

# **PUBLIC DISCLOSURE**

May 16, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bippus State Bank  
Certificate Number: 1847

150 Hauenstein Road  
Huntington, Indiana 46750

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.

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

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans are inside the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

## DESCRIPTION OF INSTITUTION

The Bippus State Bank is a traditional community bank headquartered in Huntington, Indiana (Huntington County). The bank is a wholly-owned subsidiary of Bippus State Corporation, a one-bank holding company also based in Huntington. The bank received a "Satisfactory" CRA rating at the previous FDIC performance evaluation dated June 28, 2016, based on Interagency Small Institution Examination Procedures.

Bippus State Bank operates five full-service offices, one of which is new since the previous evaluation and located in a middle-income census tract. Four offices are in Huntington County, and one is in Wabash County. The bank offers a variety of standard loan and deposit products. Home mortgage, small business, and small farm loans continue to be major product lines for the bank. The bank also offers consumer installment loans, but consumer loan volumes are generally low, making up roughly two percent of the loan portfolio by dollar volume. Deposit offerings include traditional products such as checking, savings, and certificates of deposit. Finally, the bank maintains several onsite ATMs and offers internet and mobile banking services.

The bank's business strategy has not changed significantly since the previous evaluation. However, consistent with nationwide trends, the bank's home mortgage volume did increase sharply in 2020 and 2021 in response to increased demand. Additionally, the bank originated a significant volume of Paycheck Protection Program loans in 2020 and 2021. The federal government established the Paycheck Protection Program to provide emergency assistance to businesses during the COVID-19 pandemic.

Examiners did not identify any financial, legal, or other impediments that limit the bank’s ability to meet assessment area credit needs. As of March 31, 2022, bank assets totaled \$283 million, which included total loans of \$199.3 million and total securities of \$44.9 million. Deposit balances totaled \$241.2 million for this same timeframe. The following table details the distribution of the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of March 31, 2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	26,792	13.4
Secured by Farmland	43,497	21.8
Secured by 1-4 Family Residential Properties	46,624	23.4
Secured by Multifamily (5 or more) Residential Properties	5,129	2.6
Secured by Nonfarm Nonresidential Properties	32,283	16.2
<b>Total Real Estate Loans</b>	<b>\$154,325</b>	<b>77.4%</b>
Commercial and Industrial Loans	24,680	12.4
Agricultural Production and Other Loans to Farmers	14,727	7.4
Consumer Loans	5,104	2.6
Obligations of State and Political Subdivisions in the U.S.	248	0.1
Other Loans	184	0.1
<b>Total Loans</b>	<b>\$199,268</b>	<b>100%</b>
<i>Source: Reports of Condition and Income.</i>		

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. Bippus State Bank’s single assessment area includes all of Huntington County and two tracts (#1022.00 and #1023.00) in neighboring Wabash County. All assessment area tracts are contiguous and are located in the nonmetropolitan portion of Indiana. The assessment area has not changed since the previous evaluation.

### **Economic and Demographic Data**

The assessment area contains 11 total census tracts. Two tracts are moderate-income, seven tracts are middle-income, and two tracts are upper-income. The assessment area does not include any low-income tracts.

The assessment area is largely rural and has a population of 47,000. Huntington is the largest city in the assessment area, with a population of roughly 17,000. Both of the assessment area’s moderate-income tracts are in Huntington. The bank operates a branch office in one of these moderate-income tracts, and the bank’s main office is immediately adjacent to the other moderate-income tract. The following table details select demographic and economic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	11	--	18.2	63.6	18.2
Population by Geography	47,007	--	14.8	66.1	19.1
Housing Units by Geography	20,064	--	15.5	66.4	18.1
Owner-Occupied Units by Geography	13,517	--	14.6	62.7	22.6
Occupied Rental Units by Geography	4,747	--	16.4	75.7	7.9
Vacant Units by Geography	1,800	--	19.6	69.3	11.1
Businesses by Geography	3,213	--	12.5	63.4	24.1
Farms by Geography	321	--	3.4	64.5	32.1
Family Distribution by Income Level	12,322	15.8	20.4	24.4	39.4
Household Distribution by Income Level	18,264	20.5	18.1	20.5	40.8
Median Family Income Non-MSAs - IN		\$55,715	Median Housing Value		\$104,074
Families Below Poverty Level		8.2%	Median Gross Rent		\$683
<i>Source: 2015 ACS and 2021 D&amp;B Data.</i>					

The Borrower Profile criterion compares the bank’s lending distribution to the distribution of assessment area families by income category. The following table details the income categories for nonmetropolitan Indiana. These categories are based on FFIEC-updated median family income levels for 2021.

<b>Median Family Income Ranges – Nonmetropolitan Indiana</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$64,600)	<\$32,300	\$32,300 to <\$51,680	\$51,680 to <\$77,520	≥\$77,520
<i>Source: FFIEC.</i>				

The assessment area is home to several major manufacturers, including Teijin Automotive Technologies and Bendix Commercial Vehicle Systems. Additionally, General Motors operates a large truck manufacturing plant immediately outside of the Huntington County border and is a major employer in the area. Unemployment rates in the assessment area are low, falling below 3 percent in both counties for the second half of 2021 and into 2022. According to U.S. Bureau of Labor Statistics data, as of March 2022, the unemployment rate was 2.4 percent in Huntington County and 2.5 percent in Wabash County. These rates are slightly below Indiana’s statewide unemployment rate of 2.7 percent for the same timeframe.

### **Competition**

The assessment area is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 9 FDIC-insured banks operated 15 offices in Huntington County. Bippus State Bank had the second highest deposit market share at 23.5 percent. In Wabash County, six banks operated seven total offices. Of these, Bippus State Bank had the lowest deposit market share at 4.6 percent.

Bippus State Bank is not required to report Home Mortgage Disclosure Act (HMDA) data since it does not maintain any offices in a metropolitan area. However, aggregate HMDA data reflects the level of demand for home mortgage loans and is therefore included here. According to 2020 aggregate HMDA data, 142 lenders reported 1,961 home mortgage loans originated or purchased in the assessment area. If Bippus State Bank had reported HMDA data, it would have ranked among the top three lenders in the assessment area.

Similarly, the bank is not required to report CRA small business and small farm loan data, but aggregate CRA data is included here to illustrate demand for these products. In 2020, 56 lenders reported 728 small business loan originations and purchases in the assessment area. Additionally, 12 lenders reported 203 small farm loan originations and purchases in the assessment area in 2020.

### **Community Contact**

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

Examiners reviewed a recent contact with a representative of a community development-related organization that operates in the assessment area. The contact cited affordable housing as a significant need in the assessment area and throughout northeast Indiana more broadly. The contact said that in many cases local banks offer products, particularly home mortgage products, which meet the needs of low- and moderate-income families. However, banks often struggle to reach these potential borrowers and successfully market their products to them. As such, opportunities exist for local banks to conduct more extensive outreach in low- and moderate-income communities. The contact also identified small business lending as an opportunity for increased bank involvement.

### **Credit Needs**

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

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated June 28, 2016, to the current evaluation dated May 16, 2022. This evaluation does not include any lending activities performed by affiliates. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Under these procedures, examiners evaluated the bank's performance according to the following criteria, which are described further in the appendices.

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-Related Complaints

**Activities Reviewed**

Examiners determined that home mortgage, small business, and small farm loans all represent major product lines of the bank. This determination considered the bank’s business focus, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as consumer lending, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. Based on the number and dollar volume of loan originations during the evaluation period, home mortgage lending contributed the most weight to overall conclusions. Small business lending carried the next greatest weight, and small farm lending carried the least weight.

For the three loan products reviewed, examiners analyzed loans originated or renewed in 2021, the most recent full calendar year as of the evaluation date. Furthermore, given relatively high origination volumes and given that address and income/revenue information was not readily available, examiners analyzed random samples of loans for all three products. Examiners used these random samples of loans to evaluate bank performance under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria. The following table provides the universe and sample sizes for each of the three products under review.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage	883	153,669	63	12,477
Small Business	768	44,134	63	3,858
Small Farm	121	15,986	47	4,686
<i>Source: Bank Data.</i>				

Examiners evaluated the bank’s lending performance primarily through comparisons to 2015 American Community Survey (ACS) demographic data and 2021 D&B business demographic data. Given that the bank is not subject to HMDA, small business, or small farm reporting requirements, this evaluation does not include comparisons to aggregate data. Additionally, although the evaluation presents both number and dollar volume of loans, examiners generally focused on performance by number of loans since the number of loans is a better indicator of the number of individuals, businesses, and farms served.

**CONCLUSIONS ON PERFORMANCE CRITERIA**

**LENDING TEST**

Bippus State Bank demonstrated satisfactory performance under the Lending Test. The bank’s performance under each Lending Test criterion supports the overall satisfactory conclusion.

**Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s loan-to-deposit ratio, calculated from call report data, averaged 90.4 percent over the past 24 calendar quarters from June 30, 2016, to March 31, 2022. The ratio remained generally stable at around 90 percent for most of the evaluation period. However, consistent with

industry-wide trends, the ratio declined to approximately 80 percent in the most recent quarters as deposit growth outpaced loan growth.

Examiners evaluated Bippus State Bank’s loan-to-deposit ratio by comparing it to the ratios of five similarly situated institutions. Examiners selected these institutions based on asset size, geographic location, and lending focus. As shown in the following table, Bippus State Bank’s loan-to-deposit ratio ranked near the middle of the ratios of the similarly situated institutions, reflecting reasonable performance.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/22 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Bippus State Bank</b>	<b>283,016</b>	<b>90.4</b>
Grant County State Bank (Swayzee IN)	274,655	104.8
First Federal Savings Bank (Huntington IN)	419,419	94.2
Community State Bank (Avilla IN)	386,412	91.1
Crossroads Bank (Wabash IN)	533,390	74.8
Farmers and Merchants Bank (LaOtto IN)	231,466	67.4
<i>Source: Reports of Condition and Income 6/30/16 – 3/31/22.</i>		

**Assessment Area Concentration**

A majority of loans and other lending related activities are in the institution’s assessment area. As shown in the following table, 50.9 percent of sampled loans by number were inside the assessment area. Among the three products, home mortgage lending had the lowest percentage of loan originations inside the assessment area, at 34.9 percent. Despite this distribution, the bank remains one of the leading home mortgage lenders in the assessment area, with roughly a third of total originations inside the assessment area. As noted previously, demand for home mortgage loans increased sharply in 2020 and 2021. The bank met this increased demand by originating high volumes of home mortgage loans both inside the assessment area and in counties immediately outside the assessment area. Based on these high lending volumes, examiners determined that the bank sufficiently met assessment area credit needs throughout the evaluation period. Considering these factors, performance under this criterion is reasonable.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2021	22	34.9	41	65.1	63	4,896	39.2	7,581	60.8	<b>12,477</b>
Small Business										
2021	35	55.6	28	44.4	63	1,542	40.0	2,316	60.0	<b>3,858</b>
Small Farm										
2021	31	66.0	16	34.0	47	3,529	75.3	1,157	24.7	<b>4,686</b>
<i>Source: Bank Data. Due to rounding, totals may not equal 100%.</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although home mortgage lending performance was excellent, both small business and small farm lending performance was reasonable. As such, overall Geographic Distribution performance is reasonable.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's home mortgage lending in moderate-income tracts exceeded demographic data by several percentage points in 2021.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	14.6	4	18.2	375	7.7
Middle	62.7	9	40.9	1,465	29.9
Upper	22.6	9	40.9	3,056	62.4
<b>Totals</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	<b>\$4,896</b>	<b>100%</b>

*Source: 2015 ACS, Bank Data. Due to rounding, totals may not equal 100%.*

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank's small business lending by number lagged the demographic data by several percentage points in moderate-income tracts. However, performance by dollar volume was notably stronger, with the bank's dollar volume of lending in moderate-income tracts slightly exceeding demographic data. Considering this dollar volume distribution, performance under this criterion is reasonable.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	12.5	2	5.7	195	12.6
Middle	63.4	17	48.6	569	36.9
Upper	24.1	16	45.7	778	50.5
<b>Totals</b>	<b>100%</b>	<b>35</b>	<b>100%</b>	<b>\$1,542</b>	<b>100%</b>

*Source: 2021 D&B Data; Bank Data.*

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank did not originate any small farm loans in moderate-income tracts in 2021. However, very few assessment area farms are located in these tracts, which limits the opportunity for small farm lending these areas. The assessment area's two moderate-income tracts are located in Huntington and are much less rural than other portions of the assessment area. Given these factors, the bank's performance under this criterion is reasonable.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	3.4	0	--	0	--
Middle	64.5	14	45.2	1,521	43.1
Upper	32.1	17	54.8	2,008	56.9
<b>Totals</b>	<b>100%</b>	<b>31</b>	<b>100%</b>	<b>\$3,529</b>	<b>100%</b>
<i>Source: 2021 D&amp;B Data; Bank Data.</i>					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses and farms of different sizes. Although home mortgage lending performance was excellent, both small business and small farm lending performance was reasonable. As such, overall Borrower Profile performance is reasonable.

### ***Home Mortgage Loans***

The distribution of home mortgage borrowers reflects excellent penetration among individuals of different income levels. As shown in the following table, the bank's lending to both low- and moderate-income borrowers was similar to the demographic data. Lending to low-income borrowers exceeded the demographic data by several percentage points, while lending to moderate-income borrowers was slightly below the demographic data.

The bank's level of lending to low-income borrowers is particularly notable because low-income borrowers often lack the financial resources to obtain home mortgage loans. As such, aggregate lending to low-income borrowers typically lags the demographic data by a considerable margin. Therefore, in successfully reaching these low-income borrowers, the bank demonstrated excellent performance under this criterion.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	15.8	4	18.2	363	7.4
Moderate	20.4	4	18.2	750	15.3
Middle	24.4	6	27.3	1,083	22.1
Upper	39.4	8	36.4	2,700	55.1
<b>Totals</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	<b>\$4,896</b>	<b>100%</b>
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100%.</i>					

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, the percentage of bank loans to businesses with revenues of \$1 million or less was comparable to the percentage of assessment area businesses in that revenue category.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤\$1,000,000	83.7	28	80.0	629	40.8
>\$1,000,000	4.2	7	20.0	913	59.2
Revenue Not Available	12.1	0	--	0	--
<b>Totals</b>	<b>100%</b>	<b>35</b>	<b>100%</b>	<b>\$1,542</b>	<b>100%</b>
<i>Source: 2021 D&amp;B Data, Bank Data.</i>					

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As shown in the following table, more than 90 percent of bank loans were to farms with revenues of \$1 million or less, which is comparable to the percentage of farms in that revenue category.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤\$1,000,000	97.5	28	90.3	3,359	95.2
>\$1,000,000	1.6	3	9.7	170	4.8
Revenue Not Available	0.9	0	--	0	--
<b>Totals</b>	<b>100%</b>	<b>31</b>	<b>100%</b>	<b>\$3,529</b>	<b>100%</b>
<i>Source: 2021 D&amp;B Data, Bank Data.</i>					

### **Response to Complaints**

The bank 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 bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## 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 CRA.

**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.

**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.

**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.

**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 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.

**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 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.