

# **PUBLIC DISCLOSURE**

April 1, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

BLC Community Bank  
Certificate Number: 11608

206 East Main Street  
Little Chute, Wisconsin 54140

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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

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## INSTITUTION RATING

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

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

The following points summarize the bank's Satisfactory Community Reinvestment Act (CRA) performance:

- **Loan-to-Deposit (LTD) Ratio:** The average LTD ratio reflects reasonable performance given the institution's size, financial condition and credit needs of the AA.
- **Assessment Area Concentration:** The bank originated a majority of small business and home mortgage loans within the AA.
- **Geographic Distribution:** The geographic distribution of small business and home mortgage loans reflects reasonable dispersion throughout the AA.
- **Borrower Profile:** The distribution of loans to borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- **CRA-Related Complaints:** The bank has not received any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

BLC Community Bank (BLC) is a full-service financial institution conducting business from a single office in Little Chute, Wisconsin. BLC is wholly-owned by Independent Bancorp, Limited, a one-bank holding company also located in Little Chute. No merger or acquisition activities occurred since the previous evaluation. The institution received a Satisfactory rating during its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation dated March 22, 2021, based on Small Institution CRA Examination Procedures.

BLC offers a variety of loan and deposit products, with a focus on commercial and residential lending activities. Customers can access BLC's products and services through online, telephone and mobile banking services, as well as a non-depository automated teller machine located at the main office.

As of December 31, 2023, BLC maintained total assets of \$401 million, total loans of \$308 million, and total deposits of \$338 million. The following table shows the loan portfolio breakdown by dollar and percentage as of the December 31, 2023 Reports of Condition and Income.

| <b>Loan Portfolio Distribution as of 12/31/2023</b>       |                  |              |
|---|------------------|--------------|
| <b>Loan Category</b>                                      | <b>\$ (000s)</b> | <b>%</b>     |
| Construction, Land Development, and Other Land Loans      | 35,812           | 11.6         |
| Secured by Farmland                                       | 1,158            | 0.4          |
| Secured by 1-4 Family Residential Properties              | 92,662           | 30.1         |
| Secured by Multifamily (5 or more) Residential Properties | 16,489           | 5.4          |
| Secured by Nonfarm Nonresidential Properties              | 119,891          | 38.9         |
| <b>Total Real Estate Loans</b>                            | <b>266,012</b>   | <b>86.4</b>  |
| Agricultural Loans  | 560              | 0.1          |
| Commercial and Industrial Loans                           | 38,062           | 12.4         |
| Consumer Loans  | 3,060            | 1.0          |
| Other Loans   | 289              | 0.1          |
| <b>Total Loans</b>  | <b>307,983</b>   | <b>100.0</b> |
| <i>Source: Reports of Condition and Income</i>            |                  |              |

No financial, legal or other impediments limit BLC’s ability to meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. BLC has delineated one AA consisting of all 58 census tracts (CTs) in the Appleton Metropolitan Statistical Area (MSA), which consists of Calumet and Outagamie Counties. The AA has not changed since the previous evaluation. Sources of the data used in this section are: Federal Financial Institution Examination Council (FFIEC), 2020 U.S. Census data, D&B data, U.S. Bureau of Labor Statistics, Wisconsin Realtors Association, Wisconsin Department of Workforce Development, and Fox Cities Chamber Regional Partnership.

### **Economic and Demographic Data**

The following table provides the median family income and corresponding income levels used to analyze home mortgage lending activities in the AA under the Borrower Profile criterion.

| <b>Median Family Income Ranges – Appleton MSA</b> |                         |                                     |                                    |                         |
|---|-------------------------|-------------------------------------|------------------------------------|-------------------------|
| <b>Median Family Incomes</b>                      | <b>Low<br/>&lt; 50%</b> | <b>Moderate<br/>50% to &lt; 80%</b> | <b>Middle<br/>80% to &lt; 120%</b> | <b>Upper<br/>≥ 120%</b> |
| 2022: \$95,900                                    | < \$47,950              | \$47,950 to < \$76,720              | \$76,720 to < \$115,080            | ≥ \$115,080             |
| 2023: \$104,400                                   | < \$52,200              | \$52,200 to < \$83,520              | \$83,520 to < \$125,280            | ≥ \$125,280             |
| <i>Source: FFIEC</i>                              |                         |                                     |                                    |                         |

The following table summarizes demographic characteristics of the AA using data obtained during the 2020 U.S. Census.

| <b>Demographic Information of the Assessment Area</b>   |          |                              |                            |                          |                         |                       |
|---|----------|------------------------------|----------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>  | <b>#</b> | <b>Low<br/>% of #</b>        | <b>Moderate<br/>% of #</b> | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)   | 58       | 3.4                          | 19.0                       | 58.6                     | 19.0                    | 0.0                   |
| Population by Geography   | 243,147  | 2.2                          | 13.2                       | 61.0                     | 23.6                    | 0.0                   |
| Housing Units by Geography  | 98,471   | 2.1                          | 14.4                       | 62.3                     | 21.2                    | 0.0                   |
| Owner-Occupied Units by Geography   | 69,384   | 0.9                          | 13.2                       | 61.4                     | 24.5                    | 0.0                   |
| Occupied Rental Units by Geography  | 25,164   | 5.3                          | 17.1                       | 65.0                     | 12.6                    | 0.0                   |
| Vacant Units by Geography   | 3,923    | 4.1                          | 17.1                       | 62.0                     | 16.8                    | 0.0                   |
| Businesses by Geography   | 21,034   | 4.4                          | 11.0                       | 62.4                     | 22.2                    | 0.0                   |
| Farms by Geography  | 975      | 1.1                          | 8.3                        | 67.0                     | 23.6                    | 0.0                   |
| Family Distribution by Income Level   | 63,780   | 17.6                         | 19.3                       | 24.8                     | 38.3                    | 0.0                   |
| Household Distribution by Income Level  | 94,548   | 22.0                         | 17.0                       | 20.4                     | 40.6                    | 0.0                   |
| Median Family Income MSA – 11540 Appleton, WI MSA   | \$86,686 | Median Housing Value         |                            | \$185,835                |                         |                       |
|   |          | Median Gross Rent            |                            | \$808                    |                         |                       |
|   |          | Families Below Poverty Level |                            | 4.9%                     |                         |                       |
| <i>Source: 2020 US Census and 2023 D&amp;B Data. 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> |          |                              |                            |                          |                         |                       |

The following table reflects the median home sales prices during the evaluation period in Calumet and Outagamie Counties as well as in the State of Wisconsin.

| <b>Median Home Sales Price</b>                |             |             |             |                       |
|---|-------------|-------------|-------------|-----------------------|
| <b>Area</b>                                   | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>YTD March 2024</b> |
| Calumet County                                | \$260,000   | \$285,000   | \$325,000   | \$347,450             |
| Outagamie County                              | \$234,900   | \$261,239   | \$278,000   | \$290,000             |
| State of Wisconsin                            | \$241,000   | \$265,000   | \$285,000   | \$280,000             |
| <i>Source: Wisconsin Realtors Association</i> |             |             |             |                       |

Since 2021, the sales price of homes in Calumet County has increased approximately 34 percent and remains well above the State average. Conversely, the sales price of homes in Outagamie County has increased only 23 percent, more closely mirroring pricing trends throughout the State.

The following table provides the annual unemployment rates in the AA compared to the State of Wisconsin during the evaluation period. The unemployment rate in the Appleton MSA remained stable and slightly lower than the statewide unemployment rate throughout the evaluation period.

| Unemployment Rates                        |          |          |          |                  |
|---|----------|----------|----------|------------------|
| Area                                      | 2021 (%) | 2022 (%) | 2023 (%) | January 2024 (%) |
| Appleton MSA AA                           | 3.1      | 2.5      | 2.5      | 2.2              |
| State of Wisconsin                        | 3.9      | 2.9      | 3.0      | 2.8              |
| <i>Source: Bureau of Labor Statistics</i> |          |          |          |                  |

According to 2023 D&B data, 21,034 businesses operate within the AA, of which 85 percent reported gross annual revenues (GARs) of \$1 million or less. In addition, 61 percent of these businesses have fewer than five employees, and 90 percent operate from a single location. The three largest industries in terms of employment share are trade; transportation and utilities; education and health services; and manufacturing. According to the Fox Cities Chamber Regional Partnership, the largest employers in the Appleton MSA include ThedaCare; Kimberly Clark Corporation; JJ Keller & Associates, Incorporated; and Plexus Corporation.

### **Competition**

BLC operates in a competitive environment where large credit unions and national banks pose the greatest degree of competition for financial services. According to the June 30, 2023 Deposit Market Share Report compiled by the FDIC, 25 financial institutions maintain 51 offices in the Appleton MSA. BLC ranks seventh with a deposit market share of approximately six percent.

Aggregate home mortgage lending data reported by financial institutions required to comply with the Home Mortgage Disclosure Act (HMDA) indicate that 338 institutions extended home mortgage loans in the Appleton MSA during 2022. BLC ranked 18th with a market share of 1.1 percent by number.

The bank is not required to collect or report small business data, and it has elected not to do so. Therefore, the analysis of loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for commercial loans. Aggregate data for 2022 (the most recent available) shows 74 lenders originated 4,480 small business loans in the AA, indicating a moderate degree of competition. Many institutions are not required to report lending data; therefore, competition for small business loans is greater than the aggregate data reflects.

### **Community Contact**

According to a representative of a community-based housing organization in the Appleton MSA, financial institutions are meeting the credit needs within the community. The representative opined that strong competition among numerous financial institutions in the area ensures that customers are provided a variety of reasonably-priced credit products. Nonetheless, housing production, housing affordability and the diversity of housing options continue to be a community concern. Single-family detached housing has dominated the market; however, the community contact noted that as demographic and economic trends shift, the community needs a wider variety of housing types to accommodate new and existing households. The contact also noted that, in order to maintain the existing housing stock in the AA, the community needs to address housing preservation, including

the rehabilitation, repair and/or maintenance of existing residential structures.

**Credit Needs**

According to economic and demographic data, as well as information from the community contact, affordable housing represents the primary credit need of the AA.

**SCOPE OF EVALUATION**

**General Information**

This evaluation covers the period from the prior evaluation dated March 22, 2021, to the current evaluation. Examiners used Small Institution CRA Examiner Procedures to assess BLC’s CRA performance, including an evaluation of the institution’s LTD ratio, AA concentration, geographic distribution, borrower profile, and response to CRA-related complaints.

**Activities Reviewed**

Small business and home mortgage lending continue to represent the bank’s major product lines. Examiners made this determination in consideration of BLC’s business strategy, as well as the number and dollar volume of loans originated during the evaluation period. As of December 31, 2023, commercial loans represented approximately 57 percent of the loan portfolio, while home mortgage loans represented approximately 30 percent of the loan portfolio. Small farm and consumer loans represent a nominal percentage of BLC’s loan portfolio; therefore, examiners did not analyze them as part of this evaluation.

Examiners reviewed residential real estate loans recorded on BLC’s 2022 and 2023 HMDA Loan Application Registers. Examiners also reviewed an expanded sample of small business loans originated in 2023 to ensure lending activity included in the Performance Evaluation was representative of actual lending activity throughout the evaluation period.

| <b>Loan Products Reviewed</b> |                 |                  |                 |                  |
|-------------------------------|-----------------|------------------|-----------------|------------------|
| <b>Loan Category</b>          | <b>Universe</b> |                  | <b>Reviewed</b> |                  |
|                               | <b>#</b>        | <b>\$ (000s)</b> | <b>#</b>        | <b>\$ (000s)</b> |
| Small Business 2023           | 163             | 36,411           | 115             | 26,507           |
| Home Mortgage 2022            | 193             | 55,393           | 193             | 55,393           |
| Home Mortgage 2023            | 102             | 36,311           | 102             | 36,311           |
| <i>Source: Bank Data</i>      |                 |                  |                 |                  |

Examiners placed more weight on small business lending activity, as commercial lending represents the primary business focus of BLC and the largest segment of its loan portfolio. D&B data from 2023 provided a standard of comparison for the bank’s small business lending activity, while 2020 census data and 2022 home mortgage aggregate data provided a standard of comparison for the bank’s home mortgage lending activity.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

BLC demonstrates reasonable performance under the Lending Test. The distribution of small business loans among businesses of different sizes, as well as the geographic distribution of home mortgage loans, support this conclusion.

### Loan-to-Deposit Ratio

BLC's LTD ratio reflects reasonable performance given the institution's size and financial condition, as well as the credit needs in the AA. BLC's average net LTD ratio averaged 91 percent over the previous 12 quarters. This ratio is comparable to similarly situated institutions whose average LTD ratios ranged from 68 percent to 113 percent over the same period. Examiners selected comparable financial institutions based on geographic location, loan portfolio composition, and asset size.

### Assessment Area Concentration

BLC originated a majority of small business and home mortgage loans in its AA.

| <b>Lending Inside and Outside of the Assessment Area</b> |                 |             |            |             |            |                                  |             |               |             |                 |  |
|--|-----------------|-------------|------------|-------------|------------|----------------------------------|-------------|---------------|-------------|-----------------|--|
| Loan Category  | Number of Loans |             |            |             | Total #    | Dollar Amount of Loans \$ (000s) |             |               |             | Total \$ (000s) |  |
|  | Inside          |             | Outside    |             |            | Inside                           |             | Outside       |             |                 |  |
|  | #               | %           | #          | %           |            | \$                               | %           | \$            | %           |                 |  |
| <b>Small Business</b>                                    |                 |             |            |             |            |                                  |             |               |             |                 |  |
| 2023   | 77              | 67.0        | 38         | 33.0        | 115        | 18,407                           | 69.4        | 8,100         | 30.6        | 26,507          |  |
| <b>Home Mortgage</b>                                     |                 |             |            |             |            |                                  |             |               |             |                 |  |
| 2022   | 107             | 55.4        | 86         | 44.6        | 193        | 27,898                           | 50.4        | 27,495        | 49.6        | 55,393          |  |
| 2023   | 60              | 58.8        | 42         | 41.2        | 102        | 20,547                           | 56.6        | 15,764        | 43.4        | 36,311          |  |
| <b>Subtotal</b>  | <b>167</b>      | <b>56.6</b> | <b>128</b> | <b>43.4</b> | <b>295</b> | <b>48,446</b>                    | <b>52.8</b> | <b>43,259</b> | <b>47.2</b> | <b>91,704</b>   |  |
| <i>Source: Bank Data</i>                                 |                 |             |            |             |            |                                  |             |               |             |                 |  |

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA.

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA.



| Geographic Distribution of Small Business Loans |                 |           |              |               |              |
|---|-----------------|-----------|--------------|---------------|--------------|
| Tract Income Level                              | % of Businesses | #         | %            | \$ (000s)     | %            |
| Low   | 4.4             | -         | -            | -             | -            |
| Moderate  | 11.0            | 10        | 13.0         | 3,008         | 16.3         |
| Middle  | 62.4            | 48        | 62.3         | 10,044        | 54.6         |
| Upper   | 22.2            | 19        | 24.7         | 5,355         | 29.1         |
| <b>TOTAL</b>                                    | <b>100.0</b>    | <b>77</b> | <b>100.0</b> | <b>18,407</b> | <b>100.0</b> |
| <i>Source: 2023 D&amp;B Data; Bank Data</i>     |                 |           |              |               |              |

BLC did not extend any small business loans in low-income CTs in 2023. However, this is reasonable given the location of BLC’s single office in relation to the low-income CTs. Both low-income CTs are located in downtown Appleton, approximately ten miles from BLC’s office. Additionally, numerous financial institutions maintain a physical presence in or very near these low-income CTs. BLC’s distribution of small business loans in moderate-income CTs is reflective of demographic data. In consideration of these factors, the bank’s distribution of small business loans is reasonable.

### **Home Mortgage**

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA.

| Geographic Distribution of Home Mortgage Loans                            |                                |                              |            |              |               |              |
|---|--------------------------------|------------------------------|------------|--------------|---------------|--------------|
| Tract Income Level  | % Owner Occupied Housing Units | Aggregate Performance % of # | #          | %            | \$ (000)      | %            |
| Low   |                                |                              |            |              |               |              |
| 2022  | 0.9                            | 1.8                          | 2          | 1.9          | 342           | 1.2          |
| 2023  | 0.9                            | -                            | 2          | 3.3          | 383           | 1.9          |
| Moderate  |                                |                              |            |              |               |              |
| 2022  | 13.2                           | 13.6                         | 8          | 7.5          | 1,293         | 4.6          |
| 2023  | 13.2                           | -                            | 10         | 16.7         | 1,600         | 7.8          |
| Middle  |                                |                              |            |              |               |              |
| 2022  | 61.4                           | 58.3                         | 61         | 57.0         | 15,380        | 55.1         |
| 2023  | 61.4                           | -                            | 26         | 43.3         | 9,517         | 46.3         |
| Upper   |                                |                              |            |              |               |              |
| 2022  | 24.5                           | 26.3                         | 36         | 33.6         | 10,883        | 39.1         |
| 2023  | 24.5                           | -                            | 22         | 36.7         | 9,047         | 44.0         |
| <b>TOTALS</b>   |                                |                              |            |              |               |              |
| 2022  | <b>100.0</b>                   | <b>100.0</b>                 | <b>107</b> | <b>100.0</b> | <b>27,898</b> | <b>100.0</b> |
| 2023  | <b>100.0</b>                   | <b>--</b>                    | <b>60</b>  | <b>100.0</b> | <b>20,547</b> | <b>100.0</b> |
| <i>Source: Bank Data; 2022 HMDA Aggregate Data; 2020 US Census Bureau</i> |                                |                              |            |              |               |              |

Home mortgage loan distribution in low-income tracts during 2022 and 2023 exceeded demographic data and aggregate performance. The distribution of home mortgage loans in moderate-income CTs

lagged demographic data and aggregate performance in 2022. However, the level of lending activity in moderate-income CTs increased in 2023, slightly exceeding demographic data performance. In consideration of the bank’s performance in low-income CTs, as well as the improved lending performance in moderate-income CTs from 2022 to 2023, BLC’s lending performance is reasonable.

**Borrower Profile**

Overall, the distribution of loans reflects reasonable penetration among businesses of different sizes. Examiners based this conclusion primarily on BLC’s small business lending activity, as the distribution of home mortgage loans reflects poor penetration among low- and moderate-income borrowers.

***Small Business***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes.

BLC’s distribution of small business loans among businesses with GARs of \$1 million or less is below the demographic data. Nonetheless, examiners consider the bank’s performance reasonable given the lending performance of other financial institutions in the AA. The lending activity of other area financial institutions not required to report small business lending data under the CRA ranged from 58 to 60 percent. This context lends support to BLC’s reasonable penetration among small businesses in its AA.

Further, the demographic data provided by D&B represents the percentage of businesses operating within the AA, not the percentage of businesses seeking traditional bank financing. Many small businesses finance their businesses needs with credit cards, home equity lines of credit, and/or personal consumer loans, further impacting the demand for small business loans.

| <b>Distribution of Small Business Loans by Gross Annual Revenue</b> |                        |           |              |                  |              |
|---|------------------------|-----------|--------------|------------------|--------------|
| <b>Gross Annual Revenue Level</b>                                   | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$ (000s)</b> | <b>%</b>     |
| ≤ \$1,000,000   | 85.2                   | 42        | 54.5         | 5,309            | 28.8         |
| > \$1,000,000   | 4.4                    | 35        | 45.5         | 13,098           | 71.2         |
| Revenue Not Available   | 10.4                   | -         | -            | -                | -            |
| <b>TOTAL</b>  | <b>100.0</b>           | <b>77</b> | <b>100.0</b> | <b>18,407</b>    | <b>100.0</b> |

*Source: 2023 D&B Data; Bank Data*

Although BLC does not report small business lending data under the CRA, examiners reviewed this data to ascertain the level of lending activity among small businesses in the AA. According to aggregate small business lending performance in 2022, CRA reporters extended 55 percent of their small business loans to entities earning GARs of \$1 million or less. This distribution of small business loans is similar to BLC’s distribution of small business loans.

***Home Mortgage***

The distribution of home mortgage loans reflects poor penetration among borrowers of different income levels.

BLC’s distribution of home mortgage lending activity among low-income and moderate-income borrowers significantly trails demographic data and aggregate performance in 2022 and trails demographic data in 2023. While lending activity to low- and moderate-income borrowers slightly improved in 2023, performance during the review period is below demographic data.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>       |                      |                                     |            |              |                  |              |
|---|----------------------|-------------------------------------|------------|--------------|------------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$ (000s)</b> | <b>%</b>     |
| Low   |                      |                                     |            |              |                  |              |
| 2022  | 17.6                 | 11.3                                | 5          | 4.7          | 715              | 2.6          |
| 2023  | 17.6                 | --                                  | 4          | 6.7          | 753              | 3.7          |
| Moderate  |                      |                                     |            |              |                  |              |
| 2022  | 19.3                 | 25.6                                | 14         | 13.1         | 2,197            | 7.9          |
| 2023  | 19.3                 | --                                  | 10         | 16.7         | 1,865            | 9.1          |
| Middle  |                      |                                     |            |              |                  |              |
| 2022  | 24.8                 | 25.5                                | 19         | 17.7         | 3,332            | 11.9         |
| 2023  | 24.8                 | --                                  | 15         | 25.0         | 3,839            | 18.7         |
| Upper   |                      |                                     |            |              |                  |              |
| 2022  | 38.3                 | 27.5                                | 51         | 47.7         | 17,581           | 63.0         |
| 2023  | 38.3                 | --                                  | 28         | 46.7         | 13,696           | 66.7         |
| Not Available   |                      |                                     |            |              |                  |              |
| 2022  | 0.0                  | 10.1                                | 18         | 16.8         | 4,073            | 14.6         |
| 2023  | 0.0                  | --                                  | 3          | 4.9          | 394              | 1.8          |
| <b>TOTALS</b>   |                      |                                     |            |              |                  |              |
| 2022  | <b>100.0</b>         | <b>100.0</b>                        | <b>107</b> | <b>100.0</b> | <b>27,898</b>    | <b>100.0</b> |
| 2023  | <b>100.0</b>         | <b>--</b>                           | <b>60</b>  | <b>100.0</b> | <b>20,547</b>    | <b>100.0</b> |
| <i>Source: Bank Data; 2022 HMDA Aggregate Date; 2020 US Census Bureau</i> |                      |                                     |            |              |                  |              |

**Response to Complaints**

The institution has not received 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 did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution’s overall CRA rating.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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