

# **PUBLIC DISCLOSURE**

January 18, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Port Richmond Savings Bank  
Certificate Number: 27385

2522 East Allegheny Avenue  
Philadelphia, Pennsylvania 19134

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

350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers was not analyzed since borrower income was not available for the majority of the bank's loans.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

### **Background**

Port Richmond Savings Bank (Port Richmond) is a mutually-owned savings bank. The bank is headquartered in Philadelphia, Pennsylvania (PA) and operates throughout most of Philadelphia County. The bank received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated November 16, 2015, based on Interagency Small Institution Examination Procedures.

### **Operations**

Port Richmond operates a single full-service branch in its assessment area. The bank's primary focus is providing credit to real estate investors for the purposes of acquisition, rehabilitation, and refinance of 1-4 family investment properties for rental or resale. Other loan product offerings include commercial and Small Business Association (SBA) loans and lines of credit. The bank provides a variety of deposit services including checking, savings, money market deposit accounts, individual retirement accounts and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, mobile deposit, and money orders. The bank has not opened or closed any branches or been involved with any mergers or acquisitions during the evaluation period.

### ***Covid-19 Response***

In response to the Covid-19 pandemic, the bank provided retail banking accommodations and lending flexibilities to respond to the community and credit needs in the assessment area. For example, the bank suspended deposit account fees and ensured that alternative service methods, like the drive-through window, remained available to customers. The bank also offered payment deferrals and originated SBA Paycheck Protection Program (PPP) loans. Specifically, the bank originated 167 PPP loans to small businesses totaling \$11.6 million in 2020 and 97 PPP loans to small businesses totaling \$6.0 million in 2021. Port Richmond also granted 176 loan modifications in the form of three-month payment deferrals.

### **Ability and Capacity**

Bank assets totaled \$97.4 million as of September 30, 2021, which includes total loans of \$78.9 million. Port Richmond reported total deposits of \$60.3 million. Since the prior evaluation, total assets, loans, and deposits have increased by 44.6 percent, 32.6 percent, and 53.8 percent, respectively.

The following table illustrates Port Richmond’s loan portfolio as of September 30, 2021:

<b>Loan Portfolio Distribution as of September 30, 2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Secured by 1-4 Family Residential Properties	49,734	63.1
Secured by Multifamily (5 or more) Residential Properties	259	0.3
Secured by Nonfarm Nonresidential Properties	21,262	27.0
<b>Total Real Estate Loans</b>	<b>71,255</b>	<b>90.4</b>
Commercial and Industrial Loans	7,846	10.0
Less: Unearned Income	(251)	(0.3)
<b>Total Loans</b>	<b>78,850</b>	<b>100.0</b>
<i>Source Reports of Condition and Income</i>		

The loan portfolio composition remained relatively consistent since the prior evaluation. The bank’s loan portfolio consists entirely of residential (63.1) and commercial loans (36.9).

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas to evaluate its CRA performance. Port Richmond designated a single assessment area, which includes the majority of Philadelphia County, in the Philadelphia, PA Metropolitan Division (MD) 37964, which is located in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) 37980. Since the last evaluation, the bank expanded its assessment area by 33 census tracts to incorporate tracts in southwest Philadelphia. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

Port Richmond operates a single branch in a middle-income census tract. The assessment area includes 348 census tracts in Philadelphia County. The tracts reflect the following income designations according to 2015 American Community Survey (ACS) data:

- 50 low-income census tracts,
- 128 moderate-income census tracts,
- 82 middle-income census tracts,
- 77 upper-income census tract, and
- 11 census tracts with no income designation.

The following table shows the demographic information of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	348	14.4	36.8	23.6	22.1	3.2
Population by Geography	1,415,586	15.2	39.1	26.0	19.0	0.7
Housing Units by Geography	611,961	14.3	38.5	24.9	21.9	0.4
Owner-Occupied Units by Geography	270,644	11.4	35.8	29.6	23.2	0.0
Occupied Rental Units by Geography	256,528	16.0	38.6	22.0	22.5	0.9
Vacant Units by Geography	84,789	18.4	46.8	18.8	15.7	0.3
Businesses by Geography	139,836	9.7	29.9	21.9	36.8	1.7
Farms by Geography	662	8.9	27.2	24.6	37.3	2.0
Family Distribution by Income Level	277,844	32.4	18.3	16.4	32.9	0.0
Household Distribution by Income Level	527,172	32.6	15.9	15.4	36.1	0.0
Median Family Income MD - 37964 Philadelphia, PA		\$56,411	Median Housing Value			\$164,211
			Median Gross Rent			\$946
			Families Below Poverty Level			22.5%
<i>Source 2015 ACS and 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

There are 611,691 total housing units in the assessment area. Of these, 44.2 percent are owner-occupied, 41.9 percent are occupied rental units, and 13.9 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. This data reflects the opportunities lenders have to originate mortgage loans within this income geography.

Service industries represent the largest percent of businesses at 37.4 percent, followed by non-classifiable establishments (27.3 percent); retail trade (11.9 percent); finance, insurance, and real estate (10.0 percent); and construction (4.8 percent). Within the assessment area, 59.1 percent of businesses have four or fewer employees, and 93.7 percent of businesses operate from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to PA’s Department of Labor & Industry, top employers within Philadelphia County include the city and federal government, University of Pennsylvania, Children’s Hospital of Philadelphia, and Thomas Jefferson University Hospital.

The following table details the unemployment data from the Bureau of Labor Statistics for the assessment area. The 2020 and 2021 unemployment rates were elevated due to the COVID-19 pandemic.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Philadelphia County, PA	5.6	12.4	9.2
State of PA	4.5	9.1	6.7
National Average	3.7	8.1	5.4
<i>Source Bureau of Labor Statistics</i>			

## **Competition**

Port Richmond operates in a highly competitive market for financial and credit services. According to the FDIC Summary of Deposits as of June 30, 2021, there were 41 FDIC-insured institutions operating 284 branch offices within Philadelphia County. Of these institutions, Port Richmond ranked 27<sup>th</sup> with a 0.1 percent market share of total deposits.

Port Richmond is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include aggregate data comparisons. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. Aggregate data for 2019 shows that 136 institutions reported 26,246 small business loans in its assessment area, indicating a high level of competition for this product.

The level of competition for home mortgage products among banks, credit unions, and non-depository mortgage lenders is also high. According to 2020 Peer Mortgage Data, there were 618 mortgage lenders operating within Port Richmond’s assessment area. The top home mortgage lenders in the assessment area were Wells Fargo Bank, Police & Fire Federal Credit Union, Citizens Bank, and Quicken Loans. The bank is not required to report its home mortgage loans under Home Mortgage Disclosure Act, and it has elected not to do so.

## **Community Contact**

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

For this evaluation, examiners contacted a representative of an organization focused on neighborhood revitalization efforts and affordable housing in Philadelphia. The contact stated that the majority of the housing stock in the area is older and in need of rehabilitation. Many homes lack running water and workable kitchens. In many instances, there are multiple generations living in a row home. These factors contribute to a significant need for home improvement loans for individuals to make modifications and upgrades. The contact also identified a significant need for financing for affordable rental units due to a large percentage of families below poverty level.

## **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing loan programs and small business loans represent the primary credit needs in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated November 16, 2015, to the current evaluation dated January 18, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate Port Richmond Bank's CRA performance. These procedures include the Lending Test. Please refer to the Appendices for a complete description of this test.

### **Activities Reviewed**

Examiners determined Port Richmond's major product lines are other real estate secured loans, small business loans, and home mortgage loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of loans originated during the evaluation. The volume of small business and other real estate secured loans exceeded home mortgage loans during the review period. Therefore, examiners gave equal weight to other real estate and small business lending and less weight to home mortgage lending in the overall conclusion. This evaluation did not consider non-real estate consumer or small farm loans, as the bank does not offer loans for these purposes.

Port Richmond was not required to collect or report small business lending data during the review period; however, examiners obtained sufficient data for analysis from the bank and available public data. Examiners analyzed Port Richmond's small business loans for 2020 and 2021. The bank originated and purchased 193 small business loans totaling \$18.5 million in 2020, and 113 loans totaling \$9.6 million in 2021. Small business loan originations increased substantially from the prior evaluation due to Port Richmond's participation in the SBA's PPP. Examiners reviewed D&B demographic data for comparison purposes.

Examiners reviewed all home mortgage loans originated in 2020 and 2021. Home mortgage loans include home purchase loans, home improvement loans, refinance loans, and home equity lines of credit to consumers secured by a residential property. The bank originated 16 home mortgage loans totaling \$3.5 million in 2020 and 18 home mortgage loans totaling \$3.6 million in 2021. The bank does not solicit or market a traditional owner-occupied home mortgage loan product. Further, the bank does not offer any federally-backed mortgages such as FHA, VA, or USDA loans.

The bank collected and presented loan data for other real estate secured loans. These loans are comprised of loans or lines of credit made to businesses (including real estate investors and developers) that are secured by residential real estate. Port Richmond originated 26 other real estate secured loans totaling \$4.0 million in 2020 and 39 other real estate secured loans totaling \$6.0



million in 2021. Other real estate loans represent the majority of real estate secured loan originations.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage, small business, and other real estate secured loans originated and/or purchased during 2020 and 2021. As previously stated, small business and other real estate secured loans contributed more weight to overall conclusions than home mortgage loans. Although the evaluation presents both the number and dollar volume of loans, examiners emphasized performance based on 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

Port Richmond demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, and Geographic Distribution performance primarily support this conclusion.

#### Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs. Port Richmond’s LTD ratio, calculated from Call Report data, averaged 157.8 percent over the past 24 calendar quarters from December 31, 2015 to September 30, 2021. The LTD ratio fluctuated during the evaluation period, ranging from a low of 129.6 percent as of September 30, 2021 to a high of 182.7 percent as of September 30, 2020. The bank’s average LTD ratio is similar to the 155.0 percent average LTD ratio reported at the prior evaluation.

Port Richmond also maintained a more than reasonable average net LTD ratio compared to that of similarly situated institutions, as shown in the table below. Examiners selected these institutions based on geographic location, lending focus, and asset size.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30//2021 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Port Richmond Savings Bank</b>	<b>97</b>	<b>157.8</b>
Hyperion Bank	300	105.5
Iron Workers Savings Bank	200	92.7
Sharon Bank	188	57.4
Tioga-Franklin Savings Bank	63	108.0
<i>Source Reports of Condition and Income 12/31//2015 – 9/30//2021</i>		

## Assessment Area Concentration

A majority of loans and other lending related activities are in the bank's assessment area. The following table shows the assessment area concentration of home mortgage, other real estate, and small business loans by number and dollar volume.

<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											
2020	7	43.8	9	56.3	16	1,373	38.8	2,165	61.2	3,538	
2021	6	33.3	12	66.7	18	859	24.1	2,703	75.9	3,563	
<b>Subtotal</b>	<b>13</b>	<b>38.2</b>	<b>21</b>	<b>61.8</b>	<b>34</b>	<b>2,232</b>	<b>31.4</b>	<b>4,869</b>	<b>68.6</b>	<b>7,101</b>	
Other RE											
2020	23	88.5	3	11.5	26	3,393	85.5	575	14.5	3,968	
2021	35	89.7	4	10.3	39	4,100	68.2	1,911	31.8	6,011	
<b>Subtotal</b>	<b>58</b>	<b>89.2</b>	<b>7</b>	<b>10.8</b>	<b>65</b>	<b>7,493</b>	<b>75.1</b>	<b>2,486</b>	<b>24.9</b>	<b>9,979</b>	
Small Business											
2020	107	55.4	86	44.6	193	10,585	57.1	7,959	42.9	18,543	
2021	66	58.4	47	41.6	113	5,801	60.6	3,769	39.4	9,570	
<b>Subtotal</b>	<b>173</b>	<b>56.5</b>	<b>133</b>	<b>43.5</b>	<b>306</b>	<b>16,385</b>	<b>58.3</b>	<b>11,728</b>	<b>41.7</b>	<b>28,113</b>	
<b>Total</b>	<b>244</b>	<b>60.2</b>	<b>161</b>	<b>39.8</b>	<b>405</b>	<b>26,110</b>	<b>57.8</b>	<b>19,083</b>	<b>42.2</b>	<b>45,193</b>	
<i>Source Bank Data. Due to rounding, totals may not equal 100.0%</i>											

## Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance of other real estate and small business lending supports this conclusion. Examiners focused on the percentage by number of loans originated in low- and moderate-income census tracts.

### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table in 2020, the bank's dispersion of small business loans in low-income census tracts trailed demographic data in 2020. In 2021, the bank's lending in low-income census tracts increased and was similar to demographic data. The bank's lending in moderate-income census tracts was comparable to demographic data in 2020, then decreased and trailed the demographic benchmark in 2021.

Small business loans increased significantly from the prior evaluation due to the bank's participation in the SBA's PPP. The bank made 167 PPP loans in 2020 and 97 PPP loans in 2021. Port Richmond

reasonably dispersed PPP loans throughout the assessment area. Considering that small business loans are not the bank’s primary loan product, performance 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>
<b>Low</b>					
2020	9.7	5	4.7	421	4.0
2021	10.3	6	9.1	795	13.7
<b>Moderate</b>					
2020	29.9	31	29.0	3,068	29.0
2021	32.3	16	24.2	1,794	30.9
<b>Middle</b>					
2020	21.9	46	43.0	5,144	48.6
2021	22.1	26	39.4	1,933	33.3
<b>Upper</b>					
2020	36.8	25	23.4	1,952	18.4
2021	33.8	18	27.3	1,279	22.0
<b>Not Available</b>					
2020	1.7	0	0.0	0	0.0
2021	1.5	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>107</b>	<b>100.0</b>	<b>10,584</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>5,801</b>	<b>100.0</b>
<i>Source 2020 &amp; 2021 D&amp;B Data; Bank Data; "--" data not available... Due to rounding, totals may not equal 100.0%.</i>					

***Other Real Estate***

The geographic distribution of other real estate secured loans reflects excellent dispersion throughout the assessment area. In 2020 and 2021, the bank’s level of lending in low-income census tracts exceeded the percentage of low-income census tracts in the assessment area. The bank’s lending in moderate-income census tracts significantly exceeded the corresponding percentage of assessment area tracts in 2020. In 2021, the bank increased the number of loans made in moderate-income tracts. During the review period, most loans were originated in low- or moderate-income census tracts.

<b>Geographic Distribution of Other Real Estate Secured Loans</b>					
<b>Tract Income Level</b>	<b>% of Assessment Area Tracts</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2020	14.0	5	21.7	645	19.0
2021	14.0	9	25.7	1,142	27.9
<b>Moderate</b>					
2020	37.0	12	52.2	2,116	62.4
2021	37.0	15	42.9	1,560	38.1
<b>Middle</b>					
2020	24.0	6	26.1	632	18.6
2021	24.0	11	31.4	1,397	34.1
<b>Upper</b>					
2020	22.0	0	0.0	0	0.0
2021	22.0	0	0.0	0	0.0
<b>Not Available</b>					
2020	3.0	0	0.0	0	0.0
2021	3.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2020</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,393</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>4,100</b>	<b>100.0</b>
<i>Source 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

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

The geographic distribution of home mortgage loans was not evaluated. The low lending volume during the evaluation period does not allow for a meaningful analysis.

### **Borrower Profile**

Borrower distribution was not analyzed as income was not available for most of the transactions. Non-owner occupied investment properties represented twenty-six out of forty-two real estate secured loans in 2020 and thirty-nine out of fifty-seven loans in 2021. Further, Port Richmond is not a HMDA reporter, and does not collect income information for its home mortgage loans. The bank does not required to collect or report gross annual revenue information for its small business loans and elects not to do so. Further, most of the bank's small business loans were PPP loans, which do not reflect the underlying borrower's gross annual revenue. The lack of purpose and income data does not allow for a meaningful analysis to conclude performance during the review period.

## **Response to Complaints**

Port Richmond did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by



the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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 Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.