

PUBLIC DISCLOSURE

July 8, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PNB Community Bank
Certificate Number: 26687

1020 John Sims Parkway East
Niceville, Florida 32578

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

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Atlanta, Georgia 30309-3849

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a substantial majority of home mortgage and small business loans within its assessment area.
- The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution has not received any Community Reinvestment Act (CRA)-related complaints since the January 5, 2015 CRA evaluation.

DESCRIPTION OF INSTITUTION

Background

PNB Community Bank (PNB), headquartered in Niceville, Florida, is a wholly-owned subsidiary of Bankshares Corporation of Niceville, a one-bank holding company also headquartered in Niceville, Florida. PNB operates with no subsidiaries or affiliates. The last CRA Performance Evaluation was conducted by the Office of the Comptroller of the Currency (OCC) on January 5, 2015, and the bank received a rating of "Satisfactory." The OCC evaluated PNB utilizing Interagency Small Institution Examination Procedures.

Operations

PNB operates three full-service branches (including the main office) in Okaloosa and Walton Counties, Florida. The bank offers various loan products, including traditional home mortgage loans, home equity lines of credit (HELOCs), construction, mobile home-secured, commercial, and consumer loans. The bank primarily focuses on mortgage lending and provides a variety of deposit services, including checking, savings, and individual retirement accounts. PNB's alternative banking services include internet and mobile banking, electronic bill payment, automated telephone banking, automated teller machines (ATMs), and debit cards. No merger or acquisition activities

have occurred since the previous evaluation. Additionally, there have been no branch openings or closings since the previous evaluation.

Ability and Capacity

As of March 31, 2020, assets totaled \$104.8 million, which represents a decrease of \$8.0 million (or negative 7.1 percent) since the previous evaluation. PNB has \$68.1 million in loans and \$92.3 million in deposits. In addition to a decrease in total assets, total deposits decreased by \$10.7 million (or negative 10.4 percent). Total loans increased by \$18.1 million (or 36.1 percent). Although there have been decreases in assets and deposits, there have been no material changes to the bank’s financial condition since the previous evaluation. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area. The bank’s loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	14,745	21.7
Secured by Farmland	65	0.1
Secured by 1-4 Family Residential Properties	28,840	42.3
Secured by Multifamily (5 or more) Residential Properties	1,780	2.6
Secured by Nonfarm Nonresidential Properties	17,522	25.7
Total Real Estate Loans	62,952	92.4
Commercial and Industrial Loans	4,180	6.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	984	1.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	4	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	68,120	100.0
<i>Source: Reports of Condition and Income (Call Report)</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. PNB has designated one assessment area that is within a Metropolitan Statistical Area (MSA). PNB’s Crestview-Fort Walton Beach-Destin, Florida MSA Assessment Area, is comprised entirely of Okaloosa and Walton counties. As stated above, all three full-service branches are located within these counties. The main office is located in Okaloosa County in an upper-income census tract, while the two branches (Freeport and DeFuniak Springs) are located in moderate-income census tracts in Walton County.

Economic and Demographic Data

There have been no material changes to the assessment area since the previous evaluation. The assessment area includes 55 census tracts. These tracts reflected the following income designations according to the 2015 American Community Survey (ACS) Census data:

- 9 moderate-income tracts,
- 31 middle-income tracts,
- 12 upper-income tracts, and
- 3 census tracts without income designations.

The following table illustrates select demographics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Crestview-Fort Walton Beach-Destin MSA (18880)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	55	0.0	16.4	56.4	21.8	5.5
Population by Geography	251,724	0.0	14.8	63.3	21.8	0.0
Housing Units by Geography	141,156	0.0	12.6	53.5	33.9	0.0
Owner-Occupied Units by Geography	64,419	0.0	12.2	62.3	25.5	0.0
Occupied Rental Units by Geography	33,955	0.0	17.4	63.3	19.4	0.0
Vacant Units by Geography	42,782	0.0	9.3	32.6	58.1	0.0
Businesses by Geography	28,917	0.0	10.5	53.4	36.0	0.0
Farms by Geography	759	0.0	15.8	61.0	23.2	0.0
Family Distribution by Income Level	64,717	20.3	17.9	21.5	40.3	0.0
Household Distribution by Income Level	98,374	22.8	17.5	18.1	41.6	0.0
Median Family Income MSA - 18880 Crestview-Fort Walton Beach-Destin, FL MSA		\$63,539	Median Housing Value			\$224,687
			Median Gross Rent			\$1,065
			Families Below Poverty Level			10.4%
<p><i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2019 Dun & Bradstreet (D&B) data, there were 28,917 businesses located in this assessment area, with the following gross annual revenues (GARs).

- 90.0 percent have \$1.0 million or less in GARs,
- 2.7 percent have more than \$1.0 million in GARs, and
- 7.3 percent have unknown GARs.

Service industries represent the largest portion of businesses at 38.3 percent; followed by retail trade (12.0 percent); construction (11.5 percent); and finance, insurance, and real estate (8.5 percent). The assessment area's largest employers are Eglin Air Force Base (including Hurlburt Field), Jacobs Technical & Engineering Acquisition Support, and the Fort Walton Beach Medical Center, collectively employing 32,690 individuals. The majority of businesses (or 67.0 percent) within the assessment area operated with four or fewer employees.

The 2018 and 2019 Federal Financial Institution Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Crestview-Fort Walton Beach-Destin MSA Median Family Income (18880)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$64,400)	<\$32,200	\$32,200 to <\$51,520	\$51,520 to <\$77,280	≥\$77,280
2019 (\$75,600)	<\$37,800	\$37,800 to <\$60,480	\$60,480 to <\$90,720	≥\$90,720
<i>Source: FFIEC</i>				

There are 141,156 housing units located in the assessment area. Of these, 45.6 percent are owner-occupied, 24.1 percent are occupied rental, and 30.3 percent are vacant units. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rate for the assessment area exhibited a downward trend and was consistently lower than both the state and national rates. The following table summarizes the unemployment rates since the previous evaluation.

Unemployment Rates					
Area	2015	2016	2017	2018	2019
	%	%	%	%	%
Crestview-Fort Walton Beach-Destin MSA	4.6	4.1	3.5	3.0	2.7
State of Florida	5.5	4.8	4.2	3.6	3.1
U.S. National Average	5.3	4.9	4.4	3.9	3.7
<i>Source: U.S. Bureau of Labor Statistics</i>					

Competition

The assessment area is highly competitive for financial services. According to the FDIC Deposit Market Share Report as of June 30, 2019, there were 26 financial institutions operating within the assessment area. Of these institutions, PNB ranked 15th with a market share of 1.6 percent.

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in this assessment area. In 2018, 706 lenders reported 20,977 originated and purchased home mortgage loans. By number volume, PNB ranked 56th with a market share of 0.4 percent. The top three mortgage lenders accounted for 16.7 percent of the assessment area’s total market share. Those lenders were Wells Fargo Bank at 7.7 percent, Regions Bank at 4.8 percent, and PrimeLending at 4.2 percent.

The bank is not required to collect or report its small business loan data, and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, the 2018 aggregate data shows that 101 institutions reported 7,438 small business loans in the assessment area. This indicates a high degree of competition for this product. The top three lenders accounted for 38.2 percent of the total market share.

Community Contact

During CRA evaluations, examiners conduct community contacts to develop a better understanding of the demographic, economic, and credit needs of an institution’s assessment area. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. Examiners contacted a representative of a home ownership assistance organization within the assessment area. The contact stated that financial institutions are committed to assisting with the credit needs of the community. However, the contact noted that there is a shortage of affordable housing, financial literacy, and credit restoration programs within the assessment area.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined there are credit opportunities available. The continuous need for affordable housing within the assessment area presents an opportunity for financial institutions to meet the credit needs of the community, since the median housing value is \$224,687. Furthermore, opportunities may exist to address the high level of vacant housing units in the area.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the previous evaluation dated January 5, 2015, to the current evaluation dated July 8, 2020. Examiners used Interagency Small Institution Examination Procedures to evaluate PNB's CRA performance. These procedures include the Lending Test, which considered PNB's performance according to the following criteria:

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

The Appendices provide a description for each criteria. This evaluation does not include any lending activity performed by affiliates, as PNB does not have any affiliates.

Activities Reviewed

Examiners determined that PNB's major product lines were home mortgage and small business loans. Therefore, home mortgage and small business loans were selected for the review. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Small farm loans were not reviewed as they did not represent a major product line and provided no material support for conclusions or ratings.

The bank is subject to the data collection and reporting requirements of the Home Mortgage Disclosure Act (HMDA), and that data was used to analyze the bank's home mortgage loans in 2018 and 2019. This review consisted of all 70 originations, totaling \$12.1 million, in 2018 and all 62 originations, totaling \$11.3 million, in 2019. Examiners used the percentage of families by income level, owner-occupied housing units by geography, and the 2018 lending of other HMDA reporters within the assessment area (i.e. aggregate lending data) as standards of comparison for home mortgage loans. The 2019 aggregate data was not available; however, examiners did not identify any trends or anomalies between the 2018 and 2019 data that materially impacted conclusions.

Between January 1, 2019, and December 31, 2019, PNB originated 32 small business loans totaling \$5.3 million. Examiners reviewed all of the loans originated during this period as its sample. D&B data for 2019 provided a standard of comparison for small business loans.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions, given the higher loan volume when compared to small business loans. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. The following table details the number and dollar volume of originations and purchases over the most recent calendar year, by loan type.

Loans Originated or Purchased (2019)				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	18,354	54.1	65	32.0
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	9,455	27.9	43	21.2
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	3,442	10.2	6	3.0
Commercial and Industrial Loans	1,904	5.6	26	12.8
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	764	2.2	63	31.0
Other Loans	0	0.0	0	0.0
Total Loans	33,919	100.0	203	100.0
<i>Source: Bank Records 1/1/2019 - 12/31/2019</i>				

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

PNB demonstrated reasonable performance under the Lending Test. The bank's Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

PNB's loan-to-deposit (LTD) ratio is reasonable given the financial institution's size, financial condition, and assessment area credit needs. PNB's LTD ratio, calculated from Call Report data, averaged 57.7 percent over the past 22 quarters from December 31, 2014, to March 31, 2020. The ratio ranged from a low of 46.3 percent, as of March 31, 2015, to a high 73.0 percent, as of March 31, 2020. The ratio experienced an upward trend throughout the evaluation period.

Examiners identified one similarly-situated financial institution sharing a similar asset size, geographic location, and lending focus for the evaluation. First City Bank of Florida, located in Fort Walton Beach, Florida, was the only financial institution located in PNB's assessment area that shared similar attributes. For the same period, First City Bank of Florida's average LTD was 64.9 percent. The current LTD as of March 31, 2020, is 54.1 percent, which is below PNB's current LTD of 73.0 percent.

Assessment Area Concentration

The bank originated a substantial majority of its home mortgage and small business loans, by number and by dollar amount, within the assessment area. Collectively, the bank originated 96.3 percent by number and 95.6 percent by dollar amount of home mortgage and small business loans inside the assessment area. The following table illustrates this information.

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										
2018	67	95.7	3	4.3	70	11,478	94.7	636	5.3	12,114
2019	60	96.8	2	3.2	62	10,729	94.7	606	5.3	11,335
Subtotal	127	96.2	5	3.8	132	22,207	94.7	1,242	5.3	23,449
Small Business 2019	31	96.9	1	3.1	32	5,325	99.6	20	0.4	5,345
Subtotal	31	96.9	1	3.1	32	5,325	99.6	20	0.4	5,345
Total	158	96.3	6	3.7	164	27,532	95.6	1,262	4.4	28,794
<i>Source: Evaluation Period: 1/1/2018 - 12/31/2019, HMDA Evaluation Period: 1/1/2018 - 12/31/2019, Small Business Evaluation Period: 1/1/2019 - 12/31/2019. Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Specifically, the bank's excellent home mortgage and small business lending performance primarily support this conclusion. Since there are no low-income census tracts within the bank's assessment area, examiners based conclusions on the bank's performance in moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The following table illustrates that the bank's portfolio lending performance in moderate-income census tracts significantly exceeded aggregate performance in 2018. Additionally, PNB's performance in 2018 also exceeded the percentage of owner-occupied housing units in those tracts. In 2019, the bank's performance continued to exceed demographic data in moderate-income census tracts. Refer to the following table for more information.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Crestview-Fort Walton Beach-Destin MSA (18880)						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2018	12.2	5.4	16	23.9	1,523	13.3
2019	12.2	--	10	16.7	1,191	11.1
Middle						
2018	62.3	58.4	37	55.2	6,434	56.1
2019	62.3	--	37	61.7	7,139	66.5
Upper						
2018	25.5	36.2	14	20.9	3,521	30.7
2019	25.5	--	13	21.7	2,399	22.4
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	67	100.0	11,478	100.0
2019	100.0	--	60	100.0	10,729	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 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 an excellent dispersion throughout the assessment area. The following table shows the bank's performance exceeded demographic data in the moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Assessment Area: Crestview-Fort Walton Beach-Destin MSA (18880)					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	10.2	5	16.1	1,426	26.8
Middle	53.0	20	64.5	3,530	66.3
Upper	36.7	6	19.4	369	6.9
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	31	100.0	5,325	100.0
<i>Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers reflects, reasonable penetration among individuals of different income levels and businesses of different sizes. The bank’s reasonable home mortgage and small business lending performance support this conclusion. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The overall distribution of home mortgage loans to individuals reflects reasonable distribution among borrowers of different income levels. PNB originated 10.4 percent of mortgage loans to low-income borrowers in 2018, exceeding aggregate performance. In 2019, the bank’s lending performance was lower than the percentage of low-income families residing within the assessment area. However, 10.4 percent of all low-income families in the assessment area live below the poverty level, and it is not likely that these borrowers would qualify for a home mortgage loan. Conversely, PNB’s lending performance to moderate-income borrowers in 2018 was slightly below but comparable to aggregate performance and below demographic data. In 2019, the bank’s performance exceeded the percentage of moderate-income families residing within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Crestview-Fort Walton Beach-Destin MSA (18880)						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	20.3	3.0	7	10.4	666	5.8
2019	20.3	--	2	3.3	129	1.2
Moderate						
2018	17.9	11.5	6	9.0	421	3.7
2019	17.9	--	14	23.3	1,180	11.0
Middle						
2018	21.5	18.4	13	19.4	1,546	13.5
2019	21.5	--	9	15.0	1,214	11.3
Upper						
2018	40.3	50.0	28	41.8	4,371	38.1
2019	40.3	--	22	36.7	5,962	55.6
Not Available						
2018	0.0	17.1	13	19.4	4,474	39.0
2019	0.0	--	13	21.7	2,244	20.9
Totals						
2018	100.0	100.0	67	100.0	11,478	100.0
2019	100.0	--	60	100.0	10,729	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Small Business Loans

The distribution of borrowers, given the demographics of the assessment area, reflects reasonable penetration among businesses of different sizes. The bank's performance is comparable to the assessment area's demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Crestview-Fort Walton Beach-Destin MSA (18880)					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.0	27	87.1	3,945	74.1
>1,000,000	2.7	4	12.9	1,380	25.9
Revenue Not Available	7.3	0	0.0	0	0.0
Total	100.0	31	100.0	5,325	100.0

Source: 2019 D&B Data, 1/1/2019 - 12/31/2019 Bank Data. 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

No evidence of discriminatory or other illegal credit practices inconsistent with helping meet the credit needs of the community were identified during this CRA evaluation.

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 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;
- 4) The geographic distribution of the bank's loans; 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.

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.