

PUBLIC DISCLOSURE

November 14, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Frederick County Bank

3058329

2 North Market St

Frederick, MD 21701

**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.

TABLE OF CONTENTS

	Page
Institution's CRA Rating	1
Scope of Examination	1
Description of Institution	1
Description of Frederick County, MD Assessment Area	2
Conclusions with Respect to Performance Tests	4
Glossary	9

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The Lending Test is rated: SATISFACTORY.

The Community Development Test is rated: SATISFACTORY.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable given the bank's size, financial condition, and credit needs of the bank's assessment area.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans that were considered in the evaluation were originated within the bank's assessment area.
- The bank's lending to borrowers of different income levels varies between reasonable and excellent. Overall its performance is considered reasonable.
- The bank's geographic distribution performance also varies between reasonable and excellent and is considered excellent overall.
- The bank's community development performance is adequate when considering its capacity and available community development opportunities.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

Frederick County Bank (FCB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). FCB is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, FCB's 2014 and 2015 HMDA loans were considered in the evaluation. In addition, small business lending was identified as a primary product line and was also considered in the evaluation. The analysis includes all small business loans originated between January 1, 2015, and December 31, 2015.

Qualified community development loans and services are considered for activities since the previous evaluation on November 5, 2012. All qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered.

FCB serves one assessment area (Frederick County, Maryland). As such, this assessment area was subject to a full-scope review.

DESCRIPTION OF INSTITUTION

FCB is headquartered in Frederick, Maryland, and operates five branch offices located within Frederick County, Maryland. The bank is a wholly-owned subsidiary of Frederick County Bancorp, Inc., a single-bank holding company, also headquartered in Frederick, Maryland. FCB received a Satisfactory rating at its prior CRA evaluation dated November 5, 2012. Since the previous evaluation, the bank's assets, loans, and deposits increased by 23.5%, 32.5%, and 22.9%, respectively. No known legal impediments exist that would constrain the bank from meeting the credit needs of its assessment area.

As of September 30, 2016, the bank has \$381.6 million in assets, of which 77.6% are net loans and 4.7% are securities. As of the same time period, deposits totaled \$326.9 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) is represented in the following table.

Composition of Loan Portfolio

Loan Type	9/30/2016	
	\$(000s)	%
Secured by 1-4 Family dwellings	61,945	20.7
Multifamily	6,017	2.0
Construction and Development	25,855	8.6
Commercial & Industrial/ NonFarm NonResidential	200,252	66.9
Consumer Loans and Credit Cards	2,127	0.7
Agricultural Loans/ Farmland	3,040	1.0
All Other	0	0.0
Total	299,236	100.0

As indicated in the preceding table, the vast majority of FCB lending activity is within the commercial/small business line, with residential mortgage lending as the second most significant lending category. The bank offers other loans, such as consumer and construction and development loans; however, the volume of such lending is relatively small in comparison to the small business and residential mortgage lending.

DESCRIPTION OF FREDERICK COUNTY, MD ASSESSMENT AREA

The assessment area is part of the Silver Spring-Frederick-Rockville, MD Metropolitan Statistical Area (MSA) and is comprised solely of all of tracts in Frederick County, Maryland. As previously stated, the bank operates five branch offices in this assessment area. As of June 30, 2016, the bank ranked 4th out of 17 institutions in local deposit market share with 7.5% of insured deposits. According to the aggregate loan data, the institution ranked 32nd out of 335 institutions in 2014 and 29th out of 350 in 2015 for reported HMDA volume with market shares of .7% and .8%, respectively.

According to 2010 American Community Survey (ACS) data, the assessment area has a population of 233,385 and a median housing value of \$349,453. The owner-occupancy rate of the assessment area equals 72.5%, which is greater than the overall statewide rate (62.2%) as well as the rate for the entire MSA (67.1%). Within the assessment area, 3.2% of families are considered below the poverty level, which is less than the state rate (5.7%) and the entire MSA rate (3.8%). The median family income for the Silver Spring-Frederick-Rockville, MD MSA equaled \$111,300 during 2014 and \$115,000 during 2015. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Frederick County, MD (Based on 2010 ACS Data and 2014 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	6.6	2,454	4.1	230	9.4	13,409	22.2
Moderate	20	32.8	18,194	30.1	937	5.2	12,879	21.3
Middle	36	59.0	38,891	64.3	767	2.0	16,435	27.2
Upper	1	1.6	978	1.5	0	0.0	17,794	29.3
NA	0	0.0	0	0.0	0	0.0		
Total	61	100.0	60,517	100.0	1,934	3.2	60,517	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	2,045	3.2	4,423	5.3	460	10.4	20,217	24.2
Moderate	17,533	27.3	28,168	33.8	2,079	7.4	15,794	18.9
Middle	43,473	67.8	49,778	59.6	1,554	3.1	19,181	23.0
Upper	1,061	1.7	1,086	1.3	15	1.4	28,263	33.9
NA	0	0.0	0	0.0	0	0.0		
Total	64,112	100.0	83,455	100.0	4,108	4.9	83,455	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	661	5.5	553	5.0	78	10.4	30	8.2
Moderate	4,093	33.8	3,586	32.7	359	48.0	148	40.5
Middle	7,208	59.6	6,712	61.1	309	41.3	187	51.3
Upper	132	1.1	130	1.2	2	0.3	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	12,094	100.0	10,981	100.0	748	100.0	365	100.0
	Percentage of Total Businesses:			90.8		6.2		3.0

*NA-Tracts without household or family income as applicable

Employment in the assessment area is based on government and a variety of industries including health care, education, and retail establishments. Major employers in the area include: Frederick Memorial Hospital, United Healthcare, United States Army Medical Research Institute, AstraZeneca, and Frederick County Community College. Recent periodic unemployment rates are included in the following table.

Geographic Area	December 2012	December 2013	December 2014	December 2015	October 2016
Frederick County	5.7%	4.9%	4.5%	3.9%	3.7%
Silver Spring-Frederick-Rockville, MD MSA	5%	4.3%	3.9%	3.5%	3.4%
State of Maryland	6.7%	5.8%	5.2%	4.7%	4.2%

As indicated in the preceding table, unemployment rates in Frederick County have improved since the previous evaluation, but are slightly higher than the unemployment rates of the MSA. Local area unemployment rates, however, remain below the statewide rate.

A local economic development official was contacted during the evaluation to discuss local market conditions and community credit needs. The contact noted a robust economy within the City of Frederick and the surrounding county created by commercial real estate lending, health care, and government agencies. Additionally, an increase in tourism and small business expansion has occurred due to the improvement of the economic conditions since the recent recession. The contact referenced several commercial and affordable housing projects that have been completed since the previous evaluation and noted that banks are providing capital for new projects throughout the area. Local community banks, as well as larger financial institutions are actively competing for opportunities to fund these projects and are meeting the financing needs of both consumers and businesses in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. While residential mortgage loan data from calendar years 2014 and 2015 and small business loans from 2015 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2015 is presented in the assessment area analysis tables. In instances where the bank’s 2014 HMDA performance varies significantly from its performance in 2015, such variance and the corresponding impact on the overall performance is discussed.

Relevant area demographic data from the 2010 ACS is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. Dun & Bradstreet (D&B) business demographic data is current as of 2015.

Overall, the bank's lending test performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment area, borrower lending distribution performance, and geographic lending distribution performance.

The bank's Community Development Test performance is also rated Satisfactory. The review of the bank's community development activities is based on the number and amount of community development loans and qualified investments, the extent to which the bank provides community development services, and the bank’s responsiveness to identified community development lending, investment, and service needs.

The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio as of September 30, 2016, equaled 90.6% and averaged 88.9% for the 16-quarter period ending September 30, 2016. In comparison, the quarterly average loan-to-deposit ratio for banks of similar asset size that operate in FCB's assessment area ranged from 80.1% to 107.7% during the same 16-quarter period. As previously stated, assets, loans, and deposits have increased by 23.5%, 32.5% and 22.9%, respectively since the previous evaluation. The bank is actively lending within its assessment area, and the increase in loan production has outpaced the deposit growth. Consequently, the bank's loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, market conditions, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's HMDA loans originated during calendar years 2014 and 2015, and small business loans originated during the 12-month period ending December 31, 2015, were considered. The lending distribution inside and outside of the bank's assessment area is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	110	91.7	20,597	80.9	10	8.3	4,871	19.1
Home Improvement	15	100.0	1,565	100.0	0	0.0	0	0.0
Refinancing	18	81.8	3,370	74.9	4	18.2	1,128	25.1
Multi-Family Housing	1	100.0	1,000	100.0	0	0.0	0	0.0
Total HMDA related	144	91.1	26,532	81.6	14	8.9	5,999	18.4
Small Business*	142	89.9	17,498	63.4	16	10.1	10,109	36.6
TOTAL LOANS	286	90.5	44,030	73.2	30	9.5	16,108	26.8

*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 indicated in the preceding table, a majority of the combined residential mortgage and small business loans were extended to residents in the bank's assessment area. Overall, 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

While the bank's HMDA borrower distribution performance is reasonable, the small business performance is considered excellent. Overall, the geographic distribution is considered reasonable based on the relative performance strengths of each product.

Distribution of HMDA Loans by Income Level of Borrower

Frederick County, MD (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	6	10.5	1,028	9.8	1,391	16.6	234,734	10.5
Moderate	16	28.1	2,739	26.1	2,382	28.4	551,609	24.6
Middle	10	17.5	2,207	21.0	2,431	29.0	714,571	31.9
Upper	25	43.9	4,537	43.1	2,181	26.0	742,316	33.0
Total	57	100.0	10,511	100.0	8,385	100.0	2,243,230	100.0
Unknown	27		4,547		3,184		1,003,275	

Percentages (%) are calculated on all loans where incomes are known

During 2015, FCB’s lending to low-income borrowers (10.5%) lagged the percentage of low-income families within the assessment area (22.2%) and, to a lesser degree, the aggregate lending level to such borrowers (16.6%). FCB’s lending to moderate-income borrowers (28.1%) exceeded the level of moderate-income families in the area (21.3%) and was comparable to the aggregate level of lending to such borrowers (28.4%). This level of lending is considered reasonable, and the bank’s performance during 2014 is similar.

Distribution of Lending by Loan Amount and Size of Business

Frederick County, MD (2015)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	82	57.7	6,718	38.4	2,510	50.1	58,017	30.1
Over \$1 Million	60	42.3	10,780	61.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	96	67.6	4,097	23.4	4,689	93.6	73,114	37.9
\$100,001-\$250,000	27	19.0	4,358	24.9	140	2.8	25,190	13.1
\$250,001-\$1 Million	19	13.4	9,043	51.7	179	3.6	94,506	49.0
Total	142	100.0	17,498	100.0	5,008	100.0	192,810	100.0

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

D&B data from 2015 indicates that 93.1% of all local businesses have revenues that do not exceed \$1 million per year. Aggregate lending data from 2015 indicate that 50.1% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining loans were to businesses that either had revenues exceeding \$1 million or revenues were unknown. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 47.6% were made to businesses having annual revenues of \$1 million or less. Of the small business loans considered in the evaluation, 57.7% were to businesses with annual revenues of \$1 million or less. FCB's small business lending is considered excellent.

Geographic Distribution of Loans

The bank’s overall HMDA geographic distribution performance was excellent and the small business performance was reasonable for the assessment area. Overall, the geographic distribution is considered excellent given the strong performance of HMDA lending in concert with a solid performance in small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Frederick County, MD (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(69)				Home Purchase (6,114)			
Low	6	8.7	706	5.4	324	5.3	62,530	3.7
Moderate	28	40.6	3,991	30.6	1,658	27.1	387,356	22.7
Middle	34	49.3	7,992	61.4	4,043	66.1	1,219,868	71.5
Upper	1	1.4	335	2.6	89	1.5	37,513	2.1
	(10)				Refinance (5,037)			
Low	1	7.6	179	7.6	126	2.5	22,090	1.6
Moderate	6	60.0	1,054	70.9	1,081	21.5	243,592	17.6
Middle	3	30.0	253	17.0	3,729	74.0	1,088,155	78.5
Upper	0	0.0	0	0.0	101	2.0	32,059	2.3
	(5)				Home Improvement (404)			
Low	1	20.0	12	2.2	14	3.5	10,905	21.9
Moderate	1	20.0	80	14.6	87	21.5	7,115	14.3
Middle	3	60.0	456	83.2	296	73.3	30,837	62.0
Upper	0	0.0	0	0.0	7	1.7	863	1.8
	(0)				Multi-Family (14)			
Low	0	0.0	0	0.0	3	21.4	12,176	11.8
Moderate	0	0.0	0	0.0	9	64.3	76,856	74.2
Middle	0	0.0	0	0.0	2	14.3	14,590	14.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	8	9.5	897	6.0	467	4.0	107,701	3.3
Moderate	35	41.7	5,125	34.0	2,835	24.5	714,919	22.0
Middle	40	47.6	8,701	57.8	8,070	69.8	2,353,450	72.5
Upper	1	1.2	335	2.2	197	1.7	70,435	2.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	84	100.0	15,058	100.0	11,569	100.0	3,246,505	100.0

NA*-Tracts without household or family income as applicable

During 2015, the bank and aggregate lenders originated a larger volume of home purchase loans than refinance loans. When considering the bank's performance by loan product type, its home purchase, refinance, and home improvement performance are all considered excellent. Given the limited volume of multi-family loans reported within the assessment area, this loan type is not a significant factor in assessing the bank's performance.

On a combined basis, FCB's lending in low-income census tracts (9.5%) exceeded the percentage of owner-occupied housing units located in low-income tracts (3.2%) as well as the aggregate lending level in such areas (4%). Similarly, the bank's level of lending in moderate-income census tracts (41.7%) exceeded the percentage of owner-occupied housing units in moderate-income census tracts (27.3%) and the aggregate lending in such areas (24.5%). Overall, the bank's performance during 2015 is excellent, and its performance in 2014 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Frederick County, MD (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
Low	14	9.9	1,442	8.2	334	6.7	16,165	8.4
Moderate	46	32.4	7,077	40.4	1,617	32.6	70,347	36.6
Middle	82	57.7	8,979	51.4	2,949	59.4	104,565	54.5
Upper	0	0.0	0	0.0	63	1.3	967	0.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	142	100.0	17,498	100.0	4,963	100.0	192,044	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

The level of lending within the low-income census tracts (9.9%) exceeded both the percentage of businesses located in those tracts (5.3%) and the aggregate lending level (6.7%) during the 12-month time period. FCB’s lending in moderate-income census tracts (32.4%) was similar to the percentage of businesses located in moderate-income census tracts (32.9%) and the aggregate lending level (32.6%) in such areas. FCB’s small business loan performance is considered reasonable overall.

Community Development Loans, Investments, and Services

Discussions with an individual knowledgeable of the local market area and reviews of performance evaluations of other financial institutions having a local presence indicate that community development opportunities are limited within the assessment area. The bank faces no constraints, however, in providing community development loans, investments, and services consistent with its capacity and available opportunities.

Overall, the bank’s Community Development Test is considered Satisfactory. This is driven by the number and participation level of the services conducted by the bank, as FCB has not purchased any CRA qualified investments.

- Several employees provide financial expertise for various CRA qualified organizations (four organizations serving low-and moderate-income individuals and three organizations promoting affordable housing).
- FCB offers an account called the “Prosperity Account.” The account is an Individual Development Account (IDA) in which the bank partners with a local United Way. IDAs are asset building accounts targeted to low-income families that typically function as savings accounts with matching funds. As part of this product, the bank offers financial counseling to individuals on how to manage checking accounts, build credit, and strengthen their overall financial situation. To date, the bank has 15 such accounts since its inception in the spring of 2015.
- The bank originated four loans totaling \$2.3 million to businesses servicing low- and moderate-income individuals and/or having a qualified CRA purpose.
- Donations totaling \$14,650 were made to qualified organizations.

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.

Loans, investments, and services that-

- (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- (iii) Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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, 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 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.