

# **PUBLIC DISCLOSURE**

November 20, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Elkton Bank & Trust Company  
Certificate Number: 12162

30 Public Square  
Elkton, Kentucky, 42220

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	10
APPENDICES .....	11
SMALL BANK PERFORMANCE CRITERIA.....	11
GLOSSARY.....	12

## 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 following points summarize the bank’s performance under the Interagency Small Institution Examination Procedures.

- The loan-to-deposit ratio is less than reasonable given the institution’s size, financial condition, and assessment area credit needs.
- A majority of home mortgage and small business 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 excellent penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test.

## DESCRIPTION OF INSTITUTION

Elkton Bank & Trust Company (Elkton Bank) is a wholly owned subsidiary of Elkton Bancorp, Inc., a one-bank holding company. Both are headquartered in Elkton, Kentucky. Examiners did not consider affiliate or subsidiary activity during the current evaluation. Elkton Bank received a “Satisfactory” rating at the previous FDIC Performance Evaluation dated November 29, 2018, based on Interagency Small Examination Procedures.

Elkton Bank operates a main office and three branch offices in Elkton and Guthrie (Todd County), Kentucky. Elkton Bank did not open or close any branches and did not merge or acquire any institutions during the evaluation period. Elkton Bank offers a variety of banking products and services, including deposit and lending products. Deposit products include consumer and business checking, savings, certificate of deposit, money market, and individual retirement accounts. The bank also offers alternative retail delivery services to include online banking, electronic bill payment, and three automated teller machines. Elkton Bank’s primary business and lending focus is residential real estate and commercial loans. In addition, Elkton Bank offers consumer loans and agricultural loans. Although the institution has not originated and does not currently service them, the institution offers agriculture loans guaranteed through the Farm Service Agency.

As reported in the September 30, 2024, Consolidated Report of Condition and Income (Call Report), the most recently available data, assets totaled \$188.0 million, loans totaled \$78.2 million, and deposits totaled \$160.4 million. The following table provides details on the bank’s loan portfolio distribution.

<b>Loan Portfolio Distribution as of 9/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	10,170	13.0
Secured by Farmland	4,219	5.4
Secured by 1-4 Family Residential Properties	26,586	34.0
Secured by Multifamily (5 or more) Residential Properties	7,057	9.0
Secured by Nonfarm Nonresidential Properties	12,874	16.5
<b>Total Real Estate Loans</b>	<b>60,906</b>	<b>77.9</b>
Commercial and Industrial Loans	5,475	7.0
Agricultural Production and Other Loans to Farmers	5,932	7.6
Consumer Loans	5,800	7.4
Obligations of State and Political Subdivisions in the U.S.	0	-
Other Loans	45	0.1
<b>Total Loans</b>	<b>78,158</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet 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 examiners evaluate its CRA performance. Elkton Bank designated a single assessment area, consisting of all of Todd County, a county located in a Kentucky non-metropolitan statistical area. The assessment area does not arbitrarily exclude low- or moderate-income census tracts, does not reflect illegal discrimination, and otherwise meets CRA regulatory requirements.

### **Economic and Demographic Data**

The current evaluation uses 2020 U.S. Census Data and 2023 D&B Data to assess performance. The release of the 2020 U.S. Census Data changed the income designation of one census tract from middle-income to moderate-income relative to the demographics from the prior evaluation. The assessment area includes four census tracts with the following income designations: no low-, one moderate-, two middle-, and one upper-income.

During the evaluation period, the assessment area experienced four disaster declarations due to severe storms, tornadoes, and the nationwide disaster declaration for the Coronavirus (COVID-19) pandemic. The following table illustrates relevant demographic information for the assessment area during the evaluation period.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	25.0	50.0	25.0	0.0
Population by Geography	12,243	0.0	20.1	68.1	11.8	0.0
Housing Units by Geography	5,356	0.0	24.1	63.8	12.1	0.0
Owner-Occupied Units by Geography	3,124	0.0	19.4	71.2	9.4	0.0
Occupied Rental Units by Geography	1,531	0.0	31.2	52.0	16.8	0.0
Vacant Units by Geography	701	0.0	29.7	56.6	13.7	0.0
Businesses by Geography	912	0.0	18.2	64.5	17.3	0.0
Farms by Geography	183	0.0	20.2	60.7	19.1	0.0
Family Distribution by Income Level	3,330	19.1	14.7	25.0	41.2	0.0
Household Distribution by Income Level	4,655	25.2	13.7	13.1	48.0	0.0
FFIEC 2023 Median Family Income Non-MSAs - KY		\$64,900	Median Housing Value			\$119,975
			Median Gross Rent			\$647
			Families Below Poverty Level			14.9%

*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 the bank’s home mortgage lending to the distribution of owner-occupied housing units, and the bank’s small business lending to the distribution of businesses in the assessment area. According to the 2020 U.S. Census Data, the assessment area contains 5,356 housing units, of which 58.3 percent are owner-occupied, 28.6 percent are occupied-rental units, and 13.1 percent are vacant, representing a potential limited supply of owner-occupied housing.

Examiners used the Federal Financial Institutions Examination Council (FFIEC) updated median family income level to analyze home mortgage lending under the Borrower Profile criterion. The following table outlines the income ranges within the assessment area in 2023.

Kentucky Non-MSA Median Family Income Ranges				
Median Family Incomes	Low ≤50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$64,900)	≤\$32,450	\$32,450 to < \$51,920	\$51,920 to < \$77,800	≥\$77,800

*Source: FFIEC*

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). According to 2023 D&B data, there were only 912 businesses in the assessment area. Approximately 85.7 percent of businesses have GARs of \$1 million or less, 3.2 percent have GARs over \$1 million, and 11.1 percent had unknown revenues.

Examiners considered unemployment data when evaluating the bank’s ability to lend within the assessment area. Todd County’s unemployment rates between 2022 and 2023 trended lower than

state averages, and higher than national averages. According to the U.S. Bureau of Labor Statistics, unemployment rates ranged from a high of 4.5 percent in September 2024 to a low of 3.3 percent year-end 2022.

### **Competition**

Given the demographics of the assessment area, Elkton Bank operates in a moderately-competitive market for deposits. According to the FDIC Summary of Deposits Market Share data as of June 30, 2024, three institutions operate eight full-service offices in the one-county assessment area. Of the three institutions, Elkton Bank ranks first with 52.4 percent of the deposit market share.

The bank is not required to report home mortgage or small business data, and it has elected not to do so. Therefore, the analysis of loans under the Lending Test does not include a direct comparison against aggregate data. The aggregate data, however, reflects the level of demand for lending in the assessment area.

In 2022, aggregate mortgage data required by the Home Mortgage Disclosure Act (HMDA) revealed that 75 lenders reported 252 home mortgage loans in the assessment area, with an average loan size of \$196,000. The top five lenders accounted for 31.4 percent of the market share, indicating a concentrated market. The 2023 aggregate mortgage data (most recent available) revealed 63 lenders reported only 222 home mortgage loans in the assessment area. The average loan size was \$183,000, which is higher than the median housing value of approximately \$120,000. In 2023, the top lender in the assessment area only reported 28 home mortgage loans, indicating a potentially limited demand for home mortgage loans. The top five lenders accounted for 35.6 percent of the market share, indicating a highly concentrated market.

In 2022, aggregate small business data (most recent available as required by the CRA) revealed 23 lenders reported only 207 small business loans in the assessment area, with an average loan size of \$26,000. The top five lenders accounted for 64.7 percent of the market share, indicating a highly concentrated market. The top lender only reported 28 small business loans, indicating a potentially limited demand for small business loans.

Both the 2022 and 2023 aggregate data for home mortgage and small business loans indicates a significant level of competition for home mortgage and small business loans within the one-county assessment area. It also noted a limited demand for both home mortgage and small business loans.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to those needs and the availability of credit opportunities. Examiners conducted a community contact with a representative of a local economic development organization. The contact indicated the area as growing, citing multiple new residential subdivisions and apartment complexes. In addition, the contact stated that local government officials have been approving multiple new business licenses monthly. Overall, the contact indicated financial institutions have been responsive to the credit needs of the community.

### **Credit Needs**

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

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation, dated November 29, 2018, to the current evaluation dated November 20, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate performance. See the Appendix for specific criteria.

### **Activities Reviewed**

Examiners determined that Elkton Bank's major product lines are home mortgage and small business loans. Examiners also considered the bank's secondary market referral program, which is not included within the performance tables, but is discussed further in subsequent sections. Examiners considered the bank's business strategy; loan portfolio composition; and number and dollar volume of loans originated, purchased, renewed, and extended (collectively "originated") during the evaluation period.

Examiners weighted home mortgage lending more heavily, considering the overall loan portfolio composition, and dollar volume of activity. Bank records indicate the product mix remained consistent throughout the evaluation period; therefore, examiners only presented the most recent calendar year of data. Examiners used bank records to identify the universe of loans originated January 1, 2023, to December 31, 2023. Examiners used the 2020 U.S. Census data and 2023 D&B data as standards of comparison.

In 2023, the bank originated 54 home mortgage loans totaling approximately \$9.5 million. Examiners analyzed the full universe of home mortgage loans and used 2020 U.S. Census data as a standard of comparison. In addition, the bank maintains a relationship with a third-party investor to refer secondary market loans, referring three loans totaling \$652,000 in 2023. However, these secondary market loans are not included within the performance tables below.

In 2023, the bank originated 92 small business loans totaling approximately \$8.9 million. Of these, examiners sampled 41 loans totaling \$3.8 million. Examiners considered these loans representative of the performance during the entire evaluation period.

Examiners analyzed and presented both the number and dollar volume of home mortgage and small business loans. However, examiners emphasized performance relative to the number of loans, as this is a better indicator of the number of individuals and businesses served. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluated loans originated within the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Elkton Bank demonstrated reasonable performance under the Lending Test.

#### Loan-to-Deposit (LTD) Ratio

The LTD ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs. The LTD ratio calculated from Call Report data, averaged 42.2 percent over the past 24 calendar quarters, from December 31, 2018, to September 30, 2024. This is a decline since the previous evaluation of 51.1 percent. In general, the ratio declined during the evaluation period and ranged from a high of 49.8 as of September 30, 2019, to a low of 35.3 as of September 30, 2022.

As shown in the following table, the bank's performance is below the performance of three of the four similarly situated institutions, and less than reasonable based on the current economic conditions of the assessment area. Examiners selected the similarly situated institutions based on asset size, geographic location, and loan portfolio distribution.

<b>LTD Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Elkton Bank</b>	<b>188,032</b>	<b>42.2</b>
Similarly Situated Institution #1	156,472	29.8
Similarly Situated Institution #2	158,549	69.8
Similarly Situated Institution #3	158,460	69.5
Similarly Situated Institution #4	187,291	70.5

*Source: Reports of Condition and Income 12/31/2018 – 9/30/2024*

#### Assessment Area Concentration

Elkton Bank made a majority of home mortgage and small business loans by number and dollar inside the assessment area. Examiners noted one of the home mortgage loans originated outside the assessment area accounted for 41 percent of the dollar volume of loans outside the assessment area (\$1.9 million out of \$4.7 million). This loan was originated near the assessment area. The following table illustrates the number and dollar volume of lending activity inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside (\$000s)		Outside (\$000s)		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	42	77.8	12	22.2	54	4,780	50.4	4,701	49.6	9,481
Small Business	32	78.0	9	22.0	41	2,588	68.0	1,218	32.0	3,806

*Source: 2023 Bank Data. Due to rounding, totals may not equal 100.0%.*

## **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The reasonable home mortgage and excellent small business lending performance support this conclusion.

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

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank's lending in the sole moderate-income census tract trailed the percentage of owner-occupied units in the area. While the bank is not a HMDA reporter, the aggregate market data provides a more useful gauge of the opportunities for making loans in the bank's assessment area. According to 2023 aggregate data, 14.0 percent of the home mortgage loans were originated in the moderate-income tract of the assessment area, which indicates that opportunities for lending in this income segment are lower than the comparable demographic would suggest. While Elkton Bank's still slightly trails the aggregate market penetration in the moderate-income tract, the institution's performance remains within the range of other lenders within the market.

The following table illustrates the geographic distribution of home mortgage loans throughout the assessment area in 2023.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	19.4	5	11.9	1,153	24.1
Middle	71.2	36	85.7	3,585	75.0
Upper	9.4	1	2.4	42	0.9
<b>Totals</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>4,780</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%.*

In addition, although not considered within the performance tables, the bank refers loans to the secondary market. The bank referred one loan to the secondary market in 2023 totaling approximately \$279,000 to a borrower in the moderate-income census tract. While this volume is

relatively small, this further demonstrated that the bank is willing to facilitate lending in its assessment area in lower income tracts and further supports reasonable performance.

***Small Business Loans***

The geographic distribution of the sampled small business loans reflects excellent dispersion throughout the assessment area. The bank’s lending in the moderate-income census tract significantly exceeded demographic data, demonstrating excellent performance. This is also significant given the limited number of businesses in the market.

The following table illustrates the geographic distribution of the sampled small business loans throughout the assessment area in 2023.

<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	18.2	12	37.5	839	32.4
Middle	64.5	20	62.5	1,749	67.6
Upper	17.3	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>2,588</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%.*

**Borrower Profile**

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. While the small business lending results were not as strong, the excellent performance in the more heavily weighted home mortgage loan product segment primarily supports this conclusion. Examiners focused on the percentage of loans to low- and moderate-income borrowers and businesses with GARs of \$1 million or less.

***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- or moderate-income borrowers is excellent.

Elkton Bank’s level of lending to low-income borrowers is comparable to demographic data, which is excellent considering the percent of families below the poverty level. According to demographic data, of all families in the assessment area, 14.9 percent live below the poverty level, which can create a lack of lending opportunities for low-income families. Due to their limited financial resources, families below the poverty level generally do not have the capacity to support a home mortgage loan, especially considering the median housing value is approximately \$120,000, limiting the demand and opportunity to lend to low-income borrowers. The bank’s performance to moderate-income borrowers exceeds the corresponding demographic data, which is also representative of excellent performance.

The following table illustrates the distribution of home mortgage loans by borrower income level through the assessment area.

<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	19.1	7	16.7	339	7.1
Moderate	14.7	7	16.7	684	14.3
Middle	25.0	14	33.3	1,695	35.5
Upper	41.2	14	33.3	2,062	43.1
<b>Totals</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>4,780</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%.*

In addition, although not considered within the performance tables, the bank maintains a relationship with a third-party investor to refer secondary market loans and referred one loan (representing a third of the referrals) totaling approximately \$200,000 in 2023 to a moderate-income borrower. This further demonstrated the bank’s willingness to lend to moderate-income borrowers and supports excellent performance.

***Small Business Loans***

The distribution of small business loans is reasonable. Elkton Bank’s level of lending to small businesses trails demographic data. As the demographic data is not always indicative of the opportunities for lending to small business, the performance of four similarly situated banks in the assessment area was reviewed under this criterion. The review revealed that these banks extended small business loans to businesses with revenue at or below \$1 million with concentrations that varied between 82.1 and 97.1 percent. While Elkton Bank’s results trailed this range, it was observed that a majority of the loans extended to businesses with revenue exceeding \$1 million were to two borrowers. Given this anomaly, the bank’s performance was reasonable.

<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	85.7	23	71.9	1,540	59.5
>\$1,000,000	3.2	9	28.1	1,048	40.5
Revenue Not Available	11.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>2,588</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.*

**Response to Complaints**

The institution has not received 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 that would affect the bank's 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.