and finance, insurance, and real estate (8.3 percent) make up the majority of the businesses. The top five employers in the Ottawa area include OSF Saint Elizabeth Medical Center, local government, Walmart Supercenter, PetSmart distribution center, and the Ottawa Elementary School District.

The unemployment rate in LaSalle County increased from July 2022 to July 2023, which can partially be attributed to the closure of a local hospital. Conversely, Grundy County's unemployment rate decreased for this same time period. The State of Illinois and the US national average unemployment rates remained essentially unchanged for the same time period. Additional unemployment rate details are shown in the following table.

Unemployment Rates		
Area	July 2023	July 2022
	%	%
LaSalle County	6.2	4.5
Grundy County	4.0	5.1
State of Illinois	4.5	4.7
National Average	3.8	3.8
Source: Bureau of Labor Statistics		

Examiners use the Federal Financial Institutions Examination Council (FFIEC)-updated median family income (MFI) level to analyze home mortgage lending performance under the Borrower Profile criterion. The following table contains information on the MFIs by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Chicago-Naperville-Evanston, IL Median Family Income (16984)				
2022 (\$105,700)	<\$52,850	\$52,850 to <\$84,560	\$84,560 to <\$126,840	≥\$126,840
IL NA Median Family Income (99999)				
2022 (\$76,100)	<\$38,050	\$38,050 to <\$60,880	\$60,880 to <\$91,320	≥\$91,320
Source: FFIEC				

Competition

OSB operates in a competitive market for banking services. As of June 30, 2022, the FDIC's Deposit Market Share Report shows that there are 30 financial institutions operating 72 offices in the bank's AA. OSB ranks as the sixth highest of the 30 financial institutions with a 5.57 percent market share.

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the AA. Based on 2022 data reported pursuant to Home Mortgage Disclosure Act (HMDA), 282 lenders reported a total of 3,933 home mortgage loan

originations and purchases in the overall AA. OSB ranked eighth in this group of lenders with a market share of 3.3 percent. The five most prominent home mortgage lenders accounted for 22.0 percent of the market share, which helps illustrate the competitive nature in the market.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA 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.

Examiners conducted an interview with a contact involved in economic development activities in the Ottawa area. The contact discussed local economic conditions and challenges, housing trends, and local credit needs. The contact stated that the local economy is fairly stable, but businesses are struggling to hire employees. Attracting new businesses, such as large chain retailers and restaurants, have been challenging, partly due to the prevailing wages required to be paid to construction workers and lack of housing inventory in the area.

The contact stated that Ottawa is experiencing a significant housing inventory shortage and overall homeownership is trending downward. Single-family homes in the more affordable neighborhoods of Ottawa are increasingly being purchased by landlords for use as rental properties. There are no new housing developments in the area with the exception of a resort-type development outside of Ottawa. These properties are typically purchased by buyers from the greater Chicagoland area to be primarily used as second homes and short-term rentals. The contact explained that the cost to build a new home is more than it can be sold for resulting in no new subdivisions or 'spec' homes being built in the area. The contact also noted an upward trend in the poverty level with significant increases in the number of individuals using social services such as the local food pantry.

The contact was not aware of any unmet credit needs in the local area. It was noted that there is a mix of financial institutions of varying sizes. The contact reported the local banks all participate in the community needs through donations to various programs, serving on economic development committees, or in other volunteer capacities. While the competition between banks is substantial, there are enough needs throughout the area for all of them to actively participate.

Credit Needs

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that loans for low- and moderate-income individuals are important needs in the area. Specifically, the need for affordable housing and new construction, both residential and commercial, was identified by the community contact.

Commercial lending needs are also prominent in the area. Numerous opportunities were identified for economic development in the area, such as the use of Tax Increment Financing (TIF) districts, which is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects. An Opportunity Zone is located in LaSalle County, which is also a tool for economic development, designed to connect distressed, low-income communities (urban and rural) with private investment capital, resulting in economic growth and job creation.

Numerous Enterprise Zones and Economic Development Project Areas (EDPA) are also available within the AA to stimulate industrial growth.

The AA provides adequate opportunities for financial institutions to become involved in credit and community development activities. Throughout the AA, there are areas targeted for economic development to attract new businesses and retain existing businesses. There are also affordable housing assistance programs available through local county housing authorities to help address the housing needs of low- and moderate-income individuals.

SCOPE OF EVALUATION

General Information

This CRA Performance Evaluation covers the period from the prior evaluation dated March 30, 2020 to the current evaluation dated September 25, 2023. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA lending performance. These procedures consist of the Lending Test as outlined in the Appendix.

Examiners analyzed OSB's two AAs separately and did not identify any anomalies in the results. As both AAs are part of the Chicago-Naperville, IL-IN-WI CSA #176, the analysis and conclusions for the two AAs are presented together in this evaluation.

Activities Reviewed

Residential real estate and commercial loans represent 60.8 and 20.6 percent, respectively, of the loan portfolio as reflected in the June 30, 2023 Call Report. These two loan products were analyzed in evaluating the overall CRA performance. Residential real estate loans are more heavily weighted in the overall evaluation as this loan product represents the main lending focus of the bank, both by number and dollar volume of loans. No small farm loans or other loan types were analyzed or presented because they did not provide material support for the conclusions reached or ratings assigned in this evaluation.

OSB is subject to the data collection requirements of HMDA. Examiners reviewed home mortgage loans reported under HMDA data collection requirements during the review period of January 1, 2020 through December 31, 2022. Within the review, lending levels were consistent for all three years. As such, the universe of home mortgage loans made in 2022 is the only year presented, as it is representative of the bank's lending performance for the entire review period and was used to analyze geographic distribution and borrower profile criteria. In addition, year 2022 is the most recent HMDA aggregate data that is available, which is used as a comparative factor for home mortgage lending. All commercial loans originated in 2022, representative of the bank's commercial lending performance for the entire review period, was selected to analyze geographic distribution and borrower profile criteria. The following table presents the universe of loans reviewed by loan category.

Loan Category	Universe	
	#	\$(000s)
Home Mortgage		
2020	576	122,482
2021	525	120,788
2022	226	64,615
Small Business		
2022	65	12,956
<i>Sources: Bank Records from 01/01/22 through 12/31/22 and 2020, 2021, and 2022 HMDA Data.</i>		

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, OSB's lending performance under the Lending Test reflects reasonable responsiveness to AA credit needs.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 104.3 percent over the past 14 calendar quarters from March 31, 2020 to June 30, 2023. The ratio ranged from a low of 99.1 percent back to September 30, 2021 to a high of 108.2 percent as of June 30, 2023. Examiners selected four institutions comparable to the subject bank based largely on their geographic location, lending focus, and asset size. As reflected in the following table, OSB's average net LTD ratio exceeds those of similarly situated institutions. Additional information is included in the following table.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (\$000s)	Average Net LTD Ratio (%)
OSB Community Bank	366,699	104.3
Similarly Situated Institution #1	281,881	91.5
Similarly Situated Institution #2	209,366	70.6
Similarly Situated Institution #3	392,631	69.3
Similarly Situated Institution #4	401,084	62.7
<i>Source: 3/31/2020 – 6/30/2023 Call Reports</i>		

Assessment Area Concentration

OSB originated a majority of its home mortgage and small business loans in its AA. Examiners placed greater weight on the number of loans originated within the AA as being more indicative of the lending needs in the area. A majority of home mortgage loans by dollar amount were originated outside the AA, which is attributed to the significantly higher housing values of the Chicago suburbs

located just outside the AA. Only loans originated inside the AA are considered under the geographic distribution and borrower profile analyses under the remaining sections of this lending test. The following table provides further details.

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	364	63.2	212	36.8	576	65,615	53.6	56,867	46.4	122,482
2021	308	58.7	217	41.3	525	57,333	47.5	63,456	52.5	120,788
2022	130	57.5	96	42.5	226	23,245	36.0	41,370	64.0	64,615
Total	802	60.4	525	39.6	1,327	146,193	47.5	161,693	52.5	307,885
Small Business										
2022	39	60.0	26	40.0	65	8,176	63.1	4,780	36.9	12,956
Source: Bank Data. Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Examiners focused on lending in the three moderate-income census tracts in the AA. There are no low-income designated census tracts in the AA.

Home Mortgage Loans

Overall, the bank's home mortgage lending is reasonable. Geographic distribution of home mortgage loans compares the bank's lending performance to 2022 HMDA aggregate data and the percentage of owner-occupied units located in each census tract as shown in the following table. Aggregate data reflects home mortgage lending performance by all lenders, including OSB, that are subject to HMDA data reporting requirements.

In 2022, OSB originated 1.5 percent of home mortgage loans in the moderate-income census tracts, which is below both the demographics of 3.8 percent and the aggregate performance of 4.1 percent. While the percentage of home mortgage loans originated by OSB in moderate-income tracts is below these benchmarks, competition for home mortgage loans in these tracts, particularly the tract in Grundy County, is high. One financial institution is located within the moderate-income census tract with numerous other financial institutions located within much closer proximity than the bank's branch in Morris. Additionally, there are only 3.8 percent of owner-occupied housing units in the moderate-income tracts, which further limits lending opportunities. Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion. Additional information is shown in the following table.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	3.8	4.1	2	1.5	221	1.0
Middle						
2022	79.5	81.6	104	80.0	17,828	76.7
Upper						
2022	16.7	14.3	24	18.5	5,196	22.3
Totals						
2022	100.0	100.0	130	100.0	23,245	100.0
<i>Sources: 2020 U.S. Census; Bank Data, 2022 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 reasonable dispersion throughout the AA. The level of lending in moderate-income tracts primarily supports this rating. Examiners focused on the comparison to demographic data for the AA.

In 2022, OSB originated 5.1 percent of small business loans in the moderate-income census tracts, which contain 9.4 percent of the businesses in the AA. While the percentage of small business loans originated by OSB in moderate-income tracts is below the demographics, competition for small business loans in these tracts, particularly the tract in Grundy County, is high. One financial institution is located within the moderate-income census tract with numerous other financial institutions located within much closer proximity than the bank's branch in Morris. Additionally, there are only 9.4 percent of businesses in the moderate-income tracts, which further limits lending opportunities. Overall, OSB's lending performance in originating small business loans in moderate-income geographies is reasonable. Additional information is shown in the following table.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	9.4	2	5.1	263	3.2
Middle					
2022	75.7	32	82.1	7,665	93.8
Upper					
2022	14.9	5	12.8	248	3.0
Totals					
2022	100.0	39	100.0	8,176	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income. Only loans originated in the AA are analyzed under this criterion.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, particularly low - and moderate-incomes, is reasonable. OSB's lending performance is compared to the 2022 HMDA aggregate lending and the percentage of families within each income designation.

OSB's home mortgage lending to low-income borrowers is 7.7 percent, which is below the 19.5 percent of the low-income families in the AA and the 2022 aggregate performance of 11.0 percent. However, 8.3 percent of families in the AA live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, thereby limiting the demand and opportunity to lend to these lower income borrowers. This is a factor considered when analyzing the bank's lending performance in the AA. The HMDA aggregate performance is more indicative of the actual lending opportunities to low-income families in the AA.

OSB's home mortgage lending to moderate-income borrowers at 17.7 percent is higher than the 16.7 percent of families at this income level, but below the HMDA aggregate lending of 23.3 percent. The following table provides additional details regarding home mortgage lending to low- and moderate-income borrowers in the AA.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.5	11.0	10	7.7	927	4.0
Moderate						
2022	16.7	23.3	23	17.7	3,041	13.1
Middle						
2022	22.5	24.5	42	32.3	7,210	31.0
Upper						
2022	41.3	27.6	48	36.9	10,968	47.2
Not Available						
2022	0.0	13.6	7	5.4	1,100	4.7
Totals						
2022	100.0	100.0	130	100.0	23,245	100.0
<i>Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. OSB originated 79.5 percent of the sample of small business loans to these businesses, which is comparable to the 82.7 percent of these businesses in the AA. The table below provides additional details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	82.7	31	79.5	5,298	64.8
>\$1,000,000					
2022	4.8	8	20.5	2,878	35.2
Revenue Not Available					
2022	12.5	--	--	--	--
Totals					
2022	100.0	39	100.0	8,176	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

Neither the bank nor the FDIC received any CRA-related complaints since the previous evaluation; therefore, this factor was not considered in determining the overall rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

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

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

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

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

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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

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

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

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

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

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

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

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