

**PUBLIC DISCLOSURE**

April 7, 2003

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Forest Hill State Bank

615329

130 South Bond Street

Bel Air, Maryland 21014

Federal Reserve Bank of Richmond

Post Office 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 following table indicates the performance level of The Forest Hill State Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>The Forest Hill State Bank</u>		
	PERFORMANCE TESTS		
	LENDING TEST*	INVESTMENT TEST	SERVICE TEST
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- A high percentage of the institution's consumer, small business, and Home Mortgage Disclosure Act (HMDA) loans were originated within the bank's assessment area.
- The borrower distribution of loans in the market is considered good.
- While the geographic distribution of loans in the market reviewed is varied, the overall performance is considered at least adequate.
- Participation in qualified community development lending is responsive to community credit needs and is considered adequate.
- An adequate level of participation in qualified community development investments responsive to community credit needs was noted.
- Delivery systems and branch locations are accessible to all segments of the assessment area reviewed.
- A relatively high level of community development services in the institution's assessment area was identified.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation

**DESCRIPTION OF INSTITUTION**

The Forest Hill State Bank (FHSB) is headquartered in Bel Air, Maryland, and operates six additional branches in Harford County, Maryland. The institution is a subsidiary of Mercantile Bankshares Corporation (MBC), a multi-bank holding company located in Baltimore, Maryland.

As of December 31, 2002, the bank had assets of \$337.9 million, of which 75.7% were loans and 18.7% were securities. The loan portfolio, as of December 31, 2002, includes 28.6% one-to four- family residential real estate secured, 40.4% commercial and farm real estate secured, 12.5% commercial and agriculture, 17.6% consumer, and .9% other. Since June 30, 2001, total loans, deposits, and assets have increased by 10.5%, 15.8%, and 13.1%, respectively. Deposits, as of December 31, 2002, were \$272.6 million. FHSB has not opened or closed any branches since the previous evaluation dated April 16, 2001. The bank's previous CRA rating was Satisfactory.

FHSB's assessment area includes all of Harford County Maryland, which is in the Baltimore, Maryland, Metropolitan Statistical Area (MSA). Additionally, the assessment area extends slightly beyond the county to include the following census tracts in York County, Pennsylvania, and Cecil County, Maryland:

<u>York County</u>	<u>Cecil County</u>
237.10	312.01
237.20	312.02
238.20	314.00
239.00	
240.00	

York County is part of the York, Pennsylvania MSA, while Cecil County is included within the Wilmington-Newark, Delaware-Maryland MSA. Of the 47 census tracts included in the assessment area, ten are moderate-income, 23 are middle-income, and 14 are upper-income. There are no low-income geographies in the assessment area. Two of the moderate-income census tracts in Harford County contain the Aberdeen Proving Grounds (APG), a military research and development installation, in which there are only eight owner-occupied housing units.

According to 1990 census data, the assessment area has a population of 228,021, with a median housing value of \$113,190. The owner-occupancy rate for the market is 71.3%, which is higher than the rates for the State of Maryland (60.1%), the Baltimore MSA (59.7%), and the Wilmington-Newark MSA (64.9%). It is also higher than the rate for the State of Pennsylvania (64.3%), but comparable to the rate of the York MSA (71%). In the assessment area, 4.1% of families are considered below the poverty level while in Maryland and Pennsylvania, 6% and 8.2% of families are living below the poverty level, respectively. The 2002 median family incomes for the Baltimore, York, and Wilmington MSAs are \$66,400, \$53,600 and \$75,900, respectively.

The following table provides demographic data for the assessment area by the income level of families, the type and distribution of housing units, and distribution of local businesses.

Forest Hill State Bank ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%	8,750	13.9%
Moderate	10	21.3%	10,315	16.4%	1,048	10.2%	11,363	18.1%
Middle	23	48.9%	30,686	48.8%	1,156	3.8%	16,713	26.6%
Upper	14	29.8%	21,908	34.8%	381	1.7%	26,083	41.5%
NA	0	0.0%	0	0.0%	0	0.0%	-	-
<b>Total</b>	<b>47</b>	<b>100.0%</b>	<b>62,909</b>	<b>100.0%</b>	<b>2,585</b>	<b>4.1%</b>	<b>62,909</b>	<b>100.0%</b>
Housing Units by Tract	Housing Types by Tract							
	Owner-Occupied		Rental		Vacant			
	#	%	%	#	%	#	%	
Low	0	0	0.0%	0	0.0%	0	0.0%	
Moderate	14,961	6,412	10.8%	42.9%	7,555	50.5%	994	6.6%
Middle	41,167	31,199	52.5%	75.8%	7,668	18.6%	2,300	5.6%
Upper	27,244	21,863	36.8%	80.2%	4,258	15.6%	1,123	4.1%
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>83,372</b>	<b>59,474</b>	<b>100.0%</b>	<b>71.3%</b>	<b>19,481</b>	<b>23.4%</b>	<b>4,417</b>	<b>5.3%</b>
Total Businesses by Tract	Businesses by Tract and Revenue Size							
	Less than or = \$1 Million		Over \$1 Million		Revenue not Reported			
	#	%	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1,914	13.6%	1,475	14.5%	95	15.7%	344	10.5%
Middle	6,903	49.1%	5,011	49.2%	313	51.7%	1,579	48.3%
Upper	5,235	37.3%	3,692	36.3%	197	32.6%	1,346	41.2%
NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>14,052</b>	<b>100.0%</b>	<b>10,178</b>	<b>100.0%</b>	<b>605</b>	<b>100.0%</b>	<b>3,269</b>	<b>100.0%</b>
<b>Percentage of Total Businesses:</b>				<b>72.4%</b>		<b>4.3%</b>		<b>23.3%</b>

Sources: 1990 Census Data, 2002 Dun & Bradstreet business demographic  
NA Tracts are tracts without household or family

The local economy provides employment opportunities in manufacturing, service, and Federal, State, and local government. The largest employers in the area are the APG, the county school system, and a local hospital. Also, area residents commute to Baltimore, Maryland, for additional employment opportunities. As of January 2003, the unemployment rates for Cecil, Harford, and York Counties are 8.3%, 5%, and 5.8%, respectively, while the unemployment rates for Maryland and Pennsylvania are 4.5% and 6.7%, respectively.

A local government official was contacted during the evaluation to assist in evaluating the bank's CRA performance. The individual indicated that local financial institutions are adequately meeting the credit needs of the community.

## **SCOPE OF EXAMINATION**

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institution's Examination Council. The review of the bank's lending activity includes residential real estate loans reported under HMDA, small business, small farm, and consumer loans reported for CRA purposes during 2001 and 2002. Qualified community development loans and services were also considered for activities from April 16, 2001, through December 31, 2002. Additionally, all qualified investments outstanding as of the evaluation date were considered regardless of when made.

When considering lending performance for specific loan types, primary consideration is given to the number (and corresponding percentage) of transactions. The institution's overall rating is based on the performance of each loan category and primary consideration is given to dollar volume each category contributes to the overall activity considered in the evaluation. As evidenced by the lending activity information included in a subsequent section, the volume of consumer transactions as reported by the bank in 2001 and 2002 is substantially greater than the volume of HMDA and small business lending. Consequently, the consumer category is weighted more heavily when considering overall performance.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

The lending test is rated low satisfactory overall based on lending activity, distribution of loans, and community development lending. Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregate data includes FHSB and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment area. Demographic data are from the 1990 census, D&B business data is current as of 2002, and the small business and HMDA aggregate statistics from calendar year 2001 are considered (the 2002 aggregate data is not available).

### **Lending Activity:**

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. During the seven-quarter period ending December 31, 2002, the average quarterly loan-to-deposit ratios of all banks headquartered in metropolitan areas of Maryland and of similar asset size to FHSB ranged from 81.6% to 86.8%. The bank's quarterly average loan-to-deposit ratio for the seven-quarter period ending December 31, 2002, equaled 97.7% and ranged from 93.8% to 102.3%. Currently (December 31, 2002), the ratio is 93.8%. No barriers to the bank's ability to lend were noted.

Various loan products are available through the institution including consumer, residential mortgage, home equity, and commercial loans. Consumer loans offered by the bank include motor vehicle, home equity, and consumer secured and unsecured loans. The bank also offers mortgage loans for home purchase, refinance and temporary construction loans, as well as home equity lines of credit.

**Assessment Area Concentration:**

The following table includes all HMDA, small business, small farm, and consumer loan data reported in 2001 and 2002.

Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
HMDA home purchase	97	72.9%	\$12,110	76.1%	36	27.1%	\$3,811	23.9%
HMDA refinancings	38	84.4%	\$3,711	90.1%	7	15.6%	\$408	9.9%
HMDA home improvement	71	92.2%	\$1,531	93.1%	6	7.8%	\$113	6.9%
HMDA multifamily	1	50%	\$240	46.2%	1	50%	\$280	53.8%
<b>Total HMDA-related</b>	<b>207</b>	<b>80.5%</b>	<b>\$17,592</b>	<b>79.2%</b>	<b>50</b>	<b>19.5%</b>	<b>\$4,612</b>	<b>20.8%</b>
<b>Total small business</b>	<b>398</b>	<b>82.7%</b>	<b>\$42,264</b>	<b>88.8%</b>	<b>83</b>	<b>17.3%</b>	<b>\$5,332</b>	<b>11.2%</b>
<b>Total small farm</b>	<b>11</b>	<b>100%</b>	<b>\$948</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>
Consumer Home Equity	340	94.2%	\$15,756	93.8%	21	5.8%	\$1,037	6.2%
Consumer Motor Vehicle	1,836	66.5%	\$27,761	66.7%	926	33.5%	\$13,834	33.3%
Consumer Other Secured	344	80%	\$9,009	67.2%	86	20%	\$4,407	32.8%
Consumer Unsecured	252	94.4%	\$1,684	85.8%	15	5.6%	\$278	14.2%
<b>Total consumer</b>	<b>2,772</b>	<b>72.6%</b>	<b>\$54,210</b>	<b>73.5%</b>	<b>1,048</b>	<b>27.4%</b>	<b>\$19,556</b>	<b>26.5%</b>
<b>TOTAL LOANS</b>	<b>3,388</b>	<b>74.2%</b>	<b>\$115,014</b>	<b>79.6%</b>	<b>1,181</b>	<b>25.8%</b>	<b>\$29,500</b>	<b>20.4%</b>

Note: Affiliate loans not included.

As indicated in the previous table, a high percentage of loans, both by number and dollar amount, for the product lines included in the analysis have been provided to residents and businesses of the bank's assessment area.

**Geographic Distribution:**

The following tables present data about the bank's lending. Overall, the geographic distribution of lending is considered adequate. There are no low-income census tracts in the assessment area. The tables include all HMDA, small business, and consumer loan data reported in 2001 and 2002. Discussion of the bank's performance follows each table. No analysis of farm lending was performed as the bank originated only 11 such loans in 2001 and 2002.

Distribution of Consumer Loans by Income Level of Geography

	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	188	1,602	983	2,773
Percentage of Total Loans	6.8%	57.8%	35.4%	100%
Total Amount of Loans (000's)	\$3,049	\$31,922	\$19,275	\$54,246
Percentage of Total Amount	5.6%	58.9%	35.5%	100%

The bank's consumer lending in moderate-income areas (6.8%) is less than the percentage of area families residing in such areas (16.4%). As previously mentioned, the APG military installation comprises two of the ten moderate-income census tracts. A large portion of the remaining moderate-income tracts are located adjacent to the military installation.

Although the bank maintains one branch office near these geographies, many of the residents in these areas are military personnel or civilians employed by the military. Military personnel have traditionally used alternative sources of credit, primarily military credit unions, that may account in part for the bank's low lending penetration in these moderate-income census tracts. Additionally, 10.2% of families residing in all the moderate-income census tracts are considered below the poverty level. The bank's performance is considered adequate.

Distribution of Small Business Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	11	255	132	398
Percentage of Total Loans	2.8%	61.1%	33.1%	100%
Total Amount of Loans (000's)	\$1,405	\$25,252	\$15,753	\$42,410
Percentage of Total Amount	3.3%	59.5%	37.2%	100%

Bank lending to businesses located in moderate-income census tracts (2.8%) is less than both the 2001 small business aggregate data (10.9%) and the percentage of businesses located in such areas (13.6%). Again, the low lending penetration to these moderate-income tracts may be due in part to the APG military installation's large presence in these tracts. Nonetheless, the level of lending to businesses in moderate-income areas is considered poor.

Distribution of HMDA Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	15	134	58	207
Percentage of Total Loans	7.2%	64.8%	28%	100%
Total Amount of Loans (000's)	\$1,507	\$11,874	\$4,211	\$17,592
Percentage of Total Amount	8.6%	67.5%	23.9%	100%

Within the assessment area, 10.8% of all owner-occupied housing units are located in moderate-income geographies. According to 2001 aggregate HMDA data, 7.1% of all reported loans were to residents of moderate-income geographies. The bank's level of lending in moderate-income areas (7.2%) approximates aggregate data and is considered good.

**Distribution by Borrower Income and Revenue Size of the Business:**

The tables that follow present data about bank lending to borrowers of different income levels and to businesses of different revenue sizes. Overall, the distribution of lending is considered good when considering market demographic and aggregate data. The tables include all HMDA, small business, and consumer loan data reported in 2001 and 2002. Discussion of the bank's performance follows each table. As previously mentioned, due to limited small farm lending in 2001 and 2002, no analysis of such product was performed.



Distribution of Consumer Loans by Income Level of Borrower

The bank reported a combined total of 2,773 consumer loans within the assessment area. Of these transactions, 71 did not contain income data and are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	554	670	708	770	2,702
Percentage of Total Loans	20.5%	24.8%	26.2%	28.5%	100%
Total Amount of Loans (000's)	\$6,718	\$10,829	\$14,143	\$21,208	\$52,898
Percentage of Total Amount	12.7%	20.5%	26.7%	40.1%	100%

Of the consumer loans reported, 20.5% were to low-income borrowers and 24.8% were to moderate-income borrowers. This level of lending exceeds the percentage of area families that are low- (13.9%) and moderate-income (18.1%). Consumer lending to borrowers of different income levels is considered good.

Distribution of Lending by Loan Amount and Size of Business

	\$0 - \$100,000		>\$100,000 TO \$250,000		> \$250,000		TOTAL	
Number Total Revenues < \$1 Million	190	47.8%	36	9.1%	34	8.6%	260	65.5%
Number Total Revenues > \$1 Million	92	23.2%	14	3.5%	12	3%	118	29.7%
Revenues Not Reported	17	4.3%	0	0%	2	.5%	19	4.8%
Totals	299	75.3%	50	12.6%	48	12.1%	397	100%

According to 2002 D&B data, 72.4% of businesses within the assessment area that reported revenue data have revenues of \$1 million or less. Aggregate small business data indicates that 39.1% of reported small business loans in 2001 were to businesses having revenues of \$1 million or less. The remaining portion of businesses either had revenues exceeding \$1 million or revenue data was not known. During the evaluation period, 65.5% of the bank's loans were to businesses with revenues of \$1 million or less. This level of lending is considered good.

Distribution of HMDA Loans by Income Level of Borrower

The bank reported a combined total of 207 HMDA loans within the assessment area. Of these transactions, five did not contain income data and are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	24	54	60	64	202
Percentage of Total Loans	11.9%	26.7%	29.7%	31.7%	100%
Total Amount of Loans (000's)	\$1,099	\$3,887	\$4,803	\$7,342	\$17,131
Percentage of Total Amount	6.4%	22.7%	28%	42.9%	100%

The bank's level of lending to low-income borrowers (11.9%) exceeds that of the 2001 aggregate (6.7%) and is comparable to that of area low-income families (13.9%). The bank's lending to moderate-income borrowers (26.7%) exceeds both the 2001 aggregate (20.1%) and the proportion of area moderate-income families (18.1%). The distribution of HMDA lending is considered excellent.

**Community Development Loans:**

FHSB has extended two community development loans totaling \$420,000 within the assessment area. One loan, with a committed amount of \$120,000 and a balance of \$45,472, was to the Harford County Revolving Loan Fund. Loans to local businesses are provided from the fund to promote small business development within Harford County. The second loan was to Home Partnership, Inc., a nonprofit organization whose mission is to provide affordable housing for low- and moderate-income residents. The committed amount on this loan is \$300,000 and currently has a balance of \$74,743. To the extent the bank originated additional community development loans, such financing has been reported as small business or HMDA loans. The level of community development lending is considered responsive to local needs.

The overall level of lending within the assessment area is considered adequate. This conclusion is based on the evaluation of geographic distribution, borrower distribution, and the level of community development lending while taking into account the bank's market strategy, area demographic data, and aggregate CRA and HMDA data.

**INVESTMENT TEST**

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. As of December 31, 2002, the institution reported \$337.9 million in total assets and held \$63 million in securities. Qualified community development investments include five revenue bonds issued by the Maryland Department of Housing and Community Development (MDHCD) totaling \$830,000. MDHCD is a public mortgage lender that serves the housing needs of low- and moderate-income individuals throughout Maryland.

**SERVICE TEST**

Overall, the bank performance under the service test is rated high satisfactory. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area, including moderate-income areas. Furthermore, the bank provides an adequate level of community development services given the size, location, and financial capacity of the institution.

**Retail Services:**

Delivery systems are accessible to all portions of the assessment area. Bank-by-phone, bank-by-computer, and bank-by-mail services are offered by the institution. FHSB operates seven offices located in middle- and upper-income census tracts. Branch locations and business hours are considered convenient and meet the needs of the assessment area. While all branch offices are open Monday through Thursday until 3:00 p.m., several branches offer Saturday hours, and all offices provide extended evening hours on Fridays. The bank has neither closed nor opened any branches since the previous evaluation. Branch locations and business hours are considered convenient and meet the needs of the assessment area.

**Community Development Services:**

The bank provides financial expertise to several community organizations that support the growth of small businesses within the area including the Route 40 Redevelopment Association, the Bel Air Downtown Economic Restructuring Committee, the Harford County Chamber Business Development Committee, and the Mason-Dixon Business Association. An employee of the bank also provides financial services to Rebuilding Together, an organization that improves housing in low- and moderate-income areas. In addition, bank personnel serve on the Academy of Finance, which provides financial education for schools located in moderate-income census tracts.

**COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

## CRA APPENDIX A

### 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.

**Block numbering area ("BNA"):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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:** 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.

**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 review:** Performance under the lending, investment and service 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 or a block numbering area delineated by the U. S. 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 data such as race, gender and income of applications, amount of loan requested, and 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 review:** Performance under the lending, investment and service 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"):** Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA") or consolidated metropolitan statistical area ("CMSA") as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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 Call Report. These loans have original amounts of \$500 thousand 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.

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