

# **PUBLIC DISCLOSURE**

**May 10, 2010**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Idaho Banking Company  
RSSD #2473354**

**6010 Fairview Avenue  
Boise, Idaho 83701**

**Federal Reserve Bank of San Francisco  
101 Market Street  
San Francisco, California 94105**

*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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## INSTITUTION RATING

### ***Institution's CRA Rating***

Idaho Banking Company is rated "SATISFACTORY"

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio;
- A majority of loans originated within the assessment area;
- A reasonable distribution of small business and home mortgage loans among geographies of different incomes; and
- Reasonable levels of lending to small businesses and borrowers of different incomes.

## INSTITUTION

### ***Description of Institution***

Idaho Banking Company (IBC) headquartered in Boise, Idaho, is a wholly owned subsidiary of Idaho Bancorp, with reported total assets of \$228 million as of December 31, 2009. IBC commenced operations in 1996 and has a network of four full-service branch offices. Two of the branches, including the headquarters, are located in the city of Boise and one branch is in Eagle and the other branch is in Meridian.

IBC is a full-service bank specializing in commercial lending and home mortgage lending. The bank provides commercial banking products and services to small- and middle-market businesses. The commercial loan portfolio is primarily comprised of commercial real estate (CRE) loans, commercial and industrial loans, and construction loans. Home mortgage lending is primarily for purchase and refinance of single family residences that are mostly sold in the secondary market and held in portfolio on an accommodation basis only. However, due to constraints in the secondary market, the bank has held a higher number of residential loans in its portfolio than in past years. Other consumer loans are primarily home equity loans and lines, construction, auto, overdraft, and personal lines of credit.

Below is the December 31, 2009, loan portfolio composition, as stated in the Consolidated Reports of Condition and Income, which shows the bank's commercial and mortgage lending focus.

EXHIBIT 1		
LOANS AND LEASES AS OF DECEMBER 31, 2009		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	121,079	65.8
Secured by 1-4 Family Residential Real Estate	35,416	19.2
Construction & Land Development	23,521	12.8
Consumer Loans & Credit Cards	2,911	1.6
All Other	1,282	0.6
<b>Total (Gross)</b>	<b>184, 209</b>	<b>100.0</b>

IBC faced no legal or financial impediments during the review period that would have prevented it from helping to meet the credit needs of its assessment area consistent with its business strategy, size, financial capacity, and local economic conditions. The prior Community Reinvestment Act (CRA) examination as of May 1, 2006, which resulted in a satisfactory rating, was conducted using the Interagency Small Institution Examination Procedures.

## ***Description of Assessment Area***

IBC's one assessment area, which consists of Ada County in its entirety, remains unchanged since the previous examination. Ada County is located in southwestern Idaho and is also part of the Boise-Nampa Metropolitan Statistical Area (MSA), which includes the cities of Boise, Eagle, Garden, Kuna, Meridian and Star. Ada County is Idaho's largest regional center of government, industry, and education. It is also the most populous county in Idaho.<sup>1</sup> According to the US Census Bureau in 2009, nearly 384 thousand individuals reside in Ada County.<sup>2</sup> Further, it ranks 31<sup>st</sup> among Idaho's 44 counties in total area extending over 1,050 square miles.<sup>3 4</sup>

IBC has a relatively limited presence in a fairly competitive assessment area with only four branches. As of June 30, 2009, there were 21 Federal Deposit Insurance Corporation (FDIC) insured institutions within this market operating 143 offices with deposits over \$5.9 billion; IBC accounts for 3.2 percent of the deposit market share.<sup>5</sup> In addition, in 2008, there were a total of 66 lenders that reported 19,720 small business loans totaling \$615 million, pursuant to the reporting requirements of the CRA. Most of these reporters were large regional and national institutions and represent only a portion of the overall market. Furthermore, in 2008, there were a total of 261 home mortgage lenders that reported data under the Home Mortgage Disclosure Act (HMDA) totaling \$3.3 billion; IBC accounts for less than one percent of the HMDA market share.

The following exhibit presents key demographic and business information, based on the 2000 U.S. Census and 2008 Dun and Bradstreet data, used to help develop a performance context for the assessment area.

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<sup>1</sup> Idaho Department of Labor, Ada County Labor Market Information, (accessed on April 29, 2010), available from <http://lmi.idaho.gov/AreaLMI/Southwestern/AdaCounty/tabid/2161/Default.aspx>.

<sup>2</sup> U.S. Census Bureau, QuickFacts Ada County, (accessed on April 29, 2010), available from <http://quickfacts.census.gov/qfd/states/16/16001.html>.

<sup>3</sup> Ibid.

<sup>4</sup> Idaho Department of Labor Idaho Department of Labor, Ada County Labor Market Information, (accessed on April 29, 2010), available from <http://lmi.idaho.gov/AreaLMI/Southwestern/AdaCounty/tabid/2161/Default.aspx>.

<sup>5</sup> FDIC, Institution Directory, Deposit Market Share Report, Summary of Deposits, June 30, 2009, (accessed on April 28, 2010), available from <http://www2.fdic.gov>.

EXHIBIT 2								
ASSESSMENT AREA DEMOGRAPHICS								
ADA COUNTY								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	11,302	14.5
Moderate-income	8	16.0	8,904	11.4	1,080	12.1	12,870	16.5
Middle-income	22	44.0	30,570	39.1	1,920	6.3	17,806	22.8
Upper-income	20	40.0	38,676	49.5	1,229	3.2	36,172	46.3
<i>Total AA</i>	<i>50</i>	<i>100.0</i>	<i>78,150</i>	<i>100.0</i>	<i>4,229</i>	<i>5.4</i>	<i>78,150</i>	<i>100.0</i>
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%-tract	%-units	#	%	#	%
Moderate-income	19,040	7,161	8.9	37.6	10,717	56.3	1,162	6.1
Middle-income	46,868	32,222	40.2	68.8	12,861	27.4	1,785	3.8
Upper-income	52,608	40,750	50.9	77.5	9,697	18.4	2,161	4.1
<i>Total AA</i>	<i>118,516</i>	<i>80,133</i>	<i>100.0</i>	<i>67.6</i>	<i>33,275</i>	<i>28.1</i>	<i>5,108</i>	<i>4.3</i>
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Moderate-income	4,342	22.6	3,731	21.6	461	31.9	150	32.7
Middle-income	6,308	32.8	5,738	33.2	447	30.9	123	26.8
Upper-income	8,558	44.6	7,835	45.3	537	37.2	186	40.5
<i>Total AA</i>	<i>19,208</i>	<i>100.0</i>	<i>17,304</i>	<i>100.0</i>	<i>1,445</i>	<i>100.0</i>	<i>459</i>	<i>100.0</i>
<b>Percentage of Total Businesses</b>		<b>90.1</b>		<b>7.5</b>		<b>2.4</b>		
2004 Median Family Income			\$48,340	4 <sup>th</sup> Quarter 2009 Median Housing Value <sup>6</sup>			\$144,300	
2009 HUD Adjusted Median Family Income			\$62,500	4 <sup>th</sup> Quarter 2009 Unemployment Rate <sup>7</sup>			9.2%	

Ada County has a diverse economy, with industries such as technology, manufacturing, healthcare, government, retail trade, construction, business services, education, and tourism.<sup>8</sup> Ada County is also home to the state's capital, located in Boise, Idaho's largest city. Major employers in the county are St. Luke's Health System, St. Alphonsus Regional Medical Center, Micron Technology, Hewlett-Packard, Boise State University, Wal-Mart Stores, and J.R. Simplot Company.<sup>9</sup> In addition to large employers, local small businesses are also a major driver of the economy as they make up over 90.0 percent of all businesses.

<sup>6</sup> National Association of Realtors, Median Price of Existing Single-Family Homes for Metropolitan Areas, Boise City-Nampa MSA.

<sup>7</sup> Bureau of Labor Statistics (Haver Analytics), (accessed on April 29, 2010), available from <http://www2.fdic.gov/recon>.

<sup>8</sup> Economy.com's Precis Metro, Boise, December 2009.

<sup>9</sup> *Ibid.*

During the review period, the national recession slowed population growth and economic activity in Ada County, driving home values down and limiting employment opportunities.<sup>10</sup> By August 2008, the Ada County was on the brink of recession with professional services and consumer-driven industries, such as retail, experiencing considerable declines.<sup>11</sup> Large scale employment cuts between 2008 and 2009 at the area's largest technology employers, Micron Technology and Hewlett-Packard, left thousands of residents unemployed and drove declines in other industries.<sup>12</sup> Further, Ada County's construction industry, which had previously fueled growth in the county, lost over 3,000 jobs representing an 18.6 percent decline.<sup>13</sup> As the recession progressed, rising income inequality amongst the area's residents also emerged as the gap between those with high-paying technology and professional service jobs and those with lower-end retail and hospitality jobs widened.<sup>14</sup> Finally, by the end of 2009, the county's unemployment rate reached 9.2 percent, more than double that seen in January 2008.<sup>15</sup>

The declining economic conditions during the review period resulted in financial institutions nationwide generally tightening lending standards and terms on all major loan products. The move toward more stringent lending policies has been a trend throughout 2008 and 2009. The July 2009 Senior Loan Officers Opinion Survey on Bank Lending Practices conducted by the Board of Governors of the Federal Reserve System, indicated that domestic banks continued to tighten standards; however, the net percentage of respondents tightening credit continued to fall from their late-2008 highs.<sup>16</sup> Many of the respondents cited less favorable or more uncertain outlook, and large majorities cited a reduced tolerance for risk.<sup>17</sup> Also, survey results highlighted weakening loan demand from both businesses and households during the review period.<sup>18</sup> This national trend was confirmed locally through a community contact who also indicated access to credit, particularly for working capital lines in amounts of \$100 thousand or less, was a critical need for small businesses.

The housing market also weakened during the review period. According to the Ada County Assessor's Office, the rapid downturn in the real estate market began in early 2008 and continued throughout all of 2008 causing steep declines in property values.<sup>19</sup> By late 2009, home values were estimated to have dropped from 2.5 percent to 20 percent, with properties in Star, Eagle and Meridian experiencing the most significant declines.<sup>20</sup> By 2009 the median home

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<sup>10</sup> Idaho Department of Labor, Ada County Workforce March 2010, (accessed on April 29, 2010), available from <http://labor.idaho.gov/lmi/pubs/AdaProfile.pdf>.

<sup>11</sup> Economy.com's Precis Metro, Boise, August 2008.

<sup>12</sup> Economy.com's Precis Metro, Boise, April 2009.

<sup>13</sup> Idaho Department of Labor, Ada County Labor Market Information, (accessed on April 29, 2010), available from <http://lmi.idaho.gov/AreaLMI/Southwestern/AdaCounty/tabid/2161/Default.aspx>.

<sup>14</sup> Economy.com's Precis Metro, Boise, August 2008.

<sup>15</sup> Bureau of Labor Statistics (Haver Analytics), (accessed on April 29, 2010), available from <http://www2.fdic.gov/recon>.

<sup>16</sup> Board of Governors of the Federal Reserve System, "The July 2009 Senior Loan Officer Lending Survey on Bank Lending Practices" (accessed on February 24, 2010) available at <http://www.federalreserve.gov/boarddocs/snloansurvey/200908/>.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ada County Assessor, Property Values In Ada County Reflect Declining Market.

<sup>20</sup> Ibid. Ada County Assessor, Property Values In Ada County Reflect Declining Market.

value in the county was \$144,300, down 23.4 percent from \$188,000 in 2008.<sup>21</sup> As housing prices fell, however, housing affordability increased for many residents. This is supported by the Housing Opportunity Index, a ratio that calculates the percentage of households in a given area that can afford to purchase a median priced home. According to this index, by the fourth quarter of 2009, housing affordability in the Boise-Nampa MSA increased to 80.6 percent, compared to an index of 47.9 percent in the first quarter of 2008.<sup>22</sup> However the availability of affordable housing for low-and-moderate-income residents continued to be a significant issue in the assessment area. To illustrate this, while the fourth quarter median home price in Ada County was \$144,300, a low-income individual earning 50 percent of the 2009 HUD adjusted family income (\$31, 250) would qualify for a 30-year fixed mortgage of approximately \$98,268 with an interest rate of five percent, zero down payment and no existing debt.<sup>23</sup> This estimate is based on the highest income for those classified as low-income.

## ***Scope of Examination***

The CRA performance was evaluated using the Interagency Small Institution CRA examination procedures. The evaluation was based upon the following performance criteria:

- Loan volume in comparison to deposits (Loan-to-Deposit Ratio);
- Lending inside and outside the assessment area (Lending in Assessment Area);
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography); and,
- Distribution of lending to businesses of different sizes and borrowers of different income levels (Lending Distribution by Business Revenue and Borrower Income).

Responsiveness to consumer complaints was not evaluated since the bank did not receive any complaints related to its CRA performance during the review period.

The evaluation was based on small business loans, home purchase, and home refinance loans originated during the period from January 1, 2008 through December 31, 2009. A total of 194 small business loans, 71 home purchase, and 183 refinance loans were used in the evaluation of *Lending in Assessment Area*. A sample of 61 small business loans, all 71 home purchase loans and all 183 refinance loans made within the assessment area were used to evaluate the *Lending Distribution by Geography* and *Lending Distribution by Business Revenue and Borrower Income*. IBC extended only four home improvement loans; this number is considered too few for a meaningful analysis so these products were excluded from this review.

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<sup>21</sup> National Association of Realtors, Median Price of Existing Single-Family Homes for Metropolitan Areas, Boise City-Nampa MSA.

<sup>22</sup> National Association of Home Builders, The NAHB/Wells Fargo Housing Opportunity Index (1991-current), (accessed April 29, 2010), available from [http://www.nahb.org/reference\\_list.aspx?sectionID=135](http://www.nahb.org/reference_list.aspx?sectionID=135).

<sup>23</sup> CNN Money.com, How Much House Can You Afford? (accessed May 24, 2010); available at <http://cgi.money.cnn.com/tools/houseafford/houseafford.html> .



## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### ***Lending Test***

Overall performance under the lending test is satisfactory. The loan-to-deposit ratio and level of lending within the assessment area indicate the bank is effectively engaging in lending activities within its defined market. The overall lending distribution by geography and by business revenue and borrower income demonstrates an overall reasonable level of lending across different geographic areas and different levels of business revenue and borrower income.

### ***Loan-to-Deposit Ratio***

The loan-to-deposit ratio is reasonable. Since the previous CRA exam conducted May 1, 2006, the average loan-to-deposit ratio was 97.5 percent. This exceeded both the state average and national peer average of 93.0 percent and 84.0 percent, respectively.

### ***Lending in Assessment Area***

A majority of small business, home purchase, and home refinance loans was originated within the bank's assessment area by both number and dollar volume. As shown in Exhibit 3, the bank extended 82.2 percent of small business loans by number and 79.9 percent by dollar volume within its assessment area. The bank also extended 81.7 percent by number and 79.9 percent by dollar volume of all HMDA related loans within its assessment area. Overall, these lending levels support that lending activities are focused on the local assessment area.

EXHIBIT 3								
LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS								
JANUARY 1, 2008 TO DECEMBER 31, 2009								
Loan Type	Inside				Outside			
	#	%	\$ (‘000s)	%	#	%	\$ (‘000s)	%
Small Business Loans	194	82.2	39,143	79.9	42	17.8	9,864	20.1
HMDA Home Purchase	71	80.7	13,584	77.3	17	19.3	3,989	22.7
HMDA Refinance	183	81.7	38,069	80.7	41	18.3	9,104	19.3
HMDA Home Improvement	4	100.0	347	100.0	0	0.0	0	0.0
Total HMDA Related	258	81.7	52,000	79.9	58	18.4	13,093	20.1
All Loan Types	452	81.9	91,143	79.9	100	18.1	22,957	20.1

## ***Lending Distribution by Geography***

The geographic distribution of loans is reasonable. Small business loans and home mortgage loans were made within census tracts of all income categories with no conspicuous lending gaps or unusual lending patterns.

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

The geographic distribution of small business loans is excellent. Loans were made within all income categories with no unusual or conspicuous lending gaps. There was notable strength within moderate-income census tracts where the lending level exceeded both the percentage of business entities and level of aggregate lending those census tracts. Performance in the middle- and upper-income census tracts was reasonably comparable to the concentration of small businesses and aggregate lending.

<b>EXHIBIT 4</b>			
<b>GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS BY CENSUS TRACT</b>			
<b>Census Tract Income Category</b>	<b>Bank Lending (%)</b>	<b>Business Concentration (%)</b>	<b>Aggregate Lending (%)</b>
Moderate-Income	26.2	18.2	16.8
Middle-Income	27.9	32.8	31.9
Upper-Income	45.9	49.0	51.3

### ***Home Mortgage Lending***

The geographic distribution of home purchase and refinance loans are reasonable. Lending distributions were generally consistent with the distribution of own-occupied housing units and aggregate lending. However, home refinance lending in moderate-income census tracts, is less than the percentage of owner-occupied housing units and aggregate lending. While this is partially explained by the recent economic activity as previously mentioned, e.g. housing value declines and rising unemployment levels, the aggregate lending level suggests the bank may be missing some lending opportunities.

<b>EXHIBIT 5</b>			
<b>GEOGRAPHIC DISTRIBUTION OF HOME PURCHASE LOANS BY CENSUS TRACT</b>			
<b>Census Tract Income Category</b>	<b>Bank Lending (%)</b>	<b>Owner Occupied (%)</b>	<b>Aggregate Lending (%)</b>
Moderate-Income	5.6	8.9	5.4
Middle-Income	23.9	40.2	38.8
Upper-Income	70.4	50.9	55.8

EXHIBIT 6			
GEOGRAPHIC DISTRIBUTION OF HOME REFINANCE LOANS BY CENSUS TRACT			
Census Tract Income Category	Bank Lending (%)	Owner Occupied (%)	Aggregate Lending (%)
Moderate-Income	1.6	8.9	6.8
Middle-Income	35.5	40.2	38.6
Upper-Income	62.8	50.9	54.6

## ***Lending Distribution by Borrower Income and Business Revenue***

The bank's lending to businesses of different revenues sizes and borrowers of different income levels is reasonable.

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

Lending distribution of small business loans demonstrated reasonable penetration among businesses of different sizes. While lending levels were below the concentration of small businesses, they exceeded aggregate lending levels. In addition, a majority of loans were extended in amounts of \$100 thousand or less, thus meeting an identified credit need within the community.

EXHIBIT 7						
BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS						
Businesses with Revenue <= \$1 Million		Originations Regardless of Revenue Size by Loan Amount				Aggregate Lending
Bank Lending (%)	All Businesses (%)	<=\$100K (%)	> \$100K and <=\$250K (%)	> \$250K and <=\$1M (%)	All Loans	Revenue <= \$1 Million (%)
42.6	92.1	52.5	24.6	23.0	19,720	38.2

### ***Home Mortgage Lending***

The borrower distribution of home mortgage loans among borrowers of different incomes is reasonable. Loans were made to borrowers of all income categories including low- and moderate-income borrowers. In addition, overall performance was reasonably comparable to the percentage of families and aggregate lending levels

EXHIBIT 8			
BORROWER INCOME DISTRIBUTION OF HOME PURCHASE LOANS			
Census Tract	Bank Lending (%)	Families (%)	Aggregate Lending (%)
Low-Income	9.9	14.5	5.4
Moderate-Income	15.5	16.5	20.7
Middle-Income	23.9	22.8	27.8
Upper-Income	50.7	46.3	46.2

EXHIBIT 9			
BORROWER INCOME DISTRIBUTION OF HOME REFINANCE LOANS			
Census Tract	Bank Lending (%)	Families (%)	Aggregate Lending (%)
Low-Income	3.8	14.5	6.0
Moderate-Income	15.3	16.5	19.6
Middle-Income	27.9	22.8	29.3
Upper-Income	53.0	46.3	45.1

## ***Response to Complaints***

There were no complaints related to CRA during the review period. Accordingly, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

## ***Fair Lending or Other Illegal Credit Practices Review***

The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations. The fair lending review conducted concurrently with this examination did not reveal evidence of discriminatory or any other illegal credit practices that would negatively impact the CRA performance.

## GLOSSARY OF TERMS

**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 and community development tests 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, 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 and community development tests 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.