PUBLIC DISCLOSURE

November 28, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Patapsco Bank

105071

1301 Merritt Boulevard

Dundalk, Maryland 21222

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

NOTE: 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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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to demand for credit in the assessment area.
- A majority of the institution's combined Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment area.
- Overall, the bank's distribution by borrower income and business revenue is considered reasonable.
- The geographic distribution of loans is considered excellent overall.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, residential mortgage originations reported by the institution under the HMDA from January 1, 2009, through December 31, 2010, were reviewed. Additionally, small business loans are considered to be a primary product line and were considered in the evaluation. All small business loans originated since the prior evaluation on November 16, 2009, were included in the analysis.

DESCRIPTION OF INSTITUTION

The Patapsco Bank (TPB) is headquartered in Dundalk, Maryland, and operates five branch offices in the City of Baltimore and Baltimore County, Maryland. The bank is a subsidiary of Patapsco Bancorp, Inc., a single-bank holding company, also headquartered in Dundalk, Maryland. Since the prior evaluation, the bank closed one branch office in a middle-income census tract in Baltimore County. The branch closure did not require reconfiguration of the bank's assessment area.

As of September 30, 2011, the bank held total assets of $256.8 million, of which 70.3% were net loans and 15.1% were securities. As of September 30, 2011, deposits totaled $227.1 million. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (using gross loans) as of September 30, 2011, is depicted in the following table:

Composition of Loan Portfolio

Loan Type	9/30/2011	
	$(000s)	%
Secured by 1-4 Family dwellings	83,617	45.2
Multifamily	5,787	3.1
Construction and Development	12,468	6.7
Commercial & Industrial/ NonFarm NonResidential	75,024	40.5
Consumer Loans and Credit Cards	6,650	3.6
Agricultural Loans/ Farmland	0	0.0
All Other	1,569	0.8
Total	***185,115***	***100.0***

As reflected in the preceding table, the largest loan types within the bank's loan portfolio are commercial and industrial/nonfarm nonresidential loans and loans secured by one- to four-family dwellings. These two categories of lending account for the greatest volume of recent lending as well, and consequently led to the selection of HMDA and small business loans for inclusion in the evaluation.

TPB received a Satisfactory rating at the previous CRA evaluation dated November 16, 2009. While the bank does not face any legal impediments that would serve to constrain its ability to meet the credit needs of its assessment areas, weak economic conditions reflected in historically elevated unemployment rates are considered as a performance context factor.

DESCRIPTION OF BALTIMORE-TOWSON, MARYLAND MSA

The bank operates five branches in the assessment area, which includes the City of Baltimore and Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, Maryland. According to the 2000 census data, the assessment area has a population of 2,512,431 and a median housing value of $131,840. The owner-occupancy rate for the assessment area equals 62%, which is slightly less than the rates for the entire Baltimore-Towson, MD MSA (62.2%) and the State of Maryland (62.5%). Within the assessment area, 7.2% of area families are considered below the poverty level, which is consistent with the 7.2% of families within the entire Baltimore-Towson, MD MSA that are below the poverty level. The poverty level within the State of Maryland equals 6.1%. The 2010 and 2011 median family incomes for the Baltimore-Towson, MD MSA equal $82,200 and $84,500, respectively. The following table provides pertinent demographic data for the assessment area.

Assessment Area Demographics

Baltimore-Towson, MD MSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	79	12.8	51,819	8.0	17,114	33.0	132,417	20.5
Moderate	136	22.1	124,342	19.2	14,983	12.0	114,643	17.7
Middle	239	38.9	256,115	39.6	10,423	4.1	144,955	22.4
Upper	156	25.4	214,303	33.1	4,018	1.9	254,564	39.4
NA	5	0.8	0	0.0	0	0.0		
Total	*615*	*100.0*	*646,579*	*100.0*	*46,538*	*7.2*	*646,579*	*100.0*
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	29,684	4.6	83,774	8.7	29,503	35.2	225,902	23.6
Moderate	103,948	16.3	203,119	21.2	29,985	14.8	159,410	16.6
Middle	268,879	42.1	386,489	40.3	24,438	6.3	185,350	19.3
Upper	236,434	37.0	285,605	29.8	9,822	3.4	388,351	40.5
NA	0	0.0	26	0.0	0	0.0		
Total	*638,945*	*100.0*	*959,013*	*100.0*	*93,748*	*9.8*	*959,013*	*100.0*
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = $1 Million		Over $1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,984	5.0	5,239	4.9	404	5.0	341	5.9
Moderate	17,950	15.0	15,559	14.7	1,328	16.5	1,063	18.5
Middle	49,439	41.2	43,257	40.8	3,584	44.5	2,598	45.2
Upper	46,489	38.8	42,027	39.6	2,727	33.9	1,735	30.2
NA	46	0.0	28	0.0	10	0.1	8	0.1
Total	*119,908*	*100.0*	*106,110*	*100.0*	*8,053*	*100.0*	*5,745*	*100.0*
Percentage of Total Businesses:				88.5		6.7		4.8

**NA-Tracts without household or family income as applicable*

The major employment sectors in the local market include health care and higher education. Major area employers include Johns Hopkins University, Johns Hopkins Hospital and Health System, University System of Maryland, and Constellation Energy. Quarterly unemployment rates since the previous CRA evaluation are presented by city or county, MSA, and state in the following table.

Unemployment Rate Trend								
Geographic Area	**Dec-09**	**Mar-10**	**Jun-10**	**Sep-10**	**Dec-10**	**Mar-11**	**Jun-11**	**Sep-11**
Anne Arundel County	6.6%	7.1%	6.8%	6.5%	6.2%	6.4%	6.9%	6.6%
Baltimore City	10.6%	10.6%	10.9%	10.8%	10.3%	9.9%	10.8%	10.3%
Baltimore County	7.7%	8%	7.9%	7.9%	7.8%	7.5%	7.9%	7.7%
Carroll County	6.6%	7.3%	6.5%	6.2%	5.9%	6.4%	6.4%	6.2%
Harford County	7.3%	8.1%	7.4%	7%	7%	7.2%	7.3%	7.1%
Howard County	5.2%	5.5%	5.5%	5.4%	5%	5%	5.6%	5.4%
Baltimore-Towson, MD MSA	7.7%	8%	7.8%	7.6%	7.4%	7.4%	7.8%	7.6%
State of Maryland	7.3%	7.7%	7.4%	7.2%	7%	7%	7.4%	7.1%

As indicated by the table, area unemployment rates are high but stable in most portions of the assessment area. Such high unemployment rates may adversely affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity.

Contact was made with an individual knowledgeable of local economic conditions and area credit needs to further assist in evaluating the bank's CRA performance. The contact stated that high levels of area unemployment persist and are a cause for concern. The contact noted that credit demand remains limited due to unemployment, under-employment, and pessimistic economic outlooks. Given these factors, the contact indicated that local financial institutions are nonetheless serving the needs of the local markets.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

To evaluate the bank's lending performance, HMDA and small business lending activity was analyzed. Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's performance. Aggregate data used as a proxy for the bank's HMDA lending include all activity reported by lenders subject to reporting HMDA data that originated and/or purchased such loans within the bank's assessment areas. Similarly, the aggregate data used as a proxy for the bank's small business lending includes all lenders subject to reporting small business data. TPB is not subject to CRA reporting requirements; therefore, the bank's small business lending activity is not included within the aggregate information. Demographic data is from the 2000 census, while Dun & Bradstreet (D&B) business demographic data are from 2010. Aggregate small business data and HMDA data are from calendar years 2009 and 2010.

The distribution of small business lending for a group of lenders that excludes certain large reporters of credit card loans is considered as an element of performance context. Throughout the bank's assessment area, a high level of small business lending activity is noted for specialized lenders who tend to originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans. Not only do such loans tend to be smaller, but when included in the aggregate, these reporters often tend to depress the proportion of reported loans to businesses with revenues of $1 million or less because many of the loans reported by these card lenders do not include revenue information.

While HMDA loan data from calendar years 2009 and 2010 were fully analyzed and considered in the evaluation, only HMDA data from 2010 is presented in the following tables. Similarly, small business lending from 2009, 2010, and 2011 were fully analyzed and considered, but only tables for 2010 are presented. In instances where performance for the years not shown in a table varies significantly from the performance reflected in a table, such variance and the corresponding impact on the overall performance is discussed.

Primary consideration is given to the number (and corresponding percentage) of transactions when assessing lending performance for specific individual loan types. When combining multiple loan types to arrive at an overall conclusion, the level of performance of each product is weighted primarily by the dollar volume that the product contributes to the overall activity considered in the evaluation. All conclusions also take into consideration relevant performance context factors.

During 2009, 2010 and 2011 within the Baltimore-Towson, MD MSA assessment area, the bank originated $16.5 million in HMDA loans and $9 million in small business loans. Accordingly, the bank's HMDA performance is given more weight when determining the bank's overall performance level. Additionally, when determining the overall performance of a product, greater weight is given to the year with the greater dollar volume. Therefore, when evaluating small business performance, the greatest weight is given to the bank's performance in 2011 as it included the largest dollar volume of lending. The bank's HMDA performance was consistent between both years, and thus weighting by year was not relevant.

Loan-To-Deposit Ratio

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. TPB's loan-to-deposit ratio, as of September 30, 2011, equaled 79.5% and averaged 85% for the eight-quarter period ending September 30, 2011. In comparison, the average of quarterly loan-to-deposit ratios for all banks headquartered in metropolitan areas of Maryland and of similar asset size to TPB ranged from 83% to 87.9% for same time period. Since September 30, 2009, bank assets and loans have decreased by .8% and 16.9%, respectively, and bank deposits have increased 6.3%. Within the context of CRA, the bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Area

TPB's 2009 and 2010 HMDA and small business lending activity during 2009, 2010, and 2011 are represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Home Purchase	17	63.0	2,534	49.4	10	37.0	2,599	50.6
Home Improvement	187	44.4	2,794	64.5	234	55.6	1,538	35.5
Multi-Family Housing	2	100.0	670	100.0	0	0.0	0	0.0
Refinancing	29	93.5	10,467	93.7	2	6.5	705	6.3
Total HMDA related	***235***	***48.9***	***16,465***	***77.3***	***246***	***51.1***	***4,842***	***22.7***
Small Business*	50	100.0	9,010	100.0	0	0.0	0	0.0
TOTAL LOANS	***285***	***53.7***	***25,475***	***84.0***	***246***	***46.3***	***4,842***	***16.0***

**The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As illustrated in the preceding chart, a slight majority of the total number, but a significant majority of the dollar amount of all loan products considered in the evaluation were to borrowers located in the bank's assessment area. By product type, a greater percentage of small business loans were located within the assessment area than HMDA reportable loans. This distribution reflects a significant volume of purchased mortgage loans through indirect lending arrangements with a number of home improvement contractors across a broader regional geographic span that extends beyond the bank's assessment area. Nonetheless, with a majority of lending inside the assessment area, the institution's level of lending within its assessment area is considered responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

Distribution of HMDA Loans by Income Level of Borrower

Baltimore-Towson, MD MSA (2010)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	(7)			Home Purchase		(32,559)		
Low	2	28.6	132	13.4	3,334	10.2	421,626	4.9
Moderate	3	42.9	325	33.1	8,784	27.0	1,655,440	19.4
	(17)			Refinance		(63,481)		
Low	2	11.8	152	2.0	3,973	6.3	530,628	3.3
Moderate	1	5.9	96	1.3	10,720	16.9	1,879,538	11.7
	(83)			Home Improvement		(3,208)		
Low	6	7.2	38	3.0	407	12.7	20,970	5.3
Moderate	22	26.5	203	16.1	670	20.9	60,351	15.1
	(0)			Multi-Family		(0)		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
				HMDA Totals				
Low	10	9.3	322	3.3	7,714	7.8	973,224	3.9
Moderate	26	24.3	624	6.4	20,174	20.3	3,595,329	14.4
Middle	28	26.2	1,265	13.1	24,608	24.8	5,580,590	22.3
Upper	43	40.2	7,478	77.2	46,752	47.1	14,841,342	59.4
Total	***107***	***100.0***	***9,689***	***100.0***	***99,248***	***100.0***	***24,990,485***	***100.0***
Unknown	*1*		*400*		*21,472*		*5,794,311*	

( ) represents the total number of bank loans for the specific Loan Purpose where income is known
Percentage's (%) are calculated on all loans where incomes are known

Of the HMDA volume reported during 2010, the bank originated a substantially larger proportion of home improvement transactions than home purchase or refinance loans. In 2010, aggregate lending data reflected a significantly greater volume of home purchase and refinances transactions. Multi-family lending was not a significant factor in the analysis, as neither TPB nor aggregate reporters reported loans for multi-family properties. The bank's home purchase lending is considered to be excellent based on the strength of TPB's lending to low- and moderate-income borrowers. The bank's performance for home improvement and refinance transactions is considered reasonable for both products.

When considering the bank's 2010 performance overall, 9.3% of the bank's HMDA loans were made to low-income borrowers. This level of lending is less than the percentage of low-income families within the assessment area (20.5%); however, it is slightly higher than the aggregate lending level to such borrowers (7.8%). The bank's lending to moderate-income borrowers (24.3%) exceeds both the percentage of moderate-income families within the assessment area (17.7%) and the aggregate lending level (20.3%). The bank's 2010 performance is considered reasonable. The bank's 2009 performance is substantially similar, and overall, the bank's performance is considered reasonable.

Distribution of Lending by Loan Amount and Size of Business

Baltimore-Towson, MD MSA (2010)								
	Bank				**Aggregate***			
by Revenue	**#**	**%**	**$(000s)**	**% $**	**#**	**%**	**$(000s)**	**% $**
$1 Million or Less	7	31.8	987	27.8	9,433	30.3	432,744	33.3
Over $1 Million	15	68.2	2,560	72.2	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	NA	NA	NA	NA
by Loan Size								
$100,000 or less	12	54.5	506	14.3	28,600	92.0	373,870	28.8
$100,001-$250,000	7	31.8	1,273	35.9	1,185	3.8	216,424	16.7
$250,001-$1 Million	3	13.6	1,768	49.8	1,307	4.2	708,603	54.6
Total	***22***	***100.0***	***3,547***	***100.0***	***31,092***	***100.0***	***1,298,897***	***100.0***

** No data is available for Aggregate loans with Revenues over $1 million and those with Unknown revenues*

D&B data indicates that 88.5% of all local businesses have revenues that do not exceed $1 million per year. The percentage of aggregate lending to small businesses with annual revenues of $1 million or less in 2010 was 30.3%. During 2010, a group of traditional bank lenders, which excludes certain large credit card lenders, originated 48.5% of reported small business loans to businesses with annual revenues of $1 million or less. The remaining loans were to businesses with revenues in excess of $1 million per year or revenues were not known. Overall, 31.8% of the bank's small business loans in 2010 were to businesses with annual revenues of $1 million or less, and the bank's performance is considered reasonable. The bank's performance for loans originated in 2009 and included in this analysis was substantially similar and also considered reasonable.

In 2011, the bank's lending to businesses was weaker as only 21.7% of its lending was to businesses with revenues less than or equal to $1 million. The level of performance is considered poor. Overall, the bank's small business distribution by business revenue is considered poor. In reaching this conclusion, greater weight is given to the bank's 2011 performance as the dollar volume of lending in 2011 exceeds the combined dollar volume from 2009 and 2010.

Overall, TPB's distribution by borrowers of different incomes and businesses of different sizes is considered reasonable in the assessment area. In reaching this conclusion, greater weight is placed on the bank's HMDA lending performance as a larger dollar volume of lending for that product is included in the analysis.

Geographic Distribution of Loans

Distribution of HMDA Loans by Income Level of Census Tract

Baltimore-Towson, MD MSA (2010)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	(7)			Home Purchase		(36,340)		
Low	0	0.0	0	0.0	1,031	2.8	147,714	1.6
Moderate	3	42.9	227	23.1	4,930	13.6	846,967	8.9
	(17)			Refinance		(80,810)		
Low	5	29.4	2,772	37.2	1,175	1.5	164,803	0.8
Moderate	2	11.8	1,896	25.5	6,488	8.0	1,060,776	5.2
	(83)			Home Improvement		(3,473)		
Low	2	2.4	346	27.4	117	3.4	8,405	1.9
Moderate	13	15.7	68	5.4	420	12.1	29,948	6.7
	(1)			Multi-Family		(97)		
Low	0	0.0	0	0.0	10	10.3	33,998	7.3
Moderate	0	0.0	0	0.0	26	26.8	94,862	20.4
				HMDA Totals				
Low	7	6.5	3,118	30.9	2,333	1.9	354,920	1.2
Moderate	18	16.7	2,191	21.7	11,864	9.8	2,032,553	6.6
Middle	58	53.7	1,624	16.1	49,243	40.8	11,106,289	36.1
Upper	25	23.1	3,156	31.3	57,278	47.4	17,290,661	56.2
*NA**	*0*	*0.0*	*0*	*0.0*	*2*	*0.0*	*373*	*0.0*
Total	***108***	***100.0***	***10,089***	***100.0***	***120,720***	***100.0***	***30,784,796***	***100.0***

**NA-Tracts without household or family income as applicable*
( ) represents the total number of bank loans for the specific Loan Purpose
Loans where the geographic location is unknown are excluded from this table.

Home improvement lending represents the largest category of HMDA lending for the bank by number of loans; however, refinances represent the largest product by dollar volume. TPB's geographic distribution performance by product varies slightly, as its home purchase and refinance lending is considered excellent and its home improvement lending is considered reasonable. Overall, the bank's level of lending to residents of low- and moderate-income census tracts in 2010 exceeded both the proportion of area owner-occupied housing units located in such areas (4.6% and 16.3%, respectively) and the aggregate lending levels (1.9% and 9.8%, respectively). This level of lending is considered excellent. TPB's 2009 performance was similar, and overall, the bank's HMDA geographic distribution is considered excellent.

Distribution of Small Business Loans by Income Level of Census Tract

Baltimore-Towson, MD MSA (2010)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
Low	0	0.0	0	0.0	900	2.9	41,845	3.2
Moderate	9	40.9	1,439	40.6	3,321	10.9	156,581	12.1
Middle	10	45.5	1,732	48.8	12,554	41.1	541,457	41.9
Upper	3	13.6	376	10.6	13,749	45.0	550,513	42.6
*NA**	*0*	*0.0*	*0*	*0.0*	*5*	*0.0*	*520*	*0.0*
Total	***22***	***100.0***	***3,547***	***100.0***	***30,529***	***100.0***	***1,290,916***	***100.0***

**NA-Tracts without household or family income as applicable*

In 2010, the bank's level of small business lending in moderate-income census tracts (40.9%) greatly exceeded the percentage of businesses located in such areas (15%) and the aggregate lending level of 10.9%. However, the bank did not extend any loans in assessment area low-income census tracts. By comparison, aggregate reporters extended 2.9% of loans within the low-income areas and 5% of businesses are located in such tracts. Due to the strength of the moderate-income census tract lending, where demand is substantially higher, this distribution level is considered excellent.

As in 2010, the bank did not extend any loans within the low-income census tracts in 2009 or 2011. In 2009, 20% of small business loans were extended within the moderate-income tracts, which exceeded both lending by the aggregate reporters (11.1%) and the percentage of businesses in those areas (15%). Likewise, in 2011 TPB extended 21.7% of small business loans in moderate income areas. Performance in 2009 and 2011 is considered reasonable due to the lack of lending in low-income areas but relatively high level of lending in moderate-income areas. Given the greater dollar volume of the combined 2009 and 2011 small business lending, the bank's performance is considered reasonable overall.

Overall, the geographic distribution of TBP's lending is considered excellent. As with its borrower lending distribution, in reaching this conclusion, greater weight is placed on the bank's HMDA lending performance as a larger dollar volume of lending for that product is included in the analysis.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;

(ii) Designated disaster areas; or

(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-

a. Rates of poverty, unemployment, and population loss; or
b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any 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.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

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