

PUBLIC DISCLOSURE

October 23, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank and Trust
RSSD# 371232

1111 Dixie Highway
Beecher, Illinois 60401

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

First Community Bank and Trust is rated Satisfactory.

The bank is meeting the credit needs of its assessment area based upon an analysis of its lending activities. The average loan-to-deposit ratio is reasonable considering the characteristics of the bank, its competitors, and the credit needs within the assessment area. A majority of small business loans was originated within the assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and lending activities reflect reasonable penetration among businesses of different revenue sizes. Neither First Community Bank and Trust nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous CRA evaluation.

SCOPE OF EXAMINATION

First Community Bank and Trust's CRA performance was evaluated using the Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). To evaluate performance, information regarding the institution, such as financial condition, asset size, economic and competition were considered. The demographic characteristics and needs of the bank's delineated assessment area were also considered.

The performance evaluation was conducted for the bank's single assessment area, which includes portions of the Chicago-Naperville-Evanston, IL Metropolitan Division (MD) #16984. The delineated assessment area consists of Will County, Illinois in its entirety, and a portion of Cook County and a portion of Kankakee County in Illinois, which is a single county metropolitan statistical area (MSA) known as the Kankakee, IL MSA #28100. Loans utilized for this evaluation consisted of a sample of small business loans originated from May 7, 2019, through December 31, 2022.

Performance in the assessment area was evaluated using the streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business loans originated from May 7, 2019, through December 31, 2022, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business loans originated in the assessment area, from May 7, 2019, through December 31, 2022, was analyzed to determine the extent to which the bank is making loans in

geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Businesses of Different Sizes*** – A sample of the bank’s small business loans originated in the assessment area, from May 7, 2019, through December 31, 2022, was reviewed to determine the distribution among businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

Demographic and lending data tables for 2022 are in the body of this evaluation, with 2021 and prior years’ data tables located in Appendix B.

In addition, representatives of two community organizations specializing in economic development were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area; the discussions centered on the needs of small businesses.

DESCRIPTION OF INSTITUTION

First Community Bank and Trust is the sole subsidiary of its parent holding company, First Community Bancorp, Inc. located in Beecher, Illinois. The bank operates its main office in Beecher, Illinois and a branch office in Peotone, Illinois, each with a cash-only Automated Teller Machine (ATM). Both branches are located within southeast Will County, Illinois in middle-income census tracts. The bank has not opened or closed any branches or ATMs since the previous evaluation.

As of March 31, 2023, the bank reported total assets of \$193.0 million. The bank serves its assessment area primarily as a commercial lender, with commercial loans comprising 84.1 percent of the bank’s portfolio by dollar volume. Loan products include, but are not limited to, agricultural, commercial, residential real estate, and consumer loans. Deposit products offered include checking, savings, money market, Negotiable Order of Withdrawal accounts, and certificates of deposit. The bank also has a robust offering of electronic banking products on its website, at www.firstcibt.bank. Additional details of the allocation of the bank’s loan portfolio are provided in the following table:

Composition of Loan Portfolio as of March 31, 2023		
Loan Type	Dollar Volume (000s)	Percent of Portfolio
Agricultural	3,465	3.8
Commercial	77,069	84.1
Residential Real Estate	4,660	5.1
Consumer	6,204	6.7
Other	255	0.3
Total	91,653	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding</i>		

According to the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, First Community Bank and Trust ranks 79th out of 121 FDIC-insured institutions within the assessment area. The bank’s market share represented less than 0.1 percent of the total deposit market share in the three counties. Comparatively, JP Morgan Chase Bank N.A., BMO Harris Bank N.A., and Bank of America N.A. had the highest market shares, at 23.6, 16.1, and 11.9 percent of the market, respectively.

There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA¹

First Community Bank and Trust’s assessment area consists of Will County in its entirety (172 census tracts), southern Cook County (38 census tracts), and northern Kankakee County (nine census tracts). The assessment area includes 12 low- and 45 moderate-income census tracts. The assessment area has not changed since the previous evaluation; however there have been changes to census tract income level designations as well as census tract delineation changes that resulted in an increase in the number of census tracts. These changes are primarily due to the increase in population in Will County based on the 2020 U.S. Census, resulting in the Will County portion of the assessment area increasing to 172 census tracts from the 152 at the previous evaluation.

The median family income levels for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget and are updated approximately every five years. As a result, First Community Bank and Trust's CRA performance evaluation for 2022 lending data utilizes the median family income data set in the 2016-2020 data released by the FFIEC in July 2022, while prior years utilize tract income data from the 2011-2015 survey.

¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 data. For years 2021 and before, the designations are based on 2011-2015 data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes			
American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	14	12	-2
Moderate	35	45	10
Middle	80	83	3
Upper	66	77	11
Unknown	1	2	1
Total	196	219	23

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015
U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020*

Assessment area demographic information is presented in the tables below.

2022 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	12	5.5	7,635	3.4	2,120	27.8	39,495	17.7
Moderate	45	20.5	36,834	16.5	4,424	12.0	36,326	16.3
Middle	83	37.9	81,868	36.7	4,121	5.0	47,515	21.3
Upper	77	35.2	96,656	43.3	2,617	2.7	99,661	44.7
Unknown	2	0.9	4	0.0	0	0.0	0	0.0
Total AA	219	100.0	222,997	100.0	13,282	6.0	222,997	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	14,172	4,727	2.0	33.4	6,946	49.0	2,499	17.6
Moderate	65,872	36,511	15.1	55.4	23,305	35.4	6,056	9.2
Middle	122,479	93,655	38.7	76.5	21,471	17.5	7,353	6.0
Upper	124,804	107,270	44.3	86.0	12,725	10.2	4,809	3.9
Unknown	31	19	0.0	61.3	0	0.0	12	38.7
Total AA	327,358	242,182	100.0	74.0	64,447	19.7	20,729	6.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,393	4.1	1,269	4.0	112	4.6	12	4.9
Moderate	4,957	14.5	4,509	14.3	404	16.4	44	18.0
Middle	12,156	35.5	11,171	35.4	886	36.0	99	40.6
Upper	15,735	45.9	14,589	46.3	1,057	43.0	89	36.5
Unknown	4	0.0	3	0.0	1	0.0	0	0.0
Total AA	34,245	100.0	31,541	100.0	2,460	100.0	244	100.0
Percentage of Total Businesses:				92.1		7.2		0.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	10	2.9	10	3.0	0	0.0	0	0.0
Moderate	26	7.5	26	7.7	0	0.0	0	0.0
Middle	170	49.0	163	48.5	7	63.6	0	0.0
Upper	140	40.3	136	40.5	4	36.4	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	347	100.0	336	100.0	11	100.0	0	0.0
Percentage of Total Farms:				96.8		3.2		0.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

POPULATION CHARACTERISTICS

According to the U.S. Census Bureau’s 2020 Decennial Census, the assessment area’s population is 898,476, a 0.6 percent increase in population from 2015. The population growth trend was substantially similar to that of the Chicago-Naperville-Evanston, IL MD at 0.8 percent. Of note, both the Kankakee, IL MSA and the state of Illinois experienced a population decline of 4.2 and 0.5 percent, respectively over the same time period. Further, Will County, Illinois, which is included in its entirety in the bank’s assessment area experienced the greatest population growth at 1.8 percent. Community representatives indicated that Will County and the surrounding area populations have increased as households moved further out from the city of Chicago due to the high cost of living in the city. They also indicated that competitive industries and employment opportunities in surrounding counties are a factor in the population decline in the Kankakee, IL MSA. A community representative expects the Kankakee, IL MSA’s low cost of living and the addition of new, large employers to aid in the area’s future growth.

The following table presents the population trends for the assessment area and other geographies from 2015 to 2020.

Area	Population Change		
	2015 Population	2020 Population	Percentage Change (%)
Cook County	5,236,393	5,275,541	0.7
Will County	683,995	696,355	1.8
Kankakee, IL MSA	112,221	107,502	-4.2
Chicago-Naperville-Evanston, IL MD	7,208,434	7,267,535	0.8
Illinois	12,873,761	12,812,508	-0.5
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

INCOME CHARACTERISTICS

According to the 2022 FFIEC Census Data, low- and moderate-income families represent 17.7 and 16.3 percent of the 222,997 families in the assessment area, respectively. Families living below the poverty level within the assessment area equaled 6.0 percent of total families, which is below the state of Illinois’ family poverty rate of 8.5 percent.

From 2015 to 2020, Cook and Will Counties experienced an increase in median family income of 14.9 and 10.0 percent, respectively. In comparison, the Kankakee, IL MSA saw growth of only 6.1 percent. Income levels vary across the assessment area, with the Kankakee, IL MSA, which is more rural, having the lowest level of median family income, and Cook County’s having the highest median family income level.

According to community representatives, the expansion of existing local industries and increase in small business start-ups have increased competition and wages in the area. The following table presents median family income data for assessment area counties and other geographies from 2015 to 2020.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Cook County	\$73,557	\$84,500	14.9
Will County	\$96,092	\$105,658	10.0
Kankakee, IL MSA	\$69,615	\$73,857	6.1
Chicago-Naperville-Evanston, IL MD	\$81,969	\$92,622	13.0
Illinois	\$78,169	\$86,251	10.3
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

HOUSING CHARACTERISTICS

There are 327,358 housing units in the assessment area; 74.0 percent of the units are owner-occupied, 19.7 percent are rentals, and 6.3 percent are vacant.

Households are considered housing cost burdened when the gross monthly housing cost in relation to gross monthly income is above 30.0 percent. As evidenced by the table below, low-income individuals are impacted at a higher rate than moderate-income individuals as both renters and owners. Cook County has the lowest percentage of renters that are overburdened at 44.3 percent, but the highest percent of owners that are overburdened at 27.7 percent. Additionally, Will County had the highest percentage of renters that meet the cost burden criteria at 46.3 percent. In comparison, the percentage of renters and owners that meet the cost burden criteria in the state of Illinois are generally lower, at 42.7 percent and 21.7 percent, respectively.

2022 Chicago-Naperville-Evanston, IL MD 16984 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Cook County, IL	74.7%	32.0%	44.3%	72.0%	40.5%	27.7%
Will County, IL	79.3%	33.5%	46.3%	72.3%	38.7%	22.3%
Kankakee, IL MSA	78.4%	39.8%	45.2%	65.8%	30.7%	19.9%
Chicago-Naperville-Evanston, IL MD	75.4%	33.6%	44.0%	72.5%	40.8%	25.9%
Illinois	73.2%	29.2%	42.7%	66.2%	33.2%	21.7%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Community representatives stated there is a need for additional affordable housing in the assessment area. They also indicated that Will County had one of the largest housing construction increases in the state over the past three years, although almost all newly built homes are single family detached homes that could not be considered affordable housing. This is further supported by the median age of housing stock, with a majority of the older housing stock being in low- and moderate-income census tracts, as the median age of housing in those tracts was 61 and 58 years, respectively, compared to 39 years when all census tracts in the assessment area are considered. The median age of housing stock also differs between Will and Cook Counties and the Kankakee, IL MSA. Will County has the lowest percentage of homes built before 1950 at 10.0 percent, which aligns with the more significant population increase seen in Will County relative to the other geographies.

EMPLOYMENT CONDITIONS

According to the Bureau of Labor Statistics, unemployment rates increased as a result of the COVID-19 pandemic. Following the pandemic, in 2022, unemployment rates for each area decreased towards pre-pandemic values, with Will County having the lowest average 2022 unemployment rate, at 4.3 percent.

Community representatives stated they have seen businesses bounce back quickly following the COVID-19 pandemic. Similar to many communities across the country, community representatives stated area businesses are having difficulty finding applicants for new positions following layoffs experienced during the pandemic and the desire of residents to transition to fully remote positions elsewhere. The representatives were optimistic that area employment conditions will continue to stabilize and grow, mentioning the planned addition of a new electric car battery manufacturer for the Kankakee, IL MSA.

According to community representatives, the majority of the assessment area’s workforce is in the healthcare, retail, and manufacturing fields. Community representatives expressed the need for industry specific training/education support to assist with workforce shortages following the COVID-19 pandemic.

The table below presents unemployment rate data for assessment area counties and other geographies from 2019 to year to date (YTD), August 2022.

Unemployment Rates (%)				
Area	2019	2020	2021	YTD Average August 2022
Cook County, IL	3.9%	10.4%	7.0%	5.2%
Will County, IL	4.0%	9.1%	5.7%	4.3%
Kankakee, IL MSA	4.8%	9.0%	6.5%	6.0%
Chicago-Naperville-Evanston, IL MD	3.8%	9.8%	6.1%	4.7%
Illinois	4.0%	9.2%	6.1%	4.8%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

COMMUNITY REPRESENTATIVES

Two community representatives were contacted to provide information regarding local economic development and socio-economic conditions. Each community representative spoke to the effects the COVID-19 pandemic had on the economic condition of the assessment area. Representatives stated the assessment area has seen increases in population due to residents moving out of the city of Chicago and as a result the assessment area has seen a large increase in new home construction. While the assessment area has bounced back following the pandemic, employers continue to face labor shortages. Additional affordable housing projects and business-oriented financial education were identified as services that would benefit the assessment area. Finally, community representatives believe banks are serving assessment area credit needs and are optimistic that the area will continue to grow with the future opening of an electric car battery manufacturer, bringing a new industry and workers to the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

First Community Bank and Trust’s performance relative to the lending test is rated Satisfactory. The bank meets the needs of its assessment area based on an analysis of the bank’s lending activities. The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. A majority of small business loans were originated within the assessment area and the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Lending activity also reflects a reasonable penetration among businesses of

different sizes. There have been no CRA-related complaints received by First Community Bank and Trust or the Federal Reserve since the previous evaluation.

Loan-to-Deposit Ratio

First Community Bank and Trust’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. Similarly situated competitors were selected based on their asset size, branch locations, and market share within and near the bank’s assessment area. The bank’s loan-to-deposit ratio of 52.5 percent for the 17-quarters ending June 30, 2023, is similar to its local competition. The loan-to-deposit level demonstrates the bank’s commitment to utilizing its deposit base to provide credit to businesses within the assessment area.

The following table compares the bank’s loan-to-deposit ratio to local competitors of similar size and complexity.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
First Community Bank and Trust	52.5
Competitors	
Bank of Bourbonnais	68.4
First Bank Manhattan	55.9
First Trust Bank of Illinois	50.1
Old Plank Trail Community Bank	77.1
Peoples Bank of Kankakee County	52.5

Assessment Area Concentration

During the evaluation period, the bank made a majority of its small business loans in the assessment area, at 52.6 percent. This indicates the bank sufficiently serves the credit needs of its assessment area. The table below presents First Community Bank and Trust’s small business lending inside and outside its assessment area during the review period.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	30	52.6	6,777	59.3	27	47.4	4,652	40.7

The bank extended an additional 304 Small Business Administration Paycheck Protection Program (PPP) loans to existing and new bank borrowers during the COVID-19 pandemic, which are not included in the loan table above. Of those loans, 235, or 77.3 percent, were extended within the

bank's assessment area.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data². Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Small business lending reflects a reasonable dispersion throughout the assessment area. Although there are gaps in lending to low- and moderate-income census tracts across the assessment area, the bank has a limited ability to penetrate those tracts due to the location of the bank's two physical locations in the southeast portion of the assessment area. In addition, the location of most low- and moderate-income census tracts are in the northern portions of Will and Cook County rather than in southeast Will County where the bank's offices are located.

In 2022, First Community Bank and Trust originated 12 loans to small businesses operating within the assessment area. Of the 12 loans, none were originated in low-income census tracts, which contains 4.1 percent of all businesses in the assessment area. The bank originated 25.0 percent of its small business loans in moderate-income census tracts, which exceeded the level of businesses in those tracts of 14.5 percent. Lending in the years 2019 through 2021 contrasted unfavorably with 2022, as none of the 18 small business loan originations in those years were in low- or moderate-income census tracts.

The following table presents the bank's 2022 geographic distribution of small business loans. Data tables for 2019 through 2021 are located in Appendix B.

² The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	4.1
Moderate	3	25.0	370	13.7	14.5
Middle	9	75.0	2,339	86.3	35.5
Upper	0	0.0	0	0.0	45.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	12	100.0	2,709	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank also originated 15 Small Business Administration PPP loans in the assessment area’s moderate-income census tracts during the evaluation period. This lending also reflects the bank’s support of small businesses in the assessment area.

Businesses of Different Sizes

The distribution of small business loans reflects a reasonable penetration among businesses of different revenue sizes. In 2022, the bank originated 41.7 percent of its loans to businesses with gross revenues of \$1 million or less, compared to the demographic measure of 92.1 percent of businesses having revenues of \$1 million or less in the assessment area. Of those loans, the loan sizes varied, with only 20.0 percent of loans, made in dollar amounts of \$100,000 or less; loans of this amount are generally considered most beneficial for small businesses. In the years 2019 through 2021, a higher level of lending benefitted the smallest of small businesses. Twelve loans, or 66.7 percent of originations in those years, were made to businesses with revenues of \$1 million or less, and of those loans, 41.7 percent were also made in amounts of \$100,000 or less.

During the evaluation period, the bank also originated 235 PPP loans in the assessment area with 202, or 86.0 percent of the loans made in amounts of \$100,000 or less. In addition to fulfilling its own borrowers’ needs, the bank was able to expedite PPP loans to businesses who banked at larger institutions, but were experiencing substantial wait times before their loans could be processed.

The following table presents the bank’s 2022 borrower distribution of small business loans. Data tables for 2019 through 2021 are located in Appendix B.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	5	41.7	1,248	46.1	92.1
Over \$1 Million	7	58.3	1,461	53.9	7.2
Revenue Unknown	0	0.0	0	0.0	0.7
Total	12	100.0	2,709	100.0	100.0
By Loan Size					
\$100,000 or Less	5	41.7	255	9.4	
\$100,001 - \$250,000	3	25.0	517	19.1	
\$250,001 - \$1 Million	4	33.3	1,938	71.5	
Total	12	100.0	2,709	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	20.0	38	3.0	
\$100,001 - \$250,000	2	40.0	310	24.8	
\$250,001 - \$1 Million	2	40.0	900	72.1	
Total	5	100.0	1,248	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Response to Complaints

Neither the bank nor this Reserve Bank received any CRA complaints since the previous examination.

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.

APPENDIX B – 2021 and Prior Demographic and Lending Charts

2021 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	14	7.1	9,550	4.3	2,829	29.6	38,821	17.5
Moderate	35	17.9	30,630	13.8	5,328	17.4	33,771	15.2
Middle	80	40.8	86,555	39.1	6,082	7.0	46,443	21.0
Upper	66	33.7	94,886	42.8	2,956	3.1	102,586	46.3
Unknown	1	0.5	0	0.0	0	0.0	0	0.0
Total AA	196	100.0	221,621	100.0	17,195	7.8	221,621	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	17,162	5,712	2.4	33.3	9,014	52.5	2,436	14.2
Moderate	53,345	27,369	11.6	51.3	19,453	36.5	6,523	12.2
Middle	132,596	99,131	41.9	74.8	22,741	17.2	10,724	8.1
Upper	120,320	104,540	44.2	86.9	11,089	9.2	4,691	3.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	323,423	236,752	100.0	73.2	62,297	19.3	24,374	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1,475	4.5	1,330	4.4	133	5.4	12	5.2
Moderate	3,972	12.0	3,579	11.8	356	14.4	37	16.1
Middle	12,071	36.4	11,070	36.4	897	36.3	104	45.2
Upper	15,624	47.1	14,465	47.5	1,082	43.8	77	33.5
Unknown	2	0.0	2	0.0	0	0.0	0	0.0
Total AA	33,144	100.0	30,446	100.0	2,468	100.0	230	100.0
Percentage of Total Businesses:			91.9		7.4		0.7	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	2	0.6	2	0.6	0	0.0	0	0.0
Moderate	28	8.2	28	8.5	0	0.0	0	0.0
Middle	182	53.4	173	52.6	9	75.0	0	0.0
Upper	128	37.5	125	38.0	3	25.0	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	341	100.0	329	100.0	12	100.0	0	0.0
Percentage of Total Farms:			96.5		3.5		0.0	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2020 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	14	7.1	9,550	4.3	2,829	29.6	38,821	17.5
Moderate	35	17.9	30,630	13.8	5,328	17.4	33,771	15.2
Middle	80	40.8	86,555	39.1	6,082	7.0	46,443	21.0
Upper	66	33.7	94,886	42.8	2,956	3.1	102,586	46.3
Unknown	1	0.5	0	0.0	0	0.0	0	0.0
Total AA	196	100.0	221,621	100.0	17,195	7.8	221,621	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	17,162	5,712	2.4	33.3	9,014	52.5	2,436	14.2
Moderate	53,345	27,369	11.6	51.3	19,453	36.5	6,523	12.2
Middle	132,596	99,131	41.9	74.8	22,741	17.2	10,724	8.1
Upper	120,320	104,540	44.2	86.9	11,089	9.2	4,691	3.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	323,423	236,752	100.0	73.2	62,297	19.3	24,374	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,432	4.3	1,280	4.2	140	5.5	12	5.5
Moderate	3,817	11.5	3,412	11.3	371	14.5	34	15.5
Middle	12,009	36.3	10,976	36.3	937	36.6	96	43.8
Upper	15,794	47.8	14,608	48.2	1,109	43.4	77	35.2
Unknown	2	0.0	2	0.0	0	0.0	0	0.0
Total AA	33,054	100.0	30,278	100.0	2,557	100.0	219	100.0
Percentage of Total Businesses:				91.6		7.7		0.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	3	0.8	3	0.9	0	0.0	0	0.0
Moderate	28	7.7	28	8.0	0	0.0	0	0.0
Middle	189	52.2	181	51.6	8	72.7	0	0.0
Upper	141	39.0	138	39.3	3	27.3	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	362	100.0	351	100.0	11	100.0	0	0.0
Percentage of Total Farms:				97.0		3.0		0.0
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2019 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	14	7.1	9,550	4.3	2,829	29.6	38,821	17.5
Moderate	35	17.9	30,630	13.8	5,328	17.4	33,771	15.2
Middle	80	40.8	86,555	39.1	6,082	7.0	46,443	21.0
Upper	66	33.7	94,886	42.8	2,956	3.1	102,586	46.3
Unknown	1	0.5	0	0.0	0	0.0	0	0.0
Total AA	196	100.0	221,621	100.0	17,195	7.8	221,621	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	17,162	5,712	2.4	33.3	9,014	52.5	2,436	14.2
Moderate	53,345	27,369	11.6	51.3	19,453	36.5	6,523	12.2
Middle	132,596	99,131	41.9	74.8	22,741	17.2	10,724	8.1
Upper	120,320	104,540	44.2	86.9	11,089	9.2	4,691	3.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	323,423	236,752	100.0	73.2	62,297	19.3	24,374	7.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,423	4.4	1,269	4.3	144	5.6	10	4.9
Moderate	3,714	11.4	3,302	11.1	379	14.6	33	16.2
Middle	11,821	36.4	10,781	36.3	953	36.8	87	42.6
Upper	15,540	47.8	14,354	48.3	1,112	43.0	74	36.3
Unknown	2	0.0	2	0.0	0	0.0	0	0.0
Total AA	32,500	100.0	29,708	100.0	2,588	100.0	204	100.0
Percentage of Total Businesses:				91.4		8.0		0.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	2	0.5	2	0.6	0	0.0	0	0.0
Moderate	23	6.3	23	6.5	0	0.0	0	0.0
Middle	190	51.9	182	51.3	8	72.7	0	0.0
Upper	150	41.0	147	41.4	3	27.3	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	366	100.0	355	100.0	11	100.0	0	0.0
Percentage of Total Farms:				97.0		3.0		0.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography									
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	%	\$(000)	%	#	%	\$(000)	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	4.5
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	12.0
Middle	3	60.0	585	76.8	9	81.8	1,977	66.4	36.4
Upper	2	40.0	177	23.2	2	18.2	1,000	33.6	47.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	5	100.0	762	100.0	11	100.0	2,977	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2019 Small Business Lending By Income Level of Geography					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	4.4
Moderate	0	0.0	0	0.0	11.4
Middle	2	100.0	329	100.0	36.4
Upper	0	0.0	0	0.0	47.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	2	100.0	329	100.0	100.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses									
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984									
	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	4	80.0	683	89.6	6	54.5	1,711	57.5	91.9
Over \$1 Million	1	20.0	79	10.4	5	45.5	1,265	42.5	7.4
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.7
Total	5	100.0	762	100.0	11	100.0	2,977	100.0	100.0
By Loan Size									
\$100,000 or Less	3	60.0	252	33.1	4	36.4	208	7.0	
\$100,001 - \$250,000	1	20.0	104	13.6	2	18.2	300	10.1	
\$250,001 - \$1 Million	1	20.0	406	53.3	5	45.5	2,468	82.9	
Total	5	100.0	762	100.0	11	100.0	2,977	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	2	50.0	173	25.3	2	33.3	93	5.4	
\$100,001 - \$250,000	1	25.0	104	15.2	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	25.0	406	59.4	4	66.7	1,618	94.6	
Total	4	100.0	683	100.0	6	100.0	1,711	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

Distribution of 2019 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	2	100.0	329	100.0	91.4
Over \$1 Million	0	0.0	0	0.0	8.0
Revenue Unknown	0	0.0	0	0.0	0.6
Total	2	100.0	329	100.0	100.0
By Loan Size					
\$100,000 or Less	1	50.0	49	14.9	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	50.0	280	85.1	
Total	2	100.0	329	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	50.0	49	14.9	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	50.0	280	85.1	
Total	2	100.0	329	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Appendix C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Loan-to-Deposit: June 30, 2019, to June 30, 2023 Small Business Loans: May 7, 2019, to December 31, 2022	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
First Community Bank and Trust		Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
The single assessment area is comprised of all of Will County and partial Cook and Kankakee Counties in Illinois. The counties are located in the Chicago-Naperville-Evanston, IL MD #16984 and Kankakee, IL MSA #28100. The area is treated as a single assessment area because the bank's offices are only located in the Chicago-Naperville-Evanston, IL MD #16984, in Will County.	Full scope review	NA	N/A

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.³

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in

³ Source: FFIEC press release dated October 19, 2011.

conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions 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. They 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.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. 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
4. 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 definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) 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 or 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 services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units

occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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.

Income Level: Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 census tract;
- 3) Middle-income – an 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 census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: 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 single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or

more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).