

COMMUNITY REINVESTMENT ACT NOTICE

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Manager, Division of Supervision and Consumer Protection, FDIC, 300 South Riverside Plaza, Protection Suite 1700, Chicago IL 60606. You may send written comments about our performance in helping to meet community credit needs to Greg Smitley, President/CEO, The Hicksville Bank, 144 E. High St., PO Box 283, Hicksville, OH 43526 and FDIC Regional Manager. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Manager. You may also request from the FDIC Regional Manager an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Empire Bancshares, Inc., a bank holding company. You may request from the Federal Reserve Bank of Cleveland, 1455 E. Sixth St. and Superior Ave., Cleveland, OH 44114, an announcement of applications covered by the CRA filed by bank holding companies.

**THE HICKSVILLE BANK
2024 CRA ASSESSMENT AREA #1**

OHIO

DEFIANCE COUNTY

Census Tract 9582 Milford Twp.; Farmer Twp.; Washington Twp. (Ney); Hicksville Twp.
Census Tract 9583 Hicksville Twp. (Hicksville)
Census Tract 9584 Delaware Twp. (Sherwood); Mark Twp.

WILLIAMS COUNTY

Census Tract 9502 Florence Twp. (Edon, Blakeslee); Northwest Twp.
Census Tract 9505
Census Tract 9506
Census Tract 9507
Census Tract 9508 Center Twp.
Census Tract 9509 St. Joseph Twp. (Edgerton)

PAULDING COUNTY

Census Tract 9602

**THE HICKSVILLE BANK
2024 CRA ASSESSMENT AREA #2**

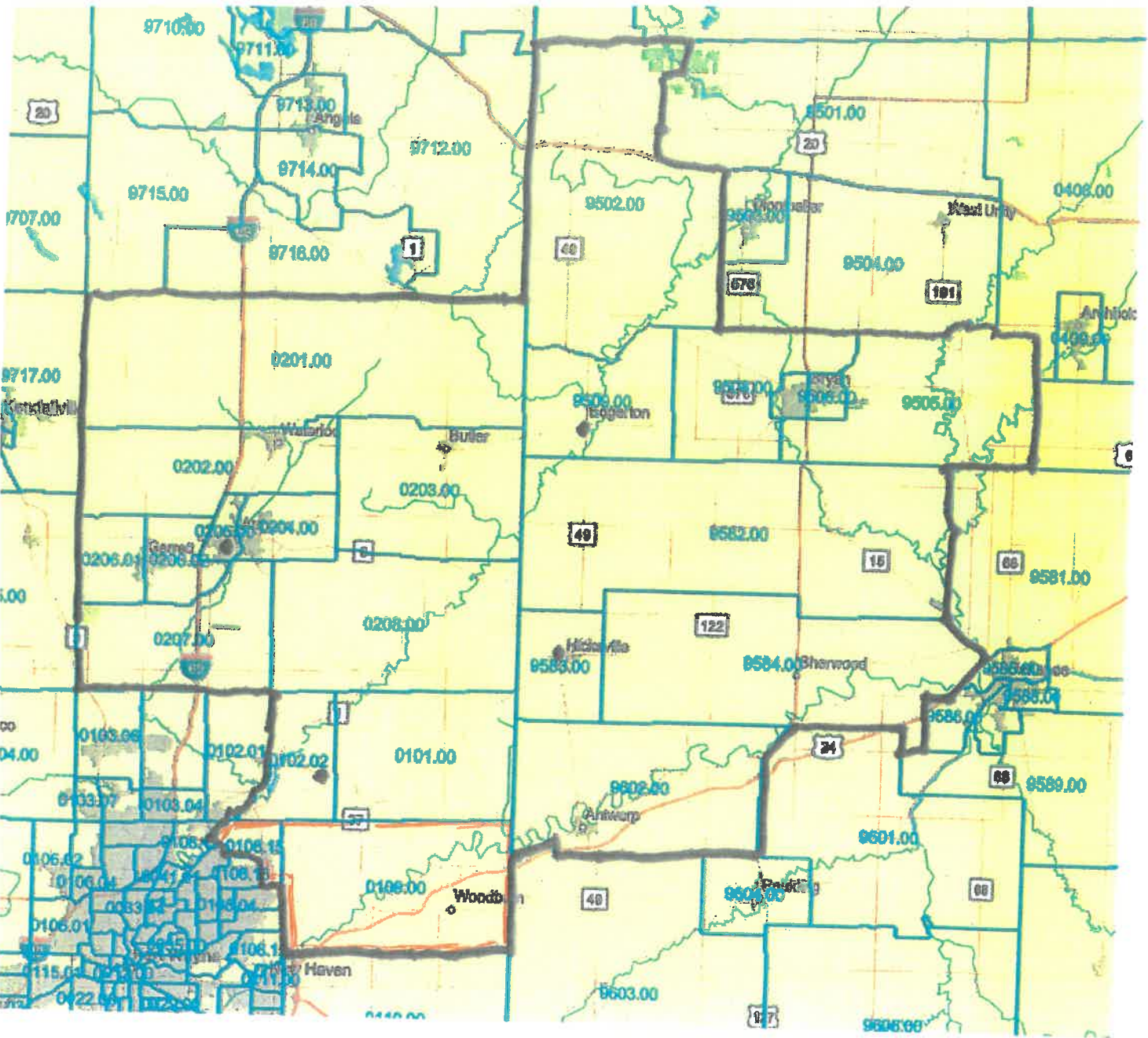
INDIANA

DEKALB COUNTY

Census Tract 201 Troy Twp.; Franklin Twp. (Hamilton); Smithfield Twp. (Ashley);
Fairfield Twp.
Census Tract 202 Grant Twp. (Waterloo); Richland Twp. (Corunna)
Census Tract 203 Stafford Twp.; Wilmington Twp. (Butler)
Census Tract 204 Union Twp.
Census Tract 205 Union Twp. (Auburn)
Census Tract 206.01 Altona
Census Tract 206.02 Garrett
Census Tract 207 Butler Twp.
Census Tract 208 Newville Twp. (Newville); Concord Twp. (St. Joe); Spencer Twp.;
Jackson Twp.

ALLEN COUNTY

Census Tract 101 Scipio Twp.; Springfield Twp.
Census Tract 102.02
Census Tract 10815 St. Joesph Township
Census Tract 109.00 Maumee Township, (Woodburn)



THE HICKSVILLE BANK

LOANS TO DEPOSIT RATIO

| <u>QUARTER END 2023</u> | <u>LOANS</u> | <u>DEPOSITS</u> | <u>RATIO</u> |
|--------------------------------|---------------------|------------------------|---------------------|
| March | \$103,905,237 | \$168,502,651 | 61.66% |
| June | \$102,929,261 | \$161,842,792 | 63.60% |
| September | \$109,769,473 | \$161,587,765 | 67.93% |
| December | \$114,664,032 | \$165,033,466 | 69.48% |

HOURS OF OPERATION

HICKSVILLE – 144 E. High St., Hicksville, OH
(419) 542-7726

LOBBY

| | |
|----------------------------|------------------------|
| Monday, Tuesday, Wednesday | 9:00 a.m. – 4:00 p.m. |
| Thursday, Saturday | 9:00 a.m. – 12:00 p.m. |
| Friday | 9:00 a.m. – 5:00 p.m. |

DRIVE-THRU

| | |
|--------------------------------------|------------------------|
| Monday, Tuesday, Wednesday, Thursday | 8:30 a.m. – 5:00 p.m. |
| Friday | 8:30 a.m. – 5:30 p.m. |
| Saturday | 8:30 a.m. – 12:00 p.m. |

EDGERTON – 304 N. Michigan, Edgerton, OH
(419) 298-2353

LOBBY

| | |
|----------------------------|------------------------|
| Monday, Tuesday, Wednesday | 9:00 a.m. – 4:00 p.m. |
| Thursday, Saturday | 9:00 a.m. – 12:00 p.m. |
| Friday | 9:00 a.m. – 5:00 p.m. |

DRIVE-THRU

| | |
|--------------------------------------|------------------------|
| Monday, Tuesday, Wednesday, Thursday | 8:30 a.m. – 5:00 p.m. |
| Friday | 8:30 a.m. – 5:30 p.m. |
| Saturday | 8:30 a.m. – 12:00 p.m. |

AUBURN – 1130 W. Fifteenth St., Auburn, IN
(260) 927-1700

LOBBY

| | |
|--------------------------------------|------------------------|
| Monday, Tuesday, Wednesday, Thursday | 9:00 a.m. – 4:00 p.m. |
| Friday | 9:00 a.m. – 5:00 p.m. |
| Saturday | 9:00 a.m. – 12:00 p.m. |

DRIVE-THRU

| | |
|--------------------------------------|------------------------|
| Monday, Tuesday, Wednesday, Thursday | 8:30 a.m. – 5:00 p.m. |
| Friday | 8:30 a.m. – 5:30 p.m. |
| Saturday | 9:00 a.m. – 12:00 p.m. |

GRABILL – 13613 Fairview Dr., Grabill, IN
(260) 240-4771

LOBBY

| | |
|------------------|------------------------|
| Monday, Tuesday | 9:00 a.m. – 5:00 p.m. |
| Wednesday | 9:00 a.m. – 2:00 p.m. |
| Thursday, Friday | 9:00 a.m. – 5:00 p.m. |
| Saturday | 9:00 a.m. – 12:00 p.m. |

DRIVE-THRU

| | |
|------------------|------------------------|
| Monday, Tuesday | 8:30 a.m. – 5:00 p.m. |
| Wednesday | 8:30 a.m. – 2:00 p.m. |
| Thursday, Friday | 8:30 a.m. – 5:30 p.m. |
| Saturday | 8:30 a.m. – 12:00 p.m. |

BRANCHES OPENED/CLOSED WITHIN CURRENT YEAR & LAST 2 YEARS

| <u>YEAR</u> | <u>OPENED</u> | <u>CLOSED</u> |
|-------------|---|--|
| 2023 | None | Closed LPO at 16838 SR 37, Harlan, IN |
| 2022 | None | None |
| 2021 | None* *Opened Loan Production Office At 16838 SR 37, Harlan, IN | None |
| 2020 | None | None |
| 2019 | None | None |
| 2018 | None | None |

Geographies included on CRA Assessment Area Report

THE HICKSVILLE BANK
Deposit Services

1. CERTIFICATE OF DEPOSITS (CD's) - \$500.00 minimum – 91 day, 182 day; 9 month; 12 month; 18 month; 24 month; 30 month; 36 month; 48 month; 60 month; and periodic “odd term” CD's and CD specials. 24 month Youth CD with a minimum of \$100.00. We also offer various CD products through IntraFi (a/k/a CDRS).
2. INDIVIDUAL RETIREMENT ACCOUNTS (IRA's) – 6 month (fixed only); 12 month (fixed only); 18 month (fixed or variable); 24 month (fixed only); 30 month (fixed only); 36 month (fixed only); and 48 month (fixed only).
3. CHECKING ACCOUNTS – Personal, business & administrative. We offer Hometown Checking, SUPER NOW and Value Plus checking along with Choice Checking and Get Started Choice Checking. Also, Free Checking is available to non-profit organizations.
4. SAVINGS ACCOUNTS – Hometown Savings, Regular Savings, Regular Statement savings, and POWER savings. We also offer Christmas Club accounts.
5. INSURED MONEY MARKET ACCOUNTS – Hometown Money Market Account
6. AUTOMATED TELLER – 24-hour ATM machine at our Hicksville, Edgerton, and Auburn locations.
7. OTHER SERVICES OFFERED – Telebanking, Commercial Electronic Banking System, Merchant Capture Deposit, Online Banking, Bill Pay, E-statements, Mobile Banking, Mobile Deposit, ATM/Debit Card, Manage My Card, Business Debit Card, Direct Deposit, Overdraft Protection, Safe Deposit Boxes, Bank by Mail, Night Depository, Wire Transfers, Notary Service, Money Orders, Cashier Checks, Holiday Currency Gift Envelopes, Photocopies, Merchant MasterCard/VISA Referral Program, Fax Services, Collection Agency on Real Estate Taxes, Consumer & Business Visa Credit Card Agent Program, Display area for products or projects and Free Parking including horse drawn vehicles.
8. FDIC INSURANCE – Each depositor is insured to at least \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

TYPES OF CREDIT OFFERED

by
The Hicksville Bank

COMMERCIAL LOANS

1. Short-term and intermediate-term secured and unsecured loans to businesses and individuals may be offered where an adequate earnings history and net worth are evidenced.
 - a. For secured loans, the appropriate security can include:
(1) inventory; (2) accounts receivable; (3) machinery; (4) equipment; (5) marketable securities; (6) savings; (7) certificates of deposits; (8) business or residential real estate; (9) or surrender value of life insurance.
2. Letters of Credit.

FARM LOANS

1. Short-term and intermediate-term secured and unsecured loans to farmers where an adequate earnings history and net worth are evidenced.
 - a. For secured loans, the appropriate security can include:
(1) livestock; (2) machinery; (3) equipment; (4) crops; (5) or real estate.
2. First mortgages on farm land and improvements.

CONSUMER LOANS

1. Secured and unsecured installment loans to individuals, based upon determination of credit worthiness and income adequacy.
 - a. For secured loans, the appropriate security can include:
(1) automobiles; (2) trucks; (3) mobile homes; (4) boats;
(5) first and second liens on real estate; (6) savings accounts;
(7) certificates of deposits; (8) recreation vehicles; (9) marketable securities; (10) cash surrender value of life insurance; (11) or motorcycles, etc.

REAL ESTATE LOANS

1. Mortgages for principal residences, vacation homes or income property.
2. Home-improvement loans.
3. Home-equity loans.

THB RATE SHEET

12/29/2023

PRIME RATE = 8.50% (EFFECTIVE 07/27/23)

| CONSUMER REAL ESTATE | | 15 YR Fixed | | 30 YR Fixed | | FHLB Rates Updated 12/29/23 | | | | | |
|---|--|---|-------------|--|--------------|---|---|----------|--------|--------|--|
| | | Rate | APR | Rate | APR | 45 DAY LOCK ONLY !! Verify Current Pricing Before Quoting to Customer | | | | | |
| 1ST LIEN REAL ESTATE - FHLB | | 6.125% | 6.278% | 6.625% | 6.720% | | | | | | |
| 1ST LIEN REAL ESTATE - PORT <i>OWNER OCCUPIED !</i> | | 1/1 ARM | | 3/3 ARM | | 5/5 ARM | | 10/5 ARM | | | |
| | | 7.000% | 8.443% | 7.250% | 7.712% | 7.500% | 7.600% | 7.750% | 7.774% | | |
| | | Max LTV 80% or PMI Applies; Margin 3.00%; Caps 2/6; Floor < of Initial Rate or 5.0% | | | | | | | | | |
| HELOC OPTIONS | | 1st or 2nd Lien; Owner-Occupied Only | | | | \$100 Min Pymt; Interim Rate Cap 2.0%; Floor = 5%; Ceiling = 17.0% UNDERWRITE HELOCS @ 10/5 ARM RATE WITH 30 YEAR AMORTIZATION | | | | | |
| Hometown HELOC (5 Yr Fixed-Int Only) | | 8.990% | | 85% Max LTV | | | | | | | |
| Advantage HELOC (10 Yr VR-Int Only) | | Prime + 00% | | 80% Max LTV | | | | | | | |
| Equi-Flex HELOC (10 Yr VR @ 1.50% Pymt) | | Prime + 00% | | 80% Max LTV | | | | | | | |
| | | Prime + .50% | | 85% Max LTV | | | | | | | |
| CLOSED-END 2ND MORTGAGE (HE) | | 5 YR Fixed | | 10 YR Fixed | | Max LTV 85% | | | | | |
| | | Rate | APR | Rate | APR | | | | | | |
| | | 8.690% | 9.305% | 9.790% | 10.136% | | | | | | |
| SHORT TERM FIXED RATE | | Rate | APR | | | | | | | | |
| Bridge | | 9.500% | 10.171% | Term 12 Mo | | Prime + 1.0% Fixed/Max LTV 85% | | | | | |
| Construction Only (2X Close) | | 9.500% | 12.328% | Term 9 Mo | | Prime + 1.0% Fixed/Max LTV 80% | | | | | |
| CONSUMER MISC COLLATERAL | | 66 Mo | | 60 Mo | | 48 Mo | | 36 Mo | | | |
| | | Rate | APR | Rate | APR | Rate | APR | Rate | APR | | |
| | | New/Untitled | 7.890% | 8.222% | 7.690% | 8.050% | 7.490% | 7.931% | 6.990% | 7.563% | |
| | | 2023-2022 | 7.990% | 8.322% | 7.890% | 8.251% | 7.690% | 8.131% | 7.190% | 7.764% | |
| | | 2021-2019 | N/A | | 8.090% | 8.452% | 7.890% | 8.332% | 7.490% | 8.065% | |
| | | 2018-2017 | | | 8.290% | 8.733% | 7.890% | 8.466% | | | |
| | | 2016-2015 | | | 8.890% | 9.336% | 8.490% | 9.069% | | | |
| | | 2014-2013 | | | N/A | | 30 Mo | 8.950% | 9.639% | | |
| | | 2012-2010 (TRUCK/SUV) | 30 Mo | 11.950% | | | 12.652% | | | | |
| | | Older than 2013 (AUTO) | 30 Mo | 11.950% | | | 12.652% | | | | |
| MISC SECURED (RV, Boat, M/C) | | For Rate & APR, Use Corresponding New or Used Auto Rate/Term + 0.90% Fixed | | | | | | | | | |
| SAVINGS/CD | | Term to CD | | CD Rate +3.0% Fixed | | | | | | | |
| UNSECURED | | | | Rate | APR | Unsecured Minimum Credit Score 700 | | | | | |
| Single Pay Note | | Term Varies | | 14.900% | 24.497% | 21% Max APR for Indiana | | | | | |
| Installment | | 36 Mo Max | | 15.500% | 16.053% | | | | | | |
| 0.25% DISCOUNT FOR AUTO PAY FROM A THB DEPOSIT ACCOUNT ON ALL NON-REAL ESTATE LOANS! | | | | | | | | | | | |
| NOTE | | ALL CONSUMER CREDIT SCORE | | 740+ | Posted Rate | | Exceptions <u>may</u> be granted for low LTV *Requires Senior Mgmt. Approval | | | | |
| | | PRICING TIERS | | 700-739 | +0.125% | | | | | | |
| | | +.25% DISCOUNT FOR AUTO PAY FROM THB DEPOSIT ACCT | | 680-699 | +0.250% | | | | | | |
| | | | | <680* | *MIN +0.500% | | | | | | |
| COMMERCIAL & AG LOANS | | | | | | | | | | | |
| <i>Pricing varies with other credit factors, including but not limited to financial strength, collateral & term.</i> | | | | | | | | | | | |
| <i>**COMMERCIAL/AG MORTGAGE UW REQUIRES USE OF QM RATE (See Pg 3) OR 2% RATE SHOCK FOR 1/1, 3/3 & 5/5 ARMS</i> | | | | | | | | | | | |
| COMMERCIAL * | | REAL ESTATE | | 1/1 ARM | 3/3 ARM | 5/5 ARM | 10/5 ARM | | | | |
| | | | | 7.500% | 7.750% | 8.000% | 8.375% | | | | |
| | | | | Margin 3.50%; Caps 2/6; Floor < of Initial Rate or 5.0% | | | | | | | |
| | | Construction Only | | Prime + 1.25% Fixed; Generally 9 Month Term | | | | | | | |
| | | Construction/Perm | | Price per ARM Rates Above | | | | | | | |
| Operating Lines of Credit | | Rate = Prime + 0 to Prime + 4.0% (Fixed or Variable) | | | | | | | | | |
| Term Debt (7 Yrs Only if >\$200K) | | 1 Yr 8.19% | 3 Yrs 8.39% | 5 Yrs 8.69% | 7 Yrs 8.99% | | | | | | |
| AG * | | REAL ESTATE | | 1/1 ARM | 3/3 ARM | 5/5 ARM | 10/5 ARM | | | | |
| | | | | 7.250% | 7.500% | 7.750% | 8.000% | | | | |
| | | | | 80% Max LTV; Margin 3.25%; Caps 2/6; Floor < of Initial Rate or 5.0% | | | | | | | |
| | | Operating Lines of Credit | | Rate = Prime + 0 to Prime + 4.0% (Fixed or Variable) | | | | | | | |
| Term Debt (7 Yrs Only if >\$200K) | | 1 Yr 7.59% | 3 Yrs 7.79% | 5 Yrs 7.99% | 7 Yrs 8.29% | | | | | | |
| <i>*Stated rates are for 4 Grade Credits. 4W Grade is +.50% to 1.0%. 2 & 3 Graded Credits may be discounted .50% & .25% respectively.</i> | | | | | | | | | | | |

THB LOAN FEES

Revised 05/04/23

| THB LOAN CLOSING COSTS | CONSUMER | COMMERCIAL | AG | RESIDENTIAL |
|--|--|--|--|------------------------|
| Term Debt Loan Processing | \$225 | \$300-\$500 * | \$300-\$500 * | \$225 |
| LOC Loan Processing | N/A | \$500-\$900 * | \$500-\$900 * | N/A |
| RE Loan Processing | N/A | \$750 on up ** | \$750 on up ** | \$825 |
| Bankers Bank Loan Origination | | N/A | | \$400 |
| Loan Processing (Construction & Livestock) | N/A | \$1000 *# | \$1000 *# | \$1,000 |
| Loan Processing (Secured by THB Sav/CD) | \$75 | \$75 | \$75 | N/A |
| Mortgage Closing Fee (if closed by THB) ** | \$100 HELOC only | \$100 | \$100 | \$250 |
| Outgoing Wire Fee | \$25 for all Product Types | | | |
| Auto Agents - Tax Service Fee | \$45 initial parcel + \$25 for each additional parcel for all Product Types | | | |
| Postage/Overnight Mail | N/A | N/A | N/A | \$50 |
| Acre Value (if used) | N/A | \$95 | \$95 | \$95 |
| THB Environmental Inspection | N/A | \$150 | \$150 | \$150 |
| THB Inspection (By Lender/Per Inspection @ <25 miles) | N/A | \$75 | \$75 | \$75 |
| 3RD PARTY FEES BY PRODUCT | CONSUMER | COMMERCIAL | AG | RESIDENTIAL |
| Title Ins & Associated Cost | N/A | Varies | Varies | Varies |
| Appraisal Fees (Mercury or Akervis) | N/A | Per Bid | Per Bid | \$475 or more |
| Appraisal Fees (AVM) | N/A | N/A | N/A | \$12 |
| Appraisal Review Fee | N/A | \$100 | \$100 | N/A |
| VSI | \$28 | \$28 | \$28 | N/A |
| E-Recording Service (Real Estate) | N/A | \$10 per Document | | |
| UCC Filing Fees | \$14 IN/\$12 OH (see state listings) | | | |
| Flood Determination LOL | \$14.50 For ANY if RE Secured | | | |
| Fraud Guard (First American) | N/A | N/A | N/A | \$32 |
| Tax Transcripts (First American) | N/A | N/A | N/A | \$16 Per Yr/Per Return |
| Credit Report (Residential Tri-Merge and others Single TU) | N/A | See Below | See Below | Per Report |
| | No Charge Consumer-All others per Report Printout | | | |
| THB Loan Fees Post Closing/Booking | CONSUMER | COMMERCIAL | AG | RESIDENTIAL |
| Partial Release Fee | \$50 | \$250 | \$250 | \$250 |
| Revised Amortization Schedule | N/A | \$20 | \$20 | \$20 |
| Renewal Fee (w/THB Account) | N/A | \$200 | \$150 | \$150 |
| Renewal Fee (no/THB Account) | N/A | \$250 | \$200 | \$200 |
| Extension Fees | \$50 for all Product Types | | | |
| Annual Fee- All HELOC Products | \$75 | N/A | N/A | N/A |
| Payoff Processing Fee | \$0 Titled Goods; \$50 for Real Estate (THB Refi Exempt); \$25 all others | | | |
| Modification Fee -Rate and Term | \$500 | Min \$500 or 1st year Payment Decrease X 50% | | |
| Modification Fee -Pay down & RE-AM | \$250 | Min \$500 or 1st year Payment Decrease X 50% | | |
| NOTES: | * Negotional based on size, complexity, collateral, bank relationships, and other factors, but with minimum as stated on rate sheet. | | # Suggest .25% as a guide but w/minimum as stated on rate sheet. | |
| | ** Waive THB Fees on "Companion HELOCs" - Charge for Recording & Flood Cert Only. | | ** Waive our Processing fee on all HELOCs. | |

Effective 12/27/23

QM UNDERWRITING RESIDENTIAL PORTFOLIO MORTGAGES

ARM LOANS: Underwrite @ appropriate Qualifying Rate with 30 year amortization.

HELOC: Underwrite @ 10/5 ARM Rate with 30 year amortization.

COMMERCIAL/AG MORTGAGE UW Requires use of QM Rate OR 2% RATE SHOCK for 1/1, 3/3 & 5/5 ARMS

| PRODUCT | CMT INDEX | SPREAD | MARKET INITIAL RATE | QM RATE |
|---------|-----------|--------|---------------------|----------|
| 1/1 ARM | 4.88% | 3.00% | 7.88% | 13.8800% |
| 3/3 ARM | 4.09% | 3.00% | 7.09% | 9.0900% |
| 5/5 ARM | 3.90% | 3.00% | 6.90% | 8.9000% |

THB LOAN FEES

Revised 05/04/23

Fixed Rate FHLB Mortgage

Calculated based on a \$100,000 loan with prepaid finance charges of \$1019 + 15 days prepaid interest and a term of 30 years.

Portfolio Mortgage

Calculated based on a \$100,000 loan with prepaid finance charges of \$979 + 15 days prepaid interest and a term of 30 years.

Construction Mortgage

Calculated based on a \$100,000 loan with prepaid finance charges of \$1834 and a term of 9 months at a rate of Prime + 1.0%

Bridge Loan

Calculated based on a \$100,000 loan with prepaid finance charges of \$609 and a term of 12 months at a rate of Prime + 1.0%.

Second Mortgage

Calculated based on a \$30,000 loan with prepaid finance charges of \$339 and a term of 10 years.

Autos & Misc Secured

Calculated based on a \$30,000 loan, max term allowed with prepaid finance charge of \$253.

Unsecured

Calculated based on a \$5,000 loan, max term allowed with prepaid finance charge of \$225. Single Pay Note calculated with a term of 6 months and prepaid finance charge of \$225.

PUBLIC DISCLOSURE

October 21, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Hicksville Bank
Certificate Number: 16370

144-146 East High Street
Hicksville, Ohio 43526

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income (LMI) geographies, in a manner consistent with its resources and capabilities.

The Hicksville Bank's (THB) satisfactory performance under the Interagency Institution Examination Procedures is summarized below.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs
- A substantial majority of loans and other lending related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income), farms, and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 13, 2013, to the current evaluation dated October 21, 2019. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate THB's CRA performance. These procedures include a review of the bank's performance based upon the following criteria.

- LTD ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage, small business, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Please refer to the Glossary for definitions of those loan products. Small business lending received greater weight in this evaluation, as they represent a higher concentration of originations during the evaluation period. Furthermore, no other loan types, such as consumer lending, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

Bank records indicated that, since the last evaluation, the lending focus expanded to include small farm loans. While farm loans represented only 8.1 percent of the loan portfolio as of June 30, 2013, they represent 21.2 percent of the loan portfolio as of June 30, 2019. The bank is not subject to the data collection requirements of the Home Mortgage Disclosure Act or CRA.

Examiners reviewed all small business, small farm loans, and home mortgage loans originated in 2018. The bank's lending performance in 2018 was considered representative of performance throughout the entire evaluation period with the exception of the steady growth in small farm lending. While the bank is not required to collect or report small business, small farm loans, or home mortgages, the information was readily available in bank records. For the Lending Test, examiners reviewed the number and dollar volume of small business, small farm loans, and home mortgages. While number and dollar volume of loans are presented in the following table, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of businesses, farms, and individuals served.

| Home Mortgage, Small Business, and Small Farm Lending | | | | | | |
|---|------------------|--------------------------|--------------|----------------------|-----------------|-------------------------|
| Year | Small Business # | Small Business \$(000's) | Small Farm # | Small Farm \$(000's) | Home Mortgage # | Home Mortgage \$(000's) |
| 2018 | 90 | 11,875 | 36 | 5,260 | 28 | 3,341 |

Source: Bank records

The 2015 American Community Survey (ACS) data is the demographic data used in this evaluation.

THB is a multi-state institution, as it operates two offices in the Ohio Non-Metropolitan Statistical Area (Ohio Non-MSA) and one office in the Indiana Non-Metropolitan Statistical Area (Indiana Non-MSA). Therefore, it is subject to the Interstate Banking and Branching Efficiency Act of 1994 (IBBEA). In accordance with CRA and IBBEA guidelines, this evaluation includes separate ratings of CRA performance in each state, and separate conclusions on performance in each assessment area. Examiners assigned the most weight to the bank's operations in Ohio, where the bank conducts the majority of its business. This weighting is based on the fact that a majority of THB offices and deposits are in Ohio. Additionally, the number of loans comprising the loan totals is 73 loans from Ohio and 60 from Indiana. Examiners found that a few larger small business loans in Indiana impacted the dollar amount of total loans. The following table shows the breakdown of loans, deposits, and branch offices between the Ohio and the Indiana assessment areas. Loans in this table include 2018 small business, small farm loans, and home mortgage loans. Due to the amount of business conducted in both assessment areas, a full-scope review was completed for each area.

| Assessment Area Breakdown of Loans, Deposits, and Offices | | | | | | |
|---|---------------|--------------|----------------|--------------|----------|--------------|
| Assessment Area | Loans* | | Deposits | | Branches | |
| | \$(000s) | % | \$(000s) | % | # | % |
| Ohio Non-MSA | 8,629 | 44.1 | 80,204 | 79.4 | 2 | 66.7 |
| Indiana Non-MSA | 9,395 | 55.9 | 20,751 | 20.6 | 1 | 33.3 |
| Total | 18,024 | 100.0 | 100,955 | 100.0 | 3 | 100.0 |

Sources: Bank Records; FDIC Summary of Deposits (6/30/2018)
 (*) Includes 2018 small business loans, small farm loans, and home mortgage loans only made in assessment area.

DESCRIPTION OF INSTITUTION

Background

THB is headquartered in Hicksville, Ohio and operates in the northwestern portion of Ohio and northeastern Indiana. Empire Bancshares Inc., a one-bank holding company also located in Hicksville, owns THB. THB received a Satisfactory rating at its previous FDIC Performance Evaluation, dated August 13, 2013, based on Interagency Small Institution CRA Examination Procedures.

Operations

THB operates three offices. The main office is in Hicksville, Ohio located in Defiance County. The bank also operates a branch in Edgerton, Ohio located in Williams County and a branch in Auburn, Indiana in DeKalb County. The bank offers loan products including commercial, home mortgage, agricultural, and consumer loans, primarily focusing on commercial lending, small farm, and home mortgages. The bank sells mortgages on the secondary market. A variety of deposit products are available including checking, money-market, savings, individual retirement accounts, and certificates of deposit. Alternative banking services are internet banking, including electronic bill-pay, 24-hour telephone banking, mobile banking, automated teller machines, and drive-up facilities. The bank maintains a website at www.thb.bank. The bank did

not open or close any branches since the previous evaluation. The bank did not engage in any merger or acquisition activity since the previous evaluation.

Ability and Capacity

Assets totaled approximately \$119 million as of the June 30, 2019 Consolidated Report of Condition, and included total loans of \$67 million. As of the same date, the net loan to total deposit ratio was 65.6 percent, and the net loan to total assets ratio was 55.8 percent. The makeup of THB’s loan portfolio as of June 30, 2019, is shown below.

| Loan Portfolio Distribution as of 6/30/2019 | | |
|--|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 2,102 | 3.1 |
| Secured by Farmland | 13,729 | 20.5 |
| 1-4 Family Residential | 18,862 | 28.2 |
| Multi-family (5 or more) Residential | 3,083 | 4.6 |
| Commercial Real Estate | 19,779 | 29.5 |
| Total Real Estate Loans | 57,555 | 85.9 |
| Commercial and Industrial | 7,017 | 10.5 |
| Agricultural | 504 | 0.7 |
| Consumer | 1,945 | 2.9 |
| Other | 0 | 0.0 |
| Less: Unearned Income | (0) | (0.0) |
| Total Loans | 67,021 | 100.0 |
| <i>Source: Reports of Income and Condition</i> | | |

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. THB has designated two assessment areas: Ohio Non-MSA and Indiana Non-MSA. These assessment areas consist of whole geographies, do not arbitrarily exclude low- and moderate-income areas, and include all of the geographies where the bank’s offices are located.

The Ohio Non-MSA assessment area encompasses a portion of Defiance, Williams, and Paulding counties. Since the last evaluation, this assessment area was expanded to include an additional three census tracts in Williams County and one census track in Paulding County. The Indiana Non-MSA assessment area includes all of DeKalb and two census tracts in Allen County. While the Allen County census tracts are in the Fort Wayne MSA, they are contiguous to DeKalb County, within reasonable distance to Auburn and Hicksville offices, and do not extend substantially beyond the MSA boundary. Since the last evaluation, this assessment area was expanded to include an additional census tract in Allen County. The Ohio assessment area is located in northwestern Ohio and the Indiana assessment area is located just across the state

line in northeastern Indiana. The following table details the breakdown of counties, census tracts, and bank offices for each assessment area.

| Description of Assessment Areas | | | |
|---------------------------------|-----------------------------|--------------------|--------------|
| Assessment Area | Counties in Assessment Area | # of Census Tracts | # of Offices |
| Ohio Non-MSA | Defiance | 3 | 1 |
| | Williams | 6 | 1 |
| | Paulding | 1 | 0 |
| Indiana Non-MSA | DeKalb | 9 | 1 |
| | Allen | 2 | 0 |
| <i>Source: Bank Records</i> | | | |

Refer to the Description of Institution’s Operations sections of this evaluation for more detailed demographic and economic information for each assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank demonstrated reasonable performance under the Lending Test for both assessment areas. Geographic Distribution and Borrower Profile performance primarily support this conclusion. Borrower Profile performance received more weight as the bank’s assessment areas only include one moderate-income census tract and no low-income census tracts.

Loan-to-Deposit Ratio

As seen in the table below, the LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Call Report data, averaged 65.5 percent over the past 24 calendar quarters from September 30, 2013, to June 30, 2019. The ratio was generally consistent throughout the evaluation period, ranging from a low of 59.2 percent as of December 31, 2015, and a high of 69.2 as of September 30, 2014. Deposit growth since the last evaluation out-paced loan growth for the same time period leading to a slight decline in the LTD since the last evaluation.

Examiners evaluated THB’s LTD ratio by comparing it to the LTD ratios of similarly-situated institutions. These institutions were selected based on asset size, geographic location, and lending focus. THB maintained an average LTD ratio similar to each of these similarly-situated institutions during the evaluation period.

| Loan-to-Deposit Ratio Comparison | | |
|--|---------------------------------------|---------------------------|
| Bank | Total Assets as of 6/30/2019 \$(000s) | Average Net LTD Ratio (%) |
| The Hicksville Bank | 118,727 | 65.5 |
| Similarly-Situated Institution #1 | 143,116 | 79.7 |
| Similarly-Situated Institution #2 | 148,879 | 55.5 |
| Similarly-Situated Institution #3 | 110,632 | 82.0 |
| <i>Source: Reports of Income and Condition 9/30/2013 through 6/30/2019</i> | | |

Assessment Area Concentration

The bank made a substantial majority of home mortgage, small business, and small farm loans by number and dollar volume, within its assessment areas. See the following table.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|--------------|-------------|----------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | | | | | | | | | | |
| 2018 | 24 | 85.7 | 4 | 14.3 | 28 | 2,709 | 81.1 | 632 | 18.9 | 3,341 |
| Small Business | | | | | | | | | | |
| 2018 | 75 | 83.3 | 15 | 16.7 | 90 | 10,344 | 87.1 | 1,532 | 12.9 | 11,876 |
| Small Farm | | | | | | | | | | |
| 2018 | 34 | 94.4 | 2 | 5.6 | 36 | 4,971 | 94.5 | 288 | 5.5 | 5,259 |
| Total | 133 | 86.4 | 21 | 13.6 | 154 | 18,024 | 88.0 | 2,452 | 12.0 | 20,476 |
| <i>Source: 1/1/2018 - 12/31/2018 Bank Data Due to rounding, totals may not equal 100.0</i> | | | | | | | | | | |

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The bank demonstrated adequate performance under this criterion in the Ohio assessment area. Because the Indiana assessment area does not include low- or moderate-income census tracts, review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, Indiana was not evaluated for this criterion. Refer to the separate assessment area sections of this evaluation for more detailed information regarding the geographic distribution of loans in Ohio Non-MSA.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses and farms of different sizes and individuals of different income levels (including low- and moderate-income). The bank demonstrated reasonable penetration under this criterion in both assessment areas. Refer to the separate assessment area discussions for this criterion.

Response to Complaints

The Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

OHIO

CRA RATING FOR OHIO: Satisfactory.

The Lending Test is rated: Satisfactory.

SCOPE OF EVALUATION

One assessment area exists in the State of Ohio. A full-scope evaluation was completed for the Ohio Non-MSA assessment area.

**Non-MSA Ohio
Full-Scope Review**

DESCRIPTION OF INSTITUTION’S OPERATIONS IN OHIO

THB’s assessment area in the State of Ohio is comprised of portions of Williams, Defiance, and Paulding counties. THB operates two offices in the Ohio Non-MSA assessment area and provides a full range of products and services. The following table details the counties and the number of offices in the Ohio assessment area.

| Description of Assessment Area in the State of Ohio | | |
|--|---------------------------|-----------------|
| Assessment Area | Counties | Branches |
| Ohio Non-MSA | Defiance | 1 |
| | Williams | 1 |
| | Paulding | 0 |
| Statewide | Total Bank Offices | 2 |
| <i>Source: Bank Records</i> | | |

Economic and Demographic Data

The Ohio Non-MSA assessment area contains six census tracts in Williams County, three census tracts in Defiance County and one census tract in Paulding County. According to 2015 ACS data, these tracts reflect the following income designations:

- 0 low-income tracts,
- 1 moderate-income tract,
- 9 middle-income tracts, and
- 0 upper-income tracts

The one moderate-income census tract is located in the city of Bryan, Ohio, which is in William County. This tract is approximately 11.4 road miles and a 17-minute drive from the bank's closest branch in Edgerton. There are six branches of institutions operating less than a mile from the moderate-income census tract in Bryan.

The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|---|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Ohio Non-MSA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 10 | 0.0 | 10.0 | 90.0 | 0.0 | 0.0 |
| Population by Geography | 41,086 | 0.0 | 11.1 | 88.9 | 0.0 | 0.0 |
| Housing Units by Geography | 17,653 | 0.0 | 13.9 | 86.1 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 12,648 | 0.0 | 9.5 | 90.5 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 3,641 | 0.0 | 25.6 | 74.4 | 0.0 | 0.0 |
| Vacant Units by Geography | 1,364 | 0.0 | 23.2 | 76.8 | 0.0 | 0.0 |
| Businesses by Geography | 1,929 | 0.0 | 15.7 | 84.3 | 0.0 | 0.0 |
| Farms by Geography | 250 | 0.0 | 1.6 | 98.4 | 0.0 | 0.0 |
| Family Distribution by Income Level | 10,958 | 18.9 | 18.6 | 22.8 | 39.7 | 0.0 |
| Household Distribution by Income Level | 16,289 | 21.5 | 17.7 | 19.6 | 41.2 | 0.0 |
| Median Family Income Non-MSAs - OH | | \$56,217 | Median Housing Value | | | \$103,592 |
| | | | Median Gross Rent | | | \$638 |
| | | | Families Below Poverty Level | | | 9.5% |
| <i>Source: 2015 ACS and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

Housing units total 17,653 of which 71.7 percent are owner-occupied, 20.6 percent are occupied rental units, and 7.7 percent are vacant units. The Geographic Distribution of Loans criterion compares the home mortgage loans to the distribution of owner-occupied housing units by census tract income level.

The local economy in the Ohio Non-MSA is relatively strong. Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates in the assessment area counties are below or generally the same as the Ohio statewide unemployment rate. As of August 2019,

the Ohio statewide unemployment rate was 4.2 percent. The unemployment rates in Williams, Defiance, and Paulding counties were 3.4, 4.3, and 3.9 percent, respectively, for this same timeframe. These statistics reflect the strength of the local labor market.

The analysis of the small business and small farm loans in the Borrower's Profile criterion compares the distribution of businesses and farms by the gross annual revenues (GARs) to the bank's lending.

According to the 2018 D&B data, 1,929 non-farm businesses are present in this area. The GARs for those businesses are as follows:

- 75.7 percent reported revenues of \$1 million and less.
- 8.5 percent reported revenues over \$1 million.
- 15.8 percent have unknown revenues.

The 2018 D&B data indicates that 250 farms are present in this area. The GARs for those farms are as follows:

- 98.0 percent reported revenues of \$1 million and less.
- 1.2 percent reported revenues over \$1 million.
- 0.8 percent have unknown revenues.

Major industries in the area are services at 34.9 percent; retail trade at 13.1 percent; agricultural, forestry, and fishing at 11.5; finance, insurance, and real estate at 7.9; and non-classifiable establishments at 6.8. In addition, 66.9 percent of the businesses have 4 or fewer employees, and 85.1 percent operate from a single location. Major employers in Williams County include Allied Moulded Products, Bryan City Schools, Chase Brass & Copper, CK Technologies, and Community Hospitals. Major employers in Defiance County include Defiance City Schools, Mercy Health – Defiance Hospital, Defiance College, Defiance Metal Products Co., and Defiance Regional Medical Center. Major employers in Paulding County include Alex Products Inc., Cooper Farms Inc., H E Orr Co., InSource Technologies, and LaFarge SA. Agriculture is a major industry with the total market value of agriculture products sold as follows: Defiance County - \$107,279,000; Paulding County - \$173,451,000; and Williams County - \$122,782,000.¹

Examiners use the Federal Financial Institutions Examination Council (FFIEC) median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

¹ 2017 Census of Agriculture

| Median Family Income Ranges - Ohio Non-MSA | | | | |
|--|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| OH NA Median Family Income (99999) | | | | |
| 2018 (\$61,400) | <\$30,700 | \$30,700 to <\$49,120 | \$49,120 to <\$73,680 | ≥\$73,680 |
| <i>Source: FFIEC</i> | | | | |

Competition

Competition for financial services is present in this assessment area. The FDIC Deposit Market Share data as of June 30, 2019 lists 14 FDIC-insured financial institutions with 41 office locations in Defiance, Paulding, and Williams counties. THB ranked sixth of those institutions with a 3.9 percent deposit market share. The market is dominated by First Federal Bank of the Midwest, The State Bank and Trust Company, The Farmers & Merchants State Bank, The Huntington National Bank, and The Antwerp Exchange Bank that collectively hold 82.0 percent of all assessment area deposits.

The bank is not required to collect or report its small business or small farm loan data, and it has not elected to do so. Only institutions subject to the large bank CRA procedures are required to collect data on small business and small farm loans. Therefore, the analysis of small business loans and small farm loans under the Lending Test does not include comparisons with aggregate data. The aggregate data, however, reflects the level of demand for those loans and is discussed here only for that purpose. The 2017 small business aggregate data lists 48 institutions that reported 1,548 small business loans for the Ohio Non-MSA assessment area, indicating strong competition for this product. The 2017 small farm aggregate data lists 16 lenders that reported 372 small farm loans for the Ohio Non-MSA assessment area, indicating moderate competition for this product.

Although the bank does not report data about its home mortgage lending, aggregate home mortgage data is helpful in identifying the level of competition for such loans in the assessment area. There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2017, 113 lenders reported a total of 1,310 home mortgage loans originated or purchased.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of a community action agency in the Maumee Valley area which includes Defiance, Paulding, and Williams counties. The organization provides housing assistance, and community and economic development. The contact identified a need for affordable housing. The contact stated they have grant funds available for qualified (low- and moderate-income) homeowners to address necessary repairs to their homes. The contact notes

that local and regional financial institutions are aware of and adequately meeting the assessment area credit needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OHIO NONMETROPOLITAN AREA

LENDING TEST

The bank demonstrated reasonable performance under the Lending Test. Borrower Profile and Geographic Distribution performance support this conclusion. More weight was given to Borrower Profile as this assessment area has only one moderate-income tract and no low-income tracts.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance with respect to small business supports this conclusion. Given that this assessment area does not contain any low-income census tracts, examiners focused on the percentage by number of loans in the sole moderate-income census tract.

Small Business Loans

The geographic distribution of small business loans, shown in the following table, reflects reasonable dispersion throughout the assessment area. Although THB's performance in the sole moderate-income census tract is below the percentage of businesses in the tract, the location of the bank's branches to that tract impacts its ability to attract business from this area. As stated previously, the moderate-income tract is 11.4 road miles and a 17-minute drive from the bank's closest branch in Williams County. Competition also limits lending opportunities. Five banks, larger than THB, are located in the city of Bryan, less than a mile from the moderate-income census tract. Given the bank's distance and completion, geographic distribution is reasonable.

| Geographic Distribution of Small Business Loans | | | | | | |
|---|-------------|----------------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Ohio Non-MSA | | | | | | |
| Tract Income Level | | % of Businesses | # | % | \$(000s) | % |
| Moderate | | | | | | |
| | 2018 | 15.7 | 2 | 4.9 | 185 | 4.0 |
| Middle | | | | | | |
| | 2018 | 84.3 | 39 | 95.1 | 4,410 | 96.0 |
| Totals | | | | | | |
| | 2018 | 100.0 | 41 | 100.0 | 4,595 | 100.0 |
| <small>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</small> | | | | | | |

Small Farm Loans

The geographic distribution of small farm loans is reasonable. The following table illustrates the geographic distribution of small farm loans by census tract income level. The table also includes the percentage of farms by census tract income level for comparison.

| Geographic Distribution of Small Farm Loans | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|
| Assessment Area: Ohio Non-MSA | | | | | |
| Tract Income Level | % of Farms | # | % | \$(000s) | % |
| Moderate | | | | | |
| 2018 | 1.6 | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | |
| 2018 | 98.4 | 21 | 100.0 | 2,946 | 100.0 |
| Totals | | | | | |
| 2018 | 100.0 | 21 | 100.0 | 2,946 | 100.0 |

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

THB did not make any small farm loans in the moderate-income census tract. However, as mentioned previously, the moderate-income tract is located in Bryan, which is an urban area. D&B demographic information for 2018 showed that only four farms out of the 250 farms in the assessment area, are located in the moderate-income census tract. With only four farms, lending opportunities are very limited. Additionally, as stated previously, the distance of this tract from the bank further limits opportunity. Considering these factors, the bank’s lack of lending to borrowers in this moderate-income tract is reasonable, but receives little to no weight when arriving at conclusions for the bank’s overall performance.

Home Mortgage Loans

The geographic distribution of home mortgage loans, shown in the following table, reflects reasonable dispersion throughout the assessment area. The bank did not originate any loans within the moderate-income tract in 2018. As stated previously, the bank’s primary business focus is small business lending. Additionally, the location of the bank’s branches to that tract impacts the bank’s ability to attract business from this area. The moderate-income tract is 11.4 road miles and a 17-minute drive from the closest branch in Williams. Competition also limits lending opportunities. Five banks, larger than THB, are located in the city of Bryan less than a mile from the moderate-income census tract. Considering these factors, the bank’s lack of lending to borrowers in this moderate-income tract is reasonable, but receives little to no weight when arriving at conclusions for the bank’s overall performance.

| Geographic Distribution of Home Mortgage Loans | | | | | |
|--|-----------------------------------|-----------|--------------|--------------|--------------|
| Assessment Area: Ohio Non-MSA | | | | | |
| Tract Income Level | % of Owner-Occupied Housing Units | # | % | \$(000s) | % |
| Moderate | | | | | |
| 2018 | 9.5 | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | |
| 2018 | 90.5 | 11 | 100.0 | 1,088 | 100.0 |
| Totals | | | | | |
| 2018 | 100.0 | 11 | 100.0 | 1,088 | 100.0 |

*Source: 2015 ACS; 1/1/2018 - 12/31/2018 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes. The bank's excellent performance with respect to small business and reasonable penetration with respect to small farm and home mortgage lending supports this conclusion. Examiners focused on the percentage of small businesses and small farm loans to businesses with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans, as shown in the following table, reflects excellent penetration of loans to businesses with GARs of \$1 million or less. The majority of the bank's small business lending was to businesses in this revenue category and well above the percent of business in the assessment area. The bank's level of lending reflects a willingness to lend to businesses of all sizes. Additionally, as mentioned previously, there is a high level of competition for small business loans in this assessment area. Therefore, the bank's performance is excellent.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|--|------------------------|----------|----------|-----------------|----------|
| Assessment Area: Ohio Non-MSA | | | | | |
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2018 | 75.7 | 40 | 97.6 | 3,595 | 78.2 |
| >1,000,000 | | | | | |
| 2018 | 8.5 | 1 | 2.4 | 1,000 | 21.8 |
| Revenue Not Available | | | | | |
| 2018 | 15.8 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2018 | 100.0 | 41 | 100.0 | 4,595 | 100.0 |

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "-" data not available.
Due to rounding, totals may not equal 100.0*

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. The following table shows that the institution made all small farm loans in 2018 to farms with GARs of \$1 million or less, which reflects reasonable performance given that 98.0 percent of farms in the assessment area have GARs of \$1 million or less. Performance is also reasonable considering the level of competition, community credit needs, and the performance of a similarly-situated institution. Lastly, as previously mentioned, small farm lending has become a strategic lending focus for the bank, and those efforts are effective and gaining momentum.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|---|-------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Ohio Non-MSA | | | | | |
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2018 | 98.0 | 21 | 100.0 | 2,946 | 100.0 |
| >1,000,000 | | | | | |
| 2018 | 1.2 | 0 | 0.0 | 0 | 0.0 |
| Revenue Not Available | | | | | |
| 2018 | 0.8 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2018 | 100.0 | 21 | 100.0 | 2,946 | 100.0 |
| <i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i> | | | | | |

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels reflects reasonable penetration overall.

As shown in the following table, the bank's home mortgage lending to low-income borrowers greatly exceeded the demographic data. Lending to low-income borrowers was 26.6 percentage points above the percentage of low-income families in the assessment area indicating excellent penetration to low-income borrowers. On the other hand, lending to moderate-income borrowers reflects poor penetration at 0.0 percent and is lower than demographic data. These levels of lending reflect overall reasonable penetration.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|--|----------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Ohio Non-MSA | | | | | |
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | | | | | |
| 2018 | 18.9 | 5 | 45.5 | 305 | 28.0 |
| Moderate | | | | | |
| 2018 | 18.6 | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | |
| 2018 | 22.8 | 2 | 18.2 | 210 | 19.3 |
| Upper | | | | | |
| 2018 | 39.7 | 4 | 36.4 | 573 | 52.7 |
| Totals | | | | | |
| 2018 | 100.0 | 11 | 100.0 | 1,088 | 100.0 |
| <i>Source: 2015 ACS; 1/1/2018 - 12/31/2018 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0</i> | | | | | |

INDIANA

CRA RATING FOR INDIANA: Satisfactory.

The Lending Test is rated: Satisfactory.

SCOPE OF EVALUATION

One assessment area exists in the State of Indiana. A full-scope evaluation was completed for the Indiana Non-MSA assessment area.

Non-MSA Indiana *Full-Scope Review*

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

THB's assessment area in the State of Indiana is comprised of DeKalb County and two census tracts in Allen County. The following table details the counties and the number of offices in the Indiana assessment area.

| Description of Assessment Area in the State of Indiana | | |
|--|---------------------------|----------|
| Assessment Area | Counties | Branches |
| Indiana Non-MSA | DeKalb | 1 |
| | Allen | 0 |
| Statewide | Total Bank Offices | 1 |

Source: Bank Records

Economic and Demographic Data

The Indiana assessment area contains all nine census tracts in DeKalb County and two census tracts in Allen County. Eight census tracts in DeKalb county and the two census tract in Allen County are middle-income, and one census tract in DeKalb county is upper-income according to 2015 ACS data. The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Indiana Non-MSA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 11 | 0.0 | 0.0 | 90.9 | 9.1 | 0.0 |
| Population by Geography | 53,843 | 0.0 | 0.0 | 86.5 | 13.5 | 0.0 |
| Housing Units by Geography | 21,540 | 0.0 | 0.0 | 84.7 | 15.3 | 0.0 |
| Owner-Occupied Units by Geography | 15,775 | 0.0 | 0.0 | 85.4 | 14.6 | 0.0 |
| Occupied Rental Units by Geography | 4,244 | 0.0 | 0.0 | 81.0 | 19.0 | 0.0 |
| Vacant Units by Geography | 1,521 | 0.0 | 0.0 | 88.6 | 11.4 | 0.0 |
| Businesses by Geography | 2,934 | 0.0 | 0.0 | 90.7 | 9.3 | 0.0 |
| Farms by Geography | 274 | 0.0 | 0.0 | 94.2 | 5.8 | 0.0 |
| Family Distribution by Income Level | 14,244 | 16.0 | 17.4 | 23.2 | 43.4 | 0.0 |
| Household Distribution by Income Level | 20,019 | 18.6 | 17.4 | 19.6 | 44.3 | 0.0 |
| Median Family Income MSA - 23060 Fort Wayne, IN MSA | | \$60,884 | Median Housing Value | | | \$122,453 |
| Median Family Income Non-MSAs - IN | | \$55,741 | Median Gross Rent | | | \$662 |
| | | | Families Below Poverty Level | | | 9.8% |

Source: 2015 ACS and 2018 D&B Data
Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

Housing units total 21,540, of which 73.2 percent are owner-occupied, 19.7 percent are occupied rental units, and 7.1 percent are vacant units. The Geographic Distribution of Loans criterion compares the home mortgage loans to the distribution of owner-occupied housing units by census tract income level.

The local economy in the Indiana Non-MSA is relatively strong. Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates in the assessment area counties are below the Indiana statewide unemployment rate. As of August 2019, the Indiana statewide unemployment rate was 3.3 percent. The unemployment rates in DeKalb and Allen counties were 2.7 percent and 3.0 percent, respectively, for this same timeframe. These statistics reflect the strength of the local labor market.

According to the 2018 D&B data, 2,934 non-farm businesses are present in this area. The GARs for those businesses are as follows:

- 80.3 percent reported revenues of \$1 million and less.
- 6.5 percent reported revenues over \$1 million.
- 13.2 percent have unknown revenues.

The 2018 D&B data indicates that 274 farms are present in this area. The GARs for those farms are as follows:

- 99.2 percent reported revenues of \$1 million and less.
- 0.4 percent reported revenues over \$1 million.
- 0.4 percent have unknown revenues.

Major industries in the area are services at 34.8 percent, retail trade at 12.0 percent, construction at 10.3 percent, non-classifiable establishments at 9.4 percent, and agricultural at 8.5 percent. In addition, 67.1 percent of the businesses have four or fewer employees, and 87.3 percent operate from a single location. Major employers in the assessment area include Therma-tru Corporation, Steel Dynamics Inc., Carlex Glass of Indiana, Walmart Distribution Center, and Walmart Supercenter. The analysis of the small business and small farm loans in the Borrower's Profile criterion compares the distribution of businesses and farms by the GARs to the bank's lending. Agriculture is a major industry with total market value of agriculture products sold for DeKalb County at \$93,772,000.²

Examiners use the FFIEC median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges - Indiana Non-MSA | | | | |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| IN NA Median Family Income (99999) | | | | |
| 2018 (\$61,000) | <\$30,500 | \$30,500 to <\$48,800 | \$48,800 to <\$73,200 | ≥\$73,200 |
| <i>Source: FFIEC</i> | | | | |

² 2017 Census of Agriculture

Competition

Competition for financial services is present in this assessment area. The FDIC Deposit Market Share data as of June 30, 2019 lists 11 FDIC-insured financial institutions with 17 office locations in DeKalb County. THB ranked tenth of those institutions with a 3.1 percent deposit market share. The market is dominated by The Garrett State Bank, Lake City Bank, and Horizon Bank that collectively hold 58.8 percent of all assessment area deposits.

The bank is not required to collect or report its small business or small farm loan data, and it has not elected to do so. Only institutions subject to the large bank CRA procedures are required to collect data on small business and small farm loans. Therefore, the analysis of small business loans and small farm loans under the Lending Test does not include comparisons with aggregate data. The aggregate data, however, reflects the level of demand for those loans and is discussed here only for that purpose. The 2017 small business aggregate data lists 81 institutions that reported 6,873 small business loans for the Indiana Non-MSA assessment area, indicating strong competition for this product. The 2017 small farm aggregate data lists 19 lenders that reported 446 small farm loans for the Indiana Non-MSA assessment area, indicating moderate competition for this product.

Although the bank does not report data about its home mortgage lending, aggregate home mortgage data is helpful in identifying the level of competition for such loans in the assessment area. There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2017, 164 lenders reported a total of 2,300 home mortgage loans originated or purchased for the Indiana Non-MSA assessment area, indicating strong competition for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of a community action agency in the Fort Wayne area, which includes DeKalb County. The contact stated that the local economy and labor market are strong and continue to grow. The contact noted that a main challenge in the area is workforce development. Manufacturing plants have lowered hiring standards due to a lack of qualified labor. Due to the lack of public transportation in the area, used auto loans are a continuing need. The contact also stated that affordable housing is a need due to the lack of developers in the area. Overall, the contact noted that the local financial institutions have been responsive to credit needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANA NONMETROPOLITAN AREA

LENDING TEST

The bank demonstrated reasonable performance under the Lending Test. Borrower Profile performance supports this conclusion. Geographic Distribution would not result in meaningful

conclusions because the Indiana assessment area does not include low- or moderate-income census tracts.

Geographic Distribution

As stated above there are no low- or moderate-income census tracts in the Indiana assessment area. This criterion was not evaluated because it would not result in meaningful conclusions.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes. The bank’s excellent performance with respect to small business and reasonable performance with respect to small farm and home mortgage lending supports this conclusion. Examiners focused on the percentage of small businesses and small farms with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. The following table shows that the institution made over 94 percent of all small business loans in 2018 to businesses with GARs of \$1 million or less, which significantly exceeds the percentage of businesses with GARs of \$1 million or less. Performance is also excellent considering the level of competition and community credit needs. Lastly, small business lending continues to be a lending focus for the bank.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|--|------------------------|----------|----------|-----------------|----------|
| Assessment Area: Indiana Non-MSA | | | | | |
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2018 | 80.3 | 32 | 94.1 | 4,783 | 83.2 |
| >1,000,000 | | | | | |
| 2018 | 6.5 | 2 | 5.9 | 966 | 16.8 |
| Revenue Not Available | | | | | |
| 2018 | 13.2 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2018 | 100.0 | 34 | 100.0 | 5,749 | 100.0 |

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Farm Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. As illustrated in the following table, all of the bank's small farm loans during the review period were originated to farms with GARs of less than \$1 million, which is in-line with the percentage of businesses with GARs of less than \$1 million. Lastly, small farm lending continues to be a lending focus for the bank.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|
| Assessment Area: Indiana Non-MSA | | | | | |
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2018 | 99.2 | 13 | 100.0 | 2,025 | 100.0 |
| >1,000,000 | | | | | |
| 2018 | 0.4 | 0 | 0.0 | 0 | 0.0 |
| Revenue Not Available | | | | | |
| 2018 | 0.4 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2018 | 100.0 | 13 | 100.0 | 2,025 | 100.0 |
| <i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i> | | | | | |

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate- income. Examiners focused on the comparison to the percent of families for the 2018 performance.

As shown in the following table, home mortgage lending to low-income borrowers in 2018 at 7.7 percent is below the percent of families. The bank's performance reflects reasonable penetration considering 10.4 percent of families in the assessment area have incomes below the poverty level. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, limiting the demand and opportunity for lending to low-income borrowers.

In 2018, the bank originated 38.5 percent of its home mortgage loans to moderate-income borrowers, more than doubling the percent of families in the assessment area. The bank's performance to moderate-income borrowers reflects excellent penetration to moderate-income borrowers.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|---|----------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Indiana Non-MSA | | | | | |
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | | | | | |
| 2018 | 17.1 | 1 | 7.7 | 89 | 5.5 |
| Moderate | | | | | |
| 2018 | 16.5 | 5 | 38.5 | 772 | 47.6 |
| Middle | | | | | |
| 2018 | 23.1 | 4 | 30.8 | 513 | 31.6 |
| Upper | | | | | |
| 2018 | 43.3 | 3 | 23.1 | 247 | 15.2 |
| Totals | | | | | |
| 2018 | 100.0 | 13 | 100.0 | 1,621 | 100.0 |
| <i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0</i> | | | | | |

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.