PUBLIC DISCLOSURE

October 15, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Heartland Bank
853112

850 North Hamilton Road
Gahanna, Ohio

Federal Reserve Bank of Cleveland
Cleveland, Ohio

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

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INSTITUTION'S CRA RATING: This institution is rated Satisfactory.
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Outstanding

The following factors support the institution’s rating:

- The loan-to-deposit ratio is reasonable;

- There are a majority of loans made in the assessment area;

- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area;

- The distribution of loans to borrowers reflects a reasonable penetration among different income levels (including low- and moderate- income);

- The distribution of loans to businesses reflects a reasonable penetration among businesses of different sizes;

- There were no CRA-related complaints filed against the bank since the previous CRA examination; and,

- The bank’s community development performance demonstrates an excellent responsiveness to the community development needs of the assessment area.

The previous CRA examination conducted July 19, 2010 resulted in a rating of “Satisfactory.”

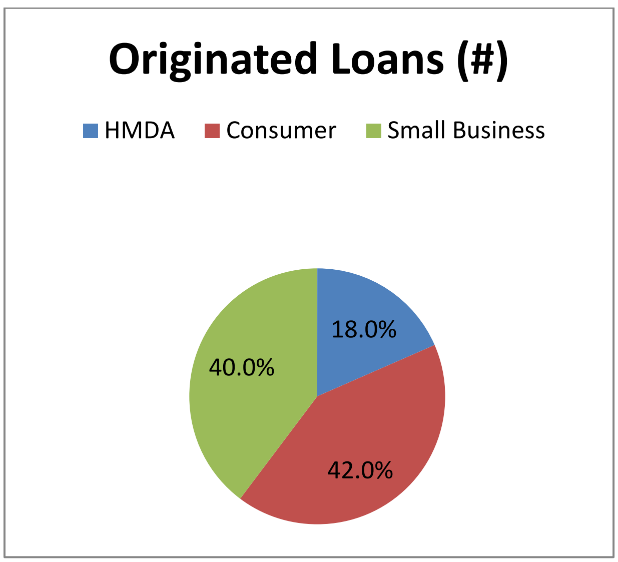
SCOPE OF EXAMINATION

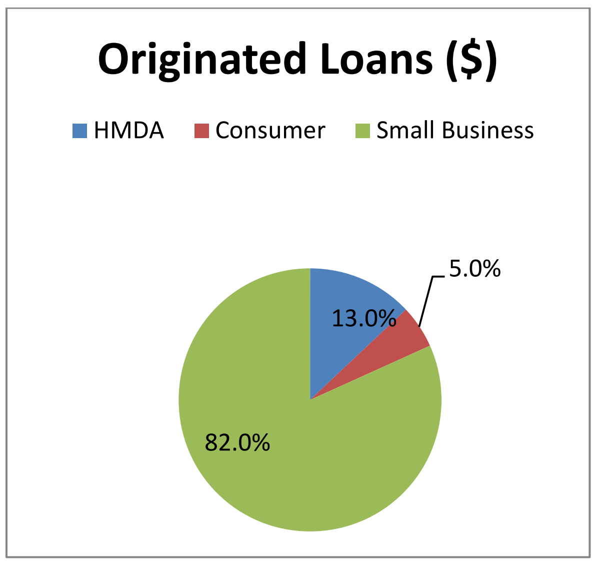
Heartland Bank (Heartland) was evaluated using the interagency intermediate small bank procedures. The bank's CRA performance included lending data from January 1, 2011 to December 31, 2011.

The loan products evaluated included consumer loans, small business loans, and mortgage loans reported under the Home Mortgage Disclosure Act (HMDA). HMDA loans consist of home purchase loans, refinance loans, multifamily housing loans, and closed-end home improvement loans. Consumer loans consisted of motor vehicle loans, consumer other-secured loans, and home equity loans.

The following table and charts illustrate the volume and distribution of loans originated during the evaluation period:

Number of Loans	Loan Type	Dollar Amount of Loans (000's)
122	HMDA Loans	13,254
277	Consumer Loans	5,371
263	Small Business Loans	83,458
662	**Totals**	**102,083**





As the distribution indicates, small business loans accounted for a significant percentage of originated loans by both number and dollar amount. Therefore, small business loans were given the most weight. HMDA loans were given second greatest weight. Although there were a greater number of consumer loans than HMDA loans, the dollar amount of consumer loans is significantly less than that of mortgage loans. As a result, consumer loans were given the least weight.

Economically, the bank's assessment area is quite diverse. Approximately 40.0% of the assessment area is comprised of low- and moderate-income census tracts. Therefore, the geographic distribution analysis was given greater weight than the borrower distribution analysis.

The bank did not collect revenue or income for a significant number of its small business loans and consumer loans. As a result, the totals used to calculate percentages in the borrower distribution analysis for these loan products will not match the total loans originated in the assessment area.

The size and financial condition of the institution, lending opportunities within the assessment area, and competition with other institutions were also considered in the bank's performance context.

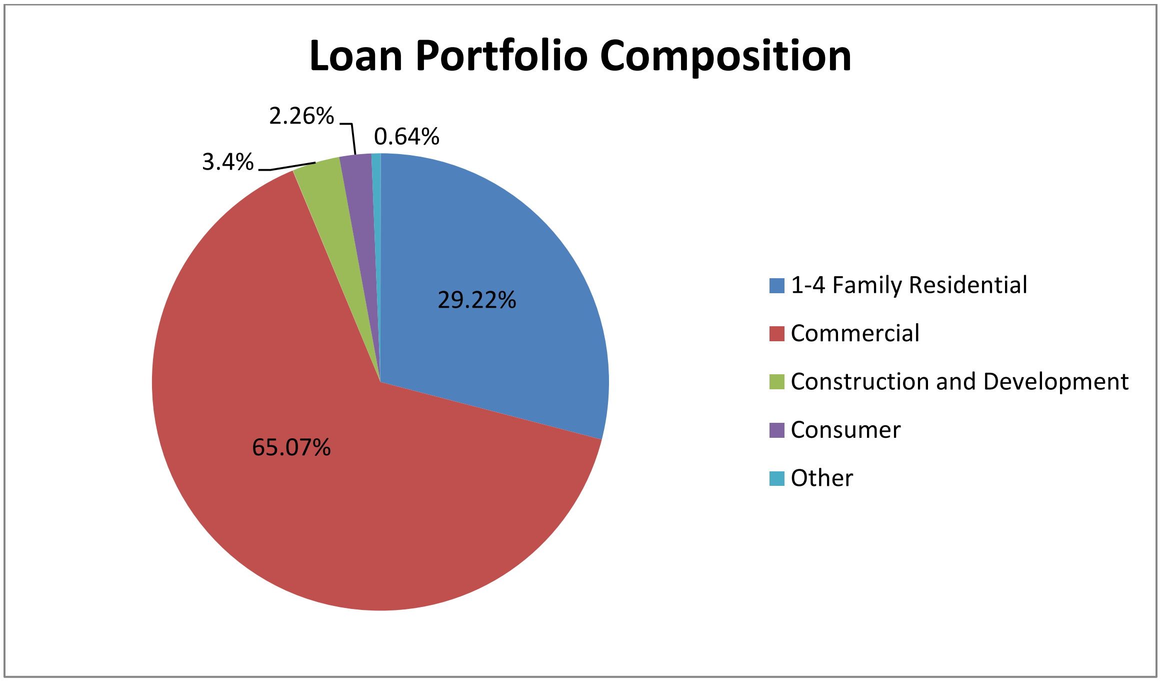
DESCRIPTION OF INSTITUTION

Heartland is a state member bank headquartered in Gahanna, Ohio and is the sole banking subsidiary of Heartland Bancorp, also headquartered in Gahanna. As of June 30, 2012, Heartland reported approximately $571 million in total assets, a 5.5% increase since the previous examination.

Heartland's main office is located at 850 North Hamilton Road in Gahanna, Ohio and has a full-service automated teller machine (ATM). The bank operates ten additional branch offices and six cash-only ATMs in Ohio. The main office, seven branch locations, and three cash-only ATMs are located in Franklin County. The remaining three branch locations and one cash-only ATM are located in Licking County. There is also a cash-only ATM in Pickaway County and a cash-only ATM outside the assessment area in Fairfield County.

Heartland is a full-service, retail community bank offering business and consumer deposit accounts and commercial, residential mortgage, and consumer loans. According to the June 30, 2012 Uniform Bank Performance Report (UBPR), loans comprise approximately 68.0% of the bank's total assets. The following table illustrates the bank's loan portfolio composition as of June 30, 2012:

Loan Type	Percent of Total Loans
Commercial/Industrial & Non-Farm Non-Residential Real Estate	65.07%
Secured by 1-4 Family Residential Real Estate (including Home Equity Loans)	29.22%
Consumer Loans	2.26%
Construction and Development	3.40%
All Other Loans	0.64%



As of June 30, 2012, Heartland's investment portfolio was approximately $157.4 million, which represents 28.0% of total assets. The investment portfolio is mostly made up of U.S. Treasuries and Agency securities and municipal securities, which account for 60.0% and 37.0%, respectively. The remaining investments are interest-bearing bank balances.

There are no legal or financial constraints preventing Heartland from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

DESCRIPTION OF ASSESSMENT AREA

For CRA purposes, Heartland has delineated one region in central Ohio as its assessment area. The assessment area is located within the Columbus Metropolitan Statistical Area (MSA). The Columbus MSA consists of the following eight counties: Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union. Heartland's assessment area is comprised of Franklin and Licking Counties in their entireties and contiguous portions of Delaware, Fairfield, and Pickaway Counties. Counties and census tracts excluded from the bank's assessment area are the furthest from any branch locations and have little or no lending activity. Overall, Heartland's assessment area is quite expansive and contains a combination of both metropolitan and rural areas.

In total, the bank's assessment area consists of 313 census tracts. Of these tracts, 35 are low-income, 89 are moderate-income, 108 are middle-income, and 80 are upper-income. One of the census tracts has an unknown income level. The bank's main office and six branches are located in middle-income census tracts. One branch is located in a low-income census tract and one branch is in a moderate-income census tract. The remaining two branches are in upper-income tracts. The table below illustrates the census tracts in Heartland's assessment area by income level and county.

	Low	Moderate	Middle	Upper	Unknown	Total
Delaware	0	0	2	10	0	12
Fairfield	0	0	1	3	0	4
Franklin	34	79	89	62	0	264
Licking	1	10	15	5	0	31
Pickaway	0	0	1	0	1	2
Total	**35**	**89**	**108**	**80**	**1**	**313**

The chart indicates that all of the low- and moderate-income census tracts are concentrated in Franklin and Licking Counties, with the majority located in Franklin County.

There is significant banking competition within Heartland's assessment area. As of June 30, 2012, the Federal Deposit Insurance Corporation (FDIC) reported 51 insured financial institutions operating 540 branches within Delaware, Fairfield, Franklin, Licking, and Pickaway Counties. The FDIC's market share report indicates that Heartland ranked tenth, holding 1.12% of the market share of deposits.[1] The following table illustrates the deposit market share for the top 15 financial institutions in the counties.

1 http://www2.fdic.gov/sod/sodMarketBank.asp

#	Financial Institution	Deposit Market Share
1	The Huntington National Bank	24.32%
2	JPMorgan Chase Bank	22.40%
3	PNC Bank	13.07%
4	Fifth Third Bank	9.59%
5	Nationwide Bank	7.66%
6	The Park National Bank	4.31%
7	KeyBank National Association	3.88%
8	U.S. Bank National Association	2.50%
9	Wesbanco Bank, Inc.	1.21%
10	Heartland Bank	1.12%
11	The Delaware County Bank and Trust Company	1.07%
12	Union Savings Bank	1.02%
13	The Vinton County National Bank of McArthur	0.77%
14	The Savings Bank	0.56%
15	Fairfield Federal Savings and Loan Association of Lancaster	0.56%

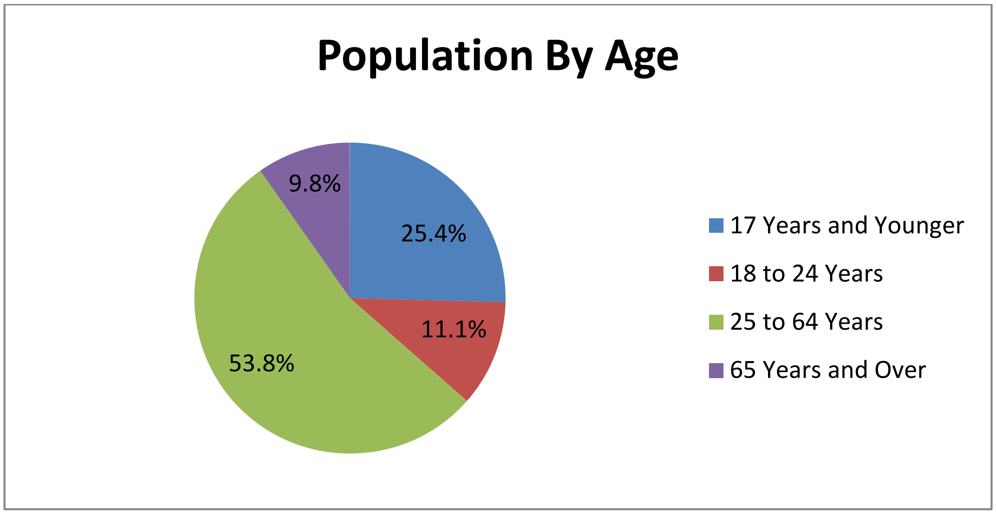
Population

The 2000 data released by the U.S. Bureau of the Census indicates the population in the bank's assessment area is 1,305,441. The following table shows the 2000 and estimated 2011 populations of the five counties within the assessment area, as well as the estimated population change. [2]

County	2000 Population	2011 Population	Population Percent Change
Delaware	109,989	178,341	62.1%
Fairfield	122,759	147,066	19.8%
Franklin	1,068,978	1,178,799	10.3%
Licking	145,491	167,248	15.0%
Pickaway	52,727	55,990	6.2%

The estimations show that all five counties have experienced notable population increases over the past 11 years, with Delaware County experiencing the most growth. The population by age is distributed as follows:

2 http://qhttp://quickfacts.census.gov/qfd/states/39/39041.htmluickfacts.census.gov/qfd/index.html



Approximately 25.0% of the population is under 18, the legal age to enter into a contract, while approximately 65.0% of the population is between the ages of 18 and 64, the prime ages when individuals are generally in need of loans.

Income Characteristics

According to the 2000 U.S. Census, there were 524,540 households within the assessment area, of which 329,597 (63%) were families. Of these families, 19.5% were low-income, 17.8% were moderate-income, 22.6% were middle-income, and 40.1% were upper-income.

The median family income for the assessment area was $55,201 in 2000, which was higher than the median family incomes for both Ohio ($50,037) and the Columbus MSA ($54,708). According to the Department of Housing and Urban Development (HUD), the median family income for the Columbus MSA had increased to $66,600 in 2011.

Approximately 7.4% of families in the assessment area were below the poverty level. This percentage was slightly higher than the Columbus MSA at 7.0%, but lower than Ohio at 7.8%. The poverty level differed considerably among the five counties in the assessment area. Franklin and Pickaway Counties had the highest family poverty rates at 8.2% and 7.6%, respectively. Poverty rates in Fairfield, Delaware, and Licking Counties were significantly lower at 2.9%, 4.5%, and 5.5%, respectively. Poverty level estimates for 2010 indicate that the poverty rate for Ohio is 15.8%. The following chart illustrates 2010 estimated poverty rates for each county in the assessment area.[3]

3 http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx

County	Percentage of Population in Poverty
Delaware	5.8%
Fairfield	11.2%
Franklin	18.8%
Licking	12.4%
Pickaway	12.7%

According to an August 2012 study performed by the Pew Research Center, an organization that tracks social and demographic trends in the U.S., the Columbus metropolitan area is the seventh most economically segregated metropolitan area in the country, ranking second in the Midwest behind the Detroit MSA. The study indicated that an increasing number of lower-income households are concentrated in majority low-income census tracts. The effect of this economic segregation is the shrinkage of mixed-income census tracts and neighborhoods.[4]

Labor, Employment, and Economics

The following tables illustrate land use in each county in the assessment area.[5]

County	Urban	Cropland	Pasture	Forest	Open Water	Bare/Mines
Delaware	16.6%	52.55%	2.64%	25.80%	2.06%	0.30%
Fairfield	8.29%	62.77%	4.55%	23.89%	0.50%	0.00%
Franklin	61.05%	22.71%	1.48%	13.60%	0.92%	0.23%
Licking	11.06%	39.36%	11.31%	37.93%	0.22%	0.02%
Pickaway	2.94%	81.46%	5.44%	9.97%	0.14%	0.04%

As indicated above, Franklin County is mostly urban, while the remaining counties are primarily crop and forest land.

The following table shows the three primary employment sectors (by number of persons employed in the county) and major employers for each of the counties in the assessment area.

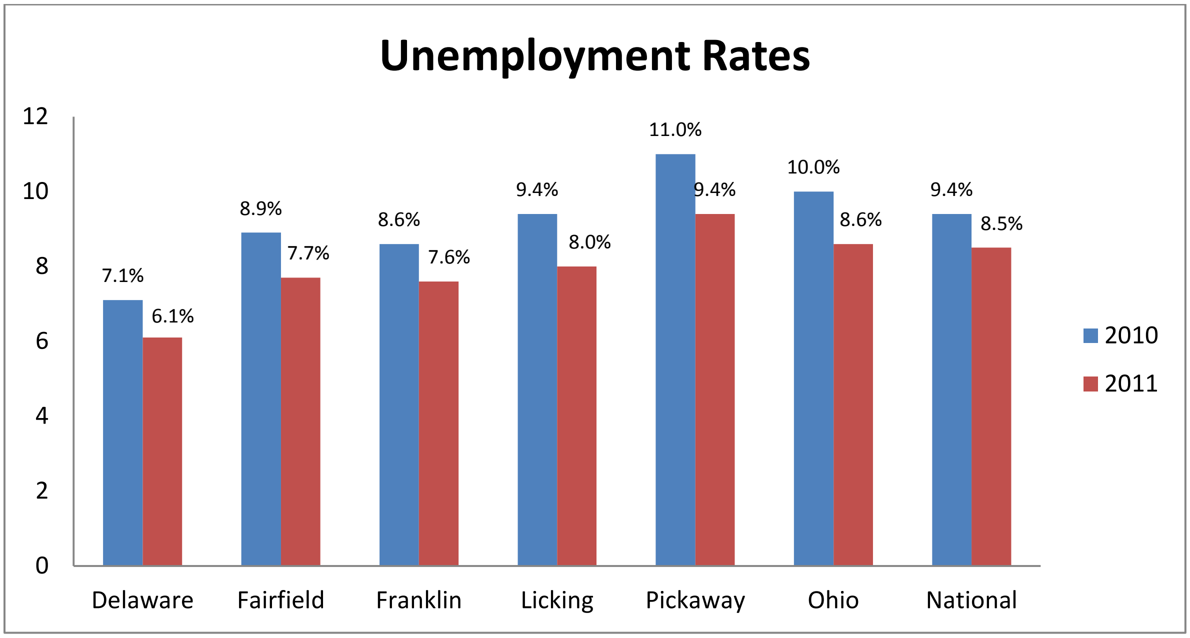
4 http://www.pewsocialtrends.org/2012/08/01/the-rise-of-residential-segregation-by-income/
5 http://development.ohio.gov/reports/reports_countytrends_map.htm

County	Primary Employment Sectors	Major Employers
Delaware	Trade, Transportation and Utilities; Professional and Business Services; Leisure and Hospitality	Delaware City Schools; JP Morgan Chase; McGraw Hill Companies; PPG Industries; Ohio Health/Grady Memorial Hospital
Fairfield	Trade, Transportation and Utilities; Education and Health Services; Local Government	Anchor Hocking Corporation; Fairfield Medical Center; Glassfloss Industries; Ralcorp/Ralston Foods
Franklin	Trade, Transportation and Utilities; Professional and Business Services; Education and Health Services	Abbott Laboratories; Limited Brands; Cardinal Health; JP Morgan Chase; Huntington Bancshares; Ohio State University
Licking	Trade, Transportation, and Utilities; Natural Resources and Mining; Education and Health Services	Boeing Company; Denison University; Limited Brands; Owens-Corning; State Farm Mutual Automobile Insurance Company
Pickaway	Natural Resources and Mining; Manufacturing; Local Government	ALSCO Metals Corporation; General Electric Company; Berger Health System; PPG Industries; Wal-Mart Stores

According to 2010 Dun and Bradstreet data, there are 60,424 businesses within the assessment area. The majority of businesses (87.9%) have annual revenues less than $1 million.

The following chart shows the 2010 and 2011 unemployment rates (not seasonally adjusted) for the five counties within the assessment compared to Ohio and national averages.[6]

6 http://www.ers.usda.gov/data-products/county-level-data-sets/unemployment.aspx



The chart shows that the unemployment rates for all counties except Pickaway have been consistent with or below state and national averages. Conversely, Pickaway County's unemployment rate has been slightly above state and national averages.

Housing

Based on 2000 U.S. Census data, Heartland's assessment area contains 561,497 housing units, of which 56.3% are owner-occupied, 37.1% are rental units, and 6.6% are vacant. Single family units account for 64.3% of the housing units and two-to-four family units account for 12.4% of the housing units. Multi-family units account for 21.6% and mobile homes make up 1.7% of the housing units. Approximately 66.0% of the total housing units in the assessment area are in middle- and upper-income tracts, while only 9.0% of the housing units are located in low-income tracts.

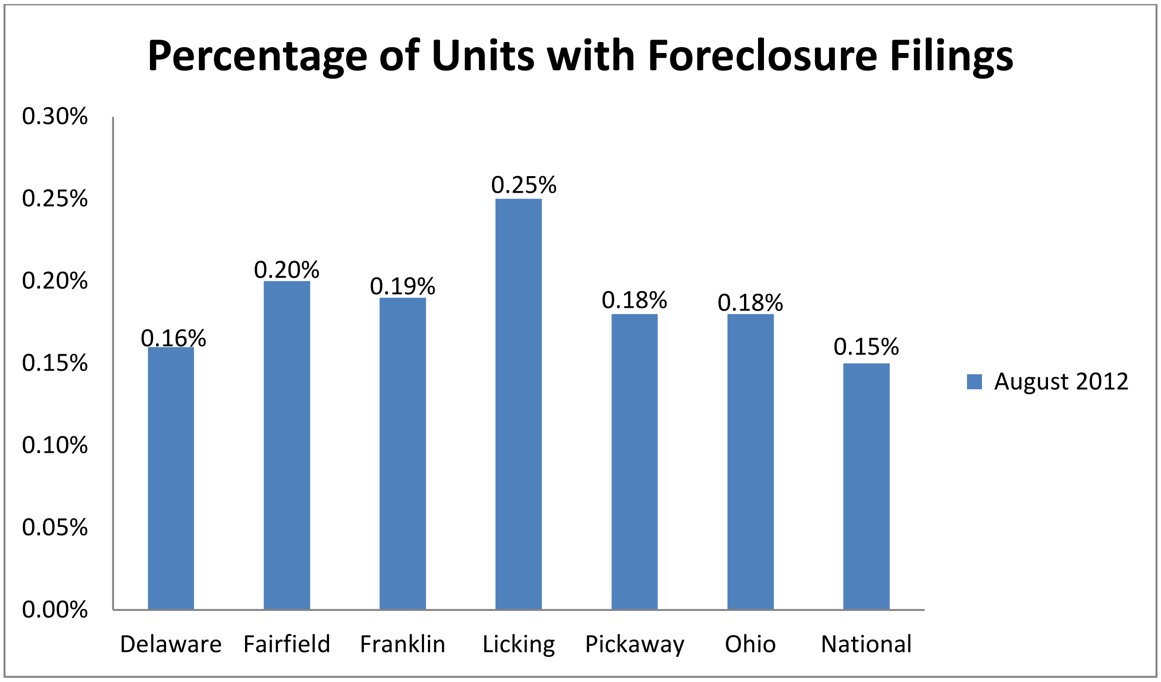
The median age of the housing stock within the assessment area is 30 years; however, the age of housing stock varies significantly among the five counties. The age of the housing stock in Delaware County in particular is relatively new in comparison to the other counties at 11 years compared to the median age of Fairfield, Franklin, Licking, and Pickaway Counties, which ranges from 28 to 31 years.

The median housing value in the assessment area was $118,023. Of the 316,338 owner-occupied housing units in the assessment area, 60.8% were valued at $100,000 or more, with 31.6% valued at $150,000 or more.

Based on the estimated 2011 median family income for the Columbus MSA ($66,600), about 55.4% of homes valued up to $127,781 would be affordable for low-income individuals and 85.6% of homes valued up to $204,450 would be affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 3.625% fixed rate, 30-year loan.

The median gross rent for the assessment area is $592, higher than median gross rents for the Columbus MSA ($584) and Ohio ($515). Approximately 34.5% of renters in the area have rental costs that exceed 30.0% of their income.

According to Realtytrac, an online database that tracks and provides foreclosure statistics, Ohio had the seventh highest foreclosure rate in August 2012, with one in every 556 housing units in August 2012.[7] The following chart shows the foreclosure filing rates for the five counties in the assessment area compared to the state and national rates for August 2012.



The chart indicates that the foreclosure rate in Licking County is significantly above the state and national averages, as well as the foreclosure rates for the other counties in the assessment area. This is consistent with information obtained from the community contact for Licking County. The contact indicated that during the recession Licking County had one of the top ten highest foreclosure rates in the state and the county still has not fully recovered from the foreclosure crisis. The foreclosure rates in the four remaining counties have been slightly above national foreclosure rates, but generally consistent with Ohio.

7 www.realtytrac.com

Community Contacts

Four community contact interviews were conducted in conjunction with this examination. Two community contacts were with affordable housing organizations in Franklin and Licking Counties. Two community contacts were with community development organizations in Franklin County.

Combined Demographics Report

Assessment Area(s): Heartland AA 2011

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	35	11.2	21,147	6.4	6,822	32.3	64,307	19.5
Moderate-income	89	28.4	72,697	22.1	9,859	13.6	58,786	17.8
Middle-income	108	34.5	126,726	38.4	5,929	4.7	74,336	22.6
Upper-income	80	25.6	109,027	33.1	1,852	1.7	132,168	40.1
Unknown-income	1	0.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	**313**	**100.0**	**329,597**	**100.0**	**24,462**	**7.4**	**329,597**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	48,627	11,521	3.6	23.7	30,323	62.4	6,783	13.9
Moderate-income	142,768	58,774	18.6	41.2	72,028	50.5	11,966	8.4
Middle-income	207,261	128,733	40.7	62.1	68,085	32.8	10,443	5.0
Upper-income	162,836	117,307	37.1	72.0	37,688	23.1	7,841	4.8
Unknown-income	5	3	0.0	60.0	0	0.0	2	40.0
Total Assessment Area	**561,497**	**316,338**	**100.0**	**56.3**	**208,124**	**37.1**	**37,035**	**6.6**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	4,700	7.8	3,807	7.2	493	12.4	400	11.9
Moderate-income	10,643	17.6	9,190	17.3	800	20.2	653	19.5
Middle-income	21,936	36.3	19,409	36.5	1,374	34.7	1,153	34.4
Upper-income	23,145	38.3	20,704	39.0	1,294	32.7	1,147	34.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**60,424**	**100.0**	**53,110**	**100.0**	**3,961**	**100.0**	**3,353**	**100.0**
	Percentage of Total Businesses:			**87.9**		**6.6**		**5.5**

	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	6	0.7	5	0.6	1	8.3	0	0.0
Moderate-income	92	11.4	88	11.1	3	25.0	1	50.0
Middle-income	504	62.7	499	63.2	5	41.7	0	0.0
Upper-income	202	25.1	198	25.1	3	25.0	1	50.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**804**	**100.0**	**790**	**100.0**	**12**	**100.0**	**2**	**100.0**
	Percentage of Total Farms:			**98.3**		**1.5**		**.2**

Based on 2010 D&B information according to 2000 Census Boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

The bank is rated "Satisfactory" under the lending test.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is calculated by dividing the bank's net loans by total deposits. The ratio is a measure of an institution's lending volume relative to its capacity to lend. The following table shows Heartland's LTD ratios for the eight quarters since the previous evaluation, along with the average LTD ratio for the same period. The table includes the national peer group ratio and ratios for three local peer institutions.

Heartland's Quarterly Loan-to-Deposit Ratios					
As of Date	**Bank Ratio**	**Peer Ratio[8]**	**Delaware County[9]**	**Savings Bank[10]**	**Arlington Bank[11]**
June 30, 2012	79.33	74.31	69.05	64.42	97.21
March 31, 2012	77.42	73.29	71.17	61.11	94.65
December 31, 2011	78.85	75.10	78.50	64.52	97.31
September 30, 2011	81.69	75.89	81.84	61.85	101.98
June 30, 2011	84.63	76.63	81.20	61.32	100.46
March 31, 2011	83.72	76.48	81.81	59.14	90.65
December 31, 2010	83.56	78.86	89.17	59.77	92.25
September 30, 2010	83.39	79.69	86.21	60.45	102.86
Quarterly Loan-to-Deposit Ratio Average since the previous examination	**81.57**	**76.28**	**79.87**	**61.57**	**97.17**

Heartland's LTD ratio reached its peak in June 2011 and has declined slightly since then. The bank has averaged an 81.57% LTD ratio over the past eight quarters which is a slightly higher than the average LTD ratio for its national peer group and two of its local peers. Heartland's LTD ratio is considered reasonable.

8 Heartland's national peer group consists of all insured commercial banks having assets between $300 million and $1 billion. The banks in the custom peer group were chosen based on asset size, location, and branching structure. Delaware County Bank is part of Heartland's national peer group, but Savings Bank and Arlington Bank are not.
9 The Delaware County Bank and Trust Company, Lewis Center, OH.
10 The Savings Bank, Circleville, OH. Savings' national peer group consists of all insured commercial bank having assets between $100 million and $300 million, with three or more full-service banking offices and located in a metropolitan statistical area.
11 The Arlington Bank, Upper Arlington, OH. Arlington's national peer group consists of all insured commercial banks having assets between $100 million and $300 million.

Lending in the Assessment Area

The table below depicts Heartland's volume of loans extended inside and outside of the bank's assessment area during the evaluation period.

Lending Inside and Outside the Assessment Area										
Loan Type	Inside				Outside				Total	
	#	%	$(000)	%	#	%	$(000)	%	#	$(000)
Home Equity	45	88.2	2,299	84.0	6	11.8	437	16.0	51	2,736
Motor Vehicle	72	87.8	968	83.9	10	12.2	186	16.1	82	1,154
Consumer Secured	133	92.4	1,331	89.9	11	7.6	150	10.1	144	1,481
Total Consumer	250	90.3	4,598	85.6	27	9.7	773	14.4	277	5,371
Home Purchase	31	88.6	4,451	83.3	4	11.4	895	16.7	35	5,346
Home Improve	31	68.9	584	82.6	14	31.1	123	17.4	45	707
Multi-Family	2	100.0	251	100.0	9	0.0	0	0.0	2	251
Refinance	35	87.5	6,081	87.5	5	12.5	869	12.5	40	6,950
Total HMDA	99	81.1	11,367	85.8	23	18.9	1,887	14.2	122	13,254
Small Business	234	89.0	56,087	67.2	29	11.0	27,371	32.8	263	83,458
Total Small Business	234	89.0	56,087	67.2	29	11.9	27,371	32.8	263	83,458
Total Loans	583	88.1	72,052	70.6	79	11.9	30,031	29.4	662	102,083

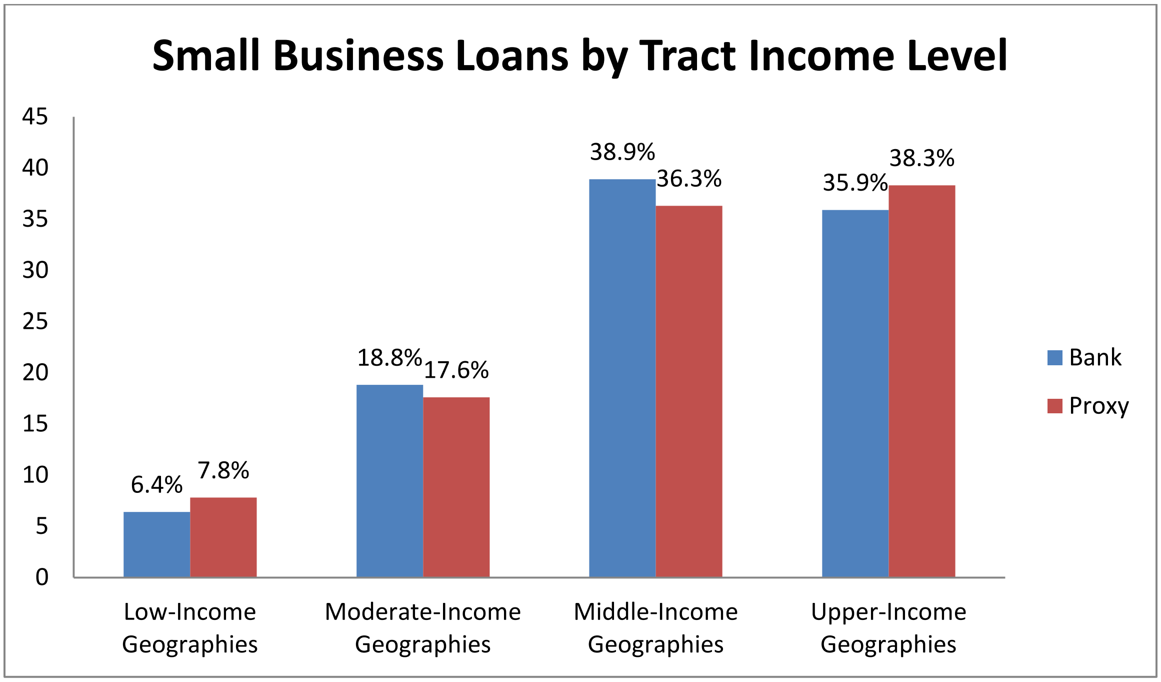
The table illustrates that a majority of the bank's loans were originated inside of the assessment area by both number and dollar amount.

Geographic Distribution of Lending

The geographic distribution of loans is considered reasonable.

Small Business Loans

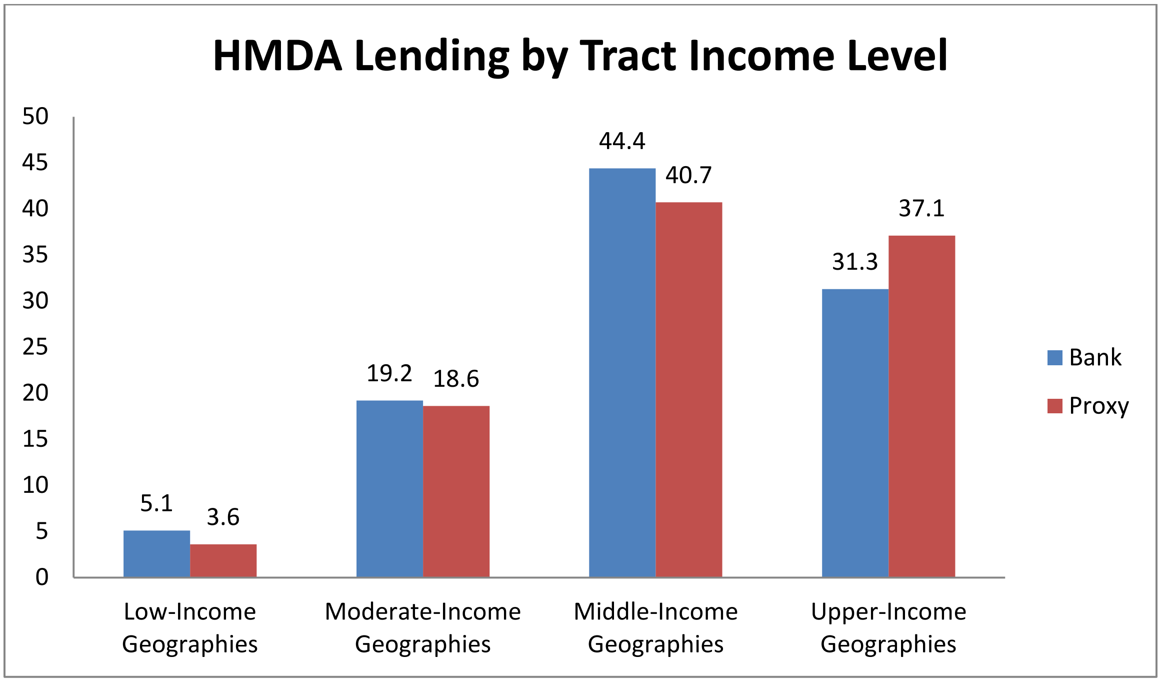
Heartland originated 234 small business loans in the assessment area during the evaluation period. Of these loans, 15 were made in low-income tracts, 44 were made in moderate-income tracts, 91 were made in middle-income tracts, and 84 were made in upper-income tracts. The following table compares the percentage of loans originated by tract income level to the demographics of the assessment area.



The chart indicates that the bank originated a slightly lower percentage of small business loans in low-income tracts than the number of businesses in low-income tracts. Conversely, the bank originated a higher percentage of small business loans in moderate- and middle- income tracts than the proxy. Given these factors, the geographic distribution of small business loans is reasonable.

HMDA Loans

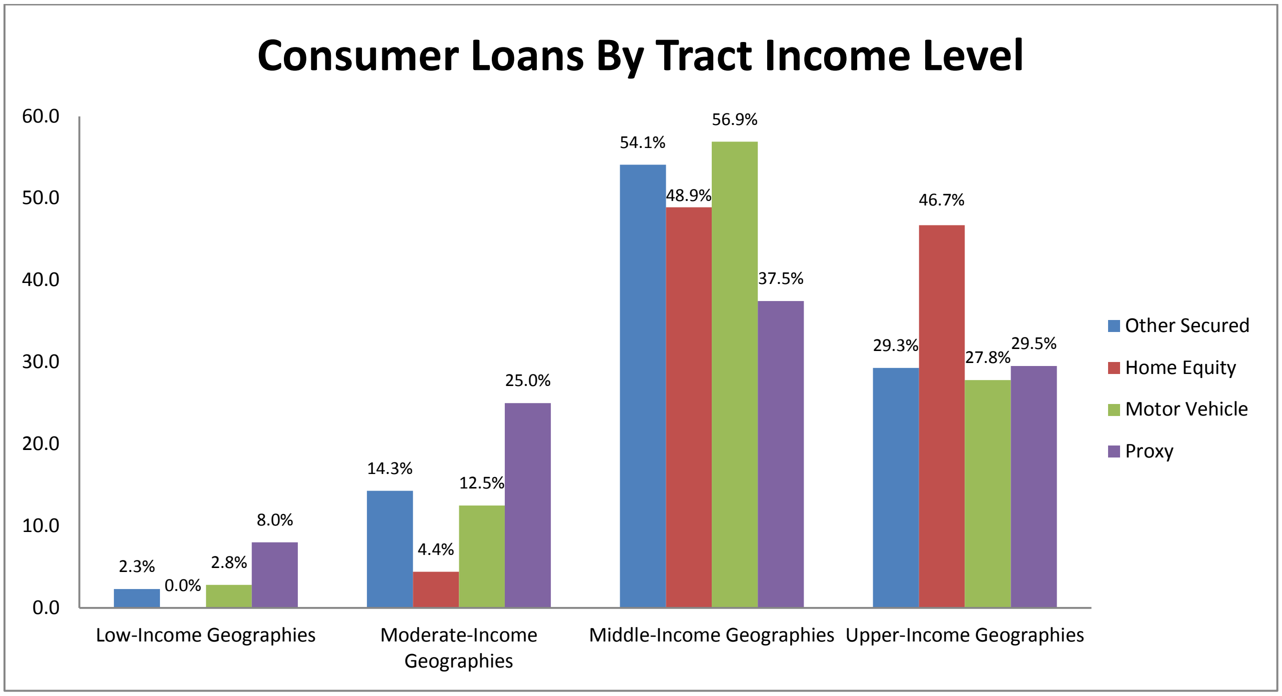
Heartland originated a total of 99 HMDA loans in the assessment area during the evaluation period, a combination of 31 home purchase loans, 35 refinance loans, 31 home improvement loans, and two multi-family loans. Of the 99 loans, five were made in low-income tracts, 19 were made in moderate-income tracts, 44 were made in middle-income tracts, and 31 were made in upper-income tracts. The following chart compares the percentages of HMDA loans originated by tract income level to the demographics of the assessment area.



The chart indicates that overall HMDA lending in low- and moderate-income tracts exceeded the percentage of owner-occupied units in those tracts. HMDA lending in middle-income geographies also exceeded the proxy. Conversely, HMDA lending in upper-income geographies was below proxy. Due to a significant penetration of lending in low- and moderate-income tracts, the geographic distribution of HMDA loans is excellent.

Consumer Loans

Heartland originated a total of 250 consumer loans in the assessment area during the evaluation period, a combination of 133 other secured loans, 45 home equity loans, and 72 motor vehicle loans. Of the 250 loans, five were made in low-income tracts, 30 were made in moderate-income tracts, 135 were made in middle-income tracts, and 80 were made in upper-income tracts. The following chart compares the percentages of consumer loans originated by tract income level to the demographics of the assessment area.



The chart indicates that all consumer lending in low- and moderate- income tracts were below the percentage of households in low- and moderate- income tracts; specifically, the bank made no home equity loans in low-income tracts and very few home equity loans in moderate-income tracts. Lending in middle-income census tracts exceeded the percentage of households in middle-income tracts significantly for all consumer loan products. Given these factors, the geographic distribution of consumer loans is considered poor.

There were gaps in lending throughout the assessment area. In particular, there were 25 low-income tracts with no loans, 53 moderate-income tracts with no loans, 39 middle-income tracts with no loans, and 28-upper income tracts with no loans. The following chart depicts the total loans originated by each tract income level and the number and percentage of census tracts with no lending activity.

Total Loan Types Originated in Assessment Area by Tract Income Level[12]					
Geographies	**Low-Income**	**Moderate-Income**	**Middle-Income**	**Upper-Income**	**Total**
# (%) of Tracts in Assessment Area	35 (11.2%)	89 (28.5%)	108 (34.6%)	80 (25.6%)	312
# (%) of Total Originated Loans	25 (4.3%)	93 (16.0%)	270 (46.3%)	195 (33.4%)	583
# (%) of Tracts with Lending	10 (28.6%)	36 (40.4%)	69 (63.9%)	52 (65.0%)	167
# (%) of Tracts Without Lending	25 (71.4%)	53 (59.6%)	39 (36.1%)	28 (35.0%)	145

The chart indicates that Heartland is penetrating the middle- and upper- income tracts at a higher rate than low- and moderate- income census tracts. However, this is reasonable given the fact that the majority of the bank's branches are located in middle- and upper-income tracts. Also, Heartland only holds 1.1% of the market share in the area. Considering the significant amount of banking competition, it may be more difficult to extend loans in census tracts that are farther away from the bank's branch locations.

Further, 20 of the 124 (16.1%) low- and moderate- income census tracts in the assessment area are made up of Ohio State University (OSU), The Port Columbus International Airport (airport), and Easton Towne Center (Easton), in which there are very few owner-occupied housing units. The chart below illustrates the population, owner-occupancy rates, and rental rates for the low- and moderate-income census tracts in these areas.

Location	Tract Number	Tract Income Level	Population	Owner Occupied %	Rental %	Vacant %
OSU	6.000	Moderate	3,681	23.2	67.0	9.8
OSU	10.000	Moderate	5,404	21.0	72.6	6.4
OSU	11.200	Moderate	10,118	18.7	76.5	4.7
OSU	12.000	Low	4,372	5.4	85.7	8.9
OSU	13.000	Low	5,672	3.2	86.9	9.9
OSU	17.00	Low	2,733	5.9	76.6	17.5
OSU	18.100	Low	3,838	2.6	91.7	5.7
OSU	19.000	Moderate	4,601	13.5	82.6	4.0
OSU	20.00	Moderate	3,137	34.3	59.7	6.0
OSU	21.00	Moderate	1,487	8.9	79.7	11.4
OSU	22.00	Moderate	1,404	20.8	48.7	30.6
Airport	27.10	Low	4,242	1.2	83.5	15.3
Airport	27.30	Moderate	2,269	23.8	68.9	7.3
Airport	74.10	Low	78	None	100.0% (32 units)	None
Easton	75.32	Low	2,245	19.38	74.95	5.67
Easton	75.34	Moderate	3,556	39.18	49.47	11.35
Easton	75.40	Low	3,852	36.80	50.52	12.68
OSU	78.30	Moderate	2,649	18.20	78.00	3.80
Airport	92.10	Moderate	4,235	4.90	83.50	11.60
Airport	93.40	Moderate	2,864	37.00	57.56	5.42

12 There is one census tract in the assessment area with an unknown income level. That tract is not included in the calculations for this table.

As the table indicates, all of these tracts have owner-occupancy rates below 40.0%; in fact, eight of the tracts have owner-occupancy rates below 10.0%. Therefore, it would be difficult for Heartland to originate a significant amount of HMDA loans in these tracts. Furthermore, the tracts in the OSU area would be primarily comprised of college students, resulting in a decreased demand for consumer loans in these census tracts.

As previously mentioned, small business and HMDA loans are reasonably dispersed throughout the assessment area. While the dispersion of consumer loans is considered poor, this is mitigated by the demographics of the low- and moderate- income tracts in the assessment area. Given these factors, the overall geographic distribution of loans is reasonable. Refer to the tables in Appendix B for additional information.

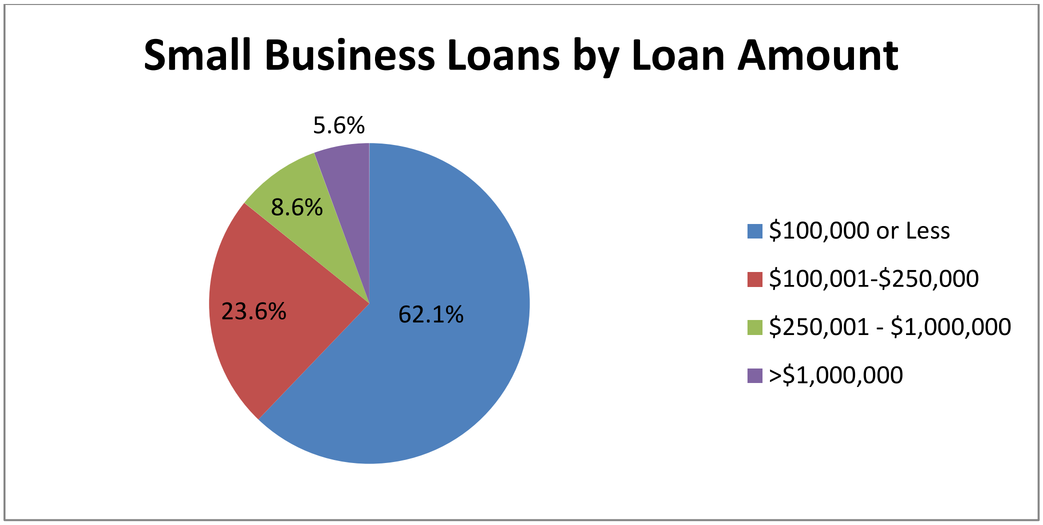
Borrower Distribution of Lending

The borrower distribution of loans is considered reasonable.

Small Business Loans

There were 76 small business loans originated in the assessment area for which business revenues were reported. Of these 76 loans, 48 (63.2%) were to small businesses with annual revenues of $1 million or less. In the assessment area, businesses with revenues less than $1 million account for 87.9% of businesses.

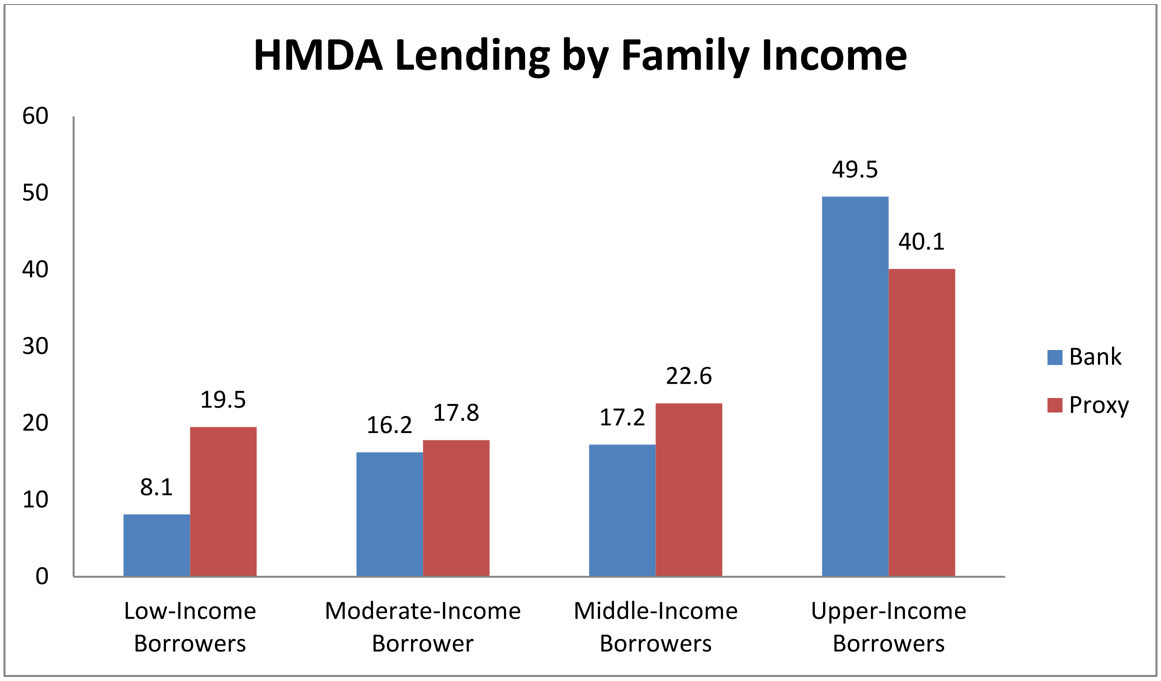
Loan amount was considered in addition to revenue, as smaller loans are generally commensurate with the borrowing needs of smaller businesses. Of the 234 total small business loans originated within the assessment area, 152 (65.0%) loans were for loan amounts $100,000 or less. The following table depicts the percentage of small business loans originated by loan amount.



The chart is indicative of the bank's willingness to make small dollar amount loans. Therefore, the borrower distribution of small business loans is reasonable.

HMDA Loans

Of the 99 HMDA loans originated in the assessment area during the evaluation period, 8 were to low-income borrowers, 16 were to moderate-income borrowers, 17 were to middle-income borrowers, and 49 were to upper-income borrowers. Nine loans were to borrowers of unknown income.

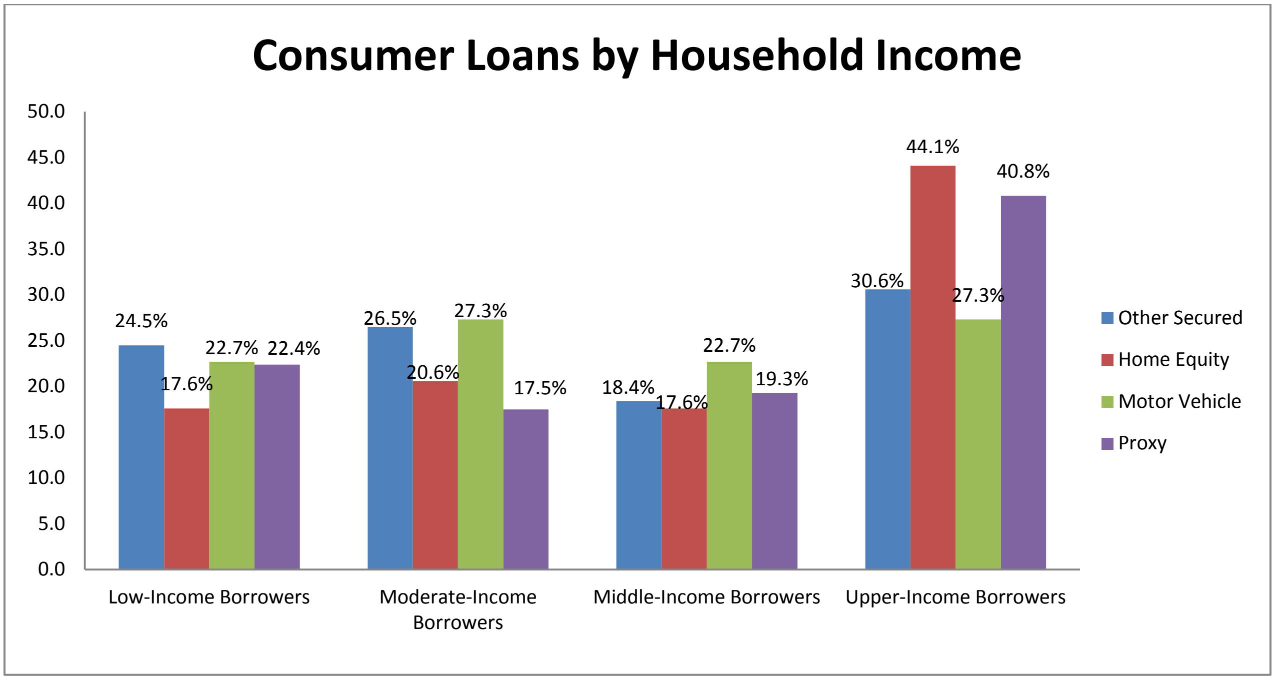


The chart indicates that the bank originated a lower percentage of HMDA loans to low-income borrowers than the percentage of low-income families in the assessment area. However, HMDA lending to moderate-income borrowers was generally consistent with the demographics of the assessment area. HMDA lending to middle-income borrowers was below proxy while lending to upper-income borrowers was above proxy.

Although the bank's HMDA lending to low-income borrowers was significantly below proxy, there are a number of reasons why banks may be unable to extend home mortgage loans to low-income individuals. Specifically, only 55.4% of homes in the assessment area would be affordable for low-income borrowers. Also, 7.14% of families in the assessment area are below the poverty level. Many of these families are likely to be low-income. Lastly, very low-income families may be unable to qualify for residential mortgage loans. As previously stated, HMDA lending to moderate-income was generally consistent with the demographics of the assessment area. Given these factors, the borrower distribution of HMDA lending is reasonable.

Consumer Loans

There were 127 consumer loans originated in the assessment area for which borrower income was reported. Of these 127 loans, 28 were to low-income borrowers, 32 were to moderate-income borrowers, 25 were to middle-income borrowers, and 42 were to upper-income borrowers.



The chart indicates that the bank had a significant volume of consumer lending to low- and moderate income borrowers. With the exception of home equity loans to low-income borrowers, consumer lending to low- and moderate-income borrowers were above the percentages of low- and moderate- income households in the assessment area. Other secured and home equity lending to middle-income borrowers were below the proxy, while motor vehicle lending to middle-income borrowers was slightly above proxy. Other secured and motor vehicle lending to upper-income borrowers was below proxy, while home equity lending was above proxy. Due to the penetration of lending to low- and moderate-income borrowers, the borrower distribution of consumer loans is excellent.

The analysis indicates that the bank is adequately lending to borrowers of different income levels and businesses of different sizes; therefore, the borrower distribution of loans is reasonable. Refer to the tables in Appendix B for additional information.

Response to Consumer Complaints

No CRA-related complaints were filed against Heartland during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices was noted during this evaluation.

Community Development Test

The bank is rated “Outstanding” under the Community Development Test.

Heartland’s community development performance demonstrates an excellent level of responsiveness to the needs of its assessment area through community development loans, investments, and services, considering the bank’s capacity and the need and availability of community development opportunities in the assessment area. The review period for all community development activities was from July 19, 2010 to October 15, 2012.

Community Development Loans

Heartland demonstrated an excellent responsiveness to the community development needs of the assessment area through community development loans. The bank originated 22 community development loans that benefited the assessment area during the evaluation period, the amount of which totaled just under $6.4 million. The primary purpose of eleven loans was to support job creation and retention through financing to small businesses and the primary purpose of five loans was to revitalize or stabilize low- and moderate- income areas through the development of vacant or abandoned properties. The primary purpose of four loans was to revitalize or stabilize low- and moderate- income areas through financing to businesses employing and serving residents from the areas. Two loans were financing for organizations providing health care services and drug and alcohol treatment to low- and moderate- income individuals.

Heartland also originated one community development loan outside of the assessment area in the amount of $2 million that enabled a small manufacturing company to create and retain jobs.

Qualified Investments

Heartland demonstrated an adequate responsiveness to community development investment needs of its assessment area. During the evaluation period, the bank invested in a mortgage-backed security secured by a pool of home loans to low- and moderate- income borrowers in the Columbus area. The amount of the investment was approximately $1.04 million. The bank also has one outstanding mortgage-backed security from a previous evaluation period with a current value of $54,405.

In addition, Heartland made a qualified donation in the amount of $3,500 to support two organizations that provide community services targeted to low- and moderate income individuals.

Community Development Services

Heartland demonstrated an excellent responsiveness to the community development service needs of its assessment area.

The following chart displays the branch distribution by tract income level compared to families by tract income.

Income Level	Number of Branches	Percentage of Branches	Number of Tracts	Percentage of Tracts	Percentage of Families by Income
Low-Income	1	9.0%	35	11.2%	19.5%
Moderate-Income	1	9.0%	89	28.5%	17.8%
Middle-Income	6	54.5%	108	34.6%	22.6%
Upper-Income	3	27.2%	80	25.6%	40.1%
Totals	**11**	**100.0%**	**312**	**100.0%**	**100.0%**

The table indicates that Heartland's branching structure is not representative of the demographics of the assessment area. Only 18.0% of the bank's branches are located in low- and moderate-income geographies, while low- and moderate- families account for approximately 37.0% of the population of the assessment area. However, in addition to branch delivery systems, Heartland offers alternative delivery systems such as ATMs, mobile banking, and internet banking.

Bank employees also provide their financial expertise to local organizations that provide community development services. The following are qualified community development services provided by Heartland employees.

- *Money Matters Financial Summit* – Heartland hosts a free financial summit annually in Columbus. Many of the attendees are low- and moderate- income individuals. The topics covered include buying your first home, planning for retirement, budgeting and financial management, and understanding and improving your credit score. Many employees presented or participated at the Money Matters events in 2011 and 2012.

- *Increase Community Development Corporation (CDC)* – This non-profit organization provides business training and resources for entrepreneurs and start-up businesses in central Ohio. Several employees participated in the Increase CDC luncheon, where financial advice was given to small business owners.

- *Federal Home Loan Bank* – One employee provided financial advice on lending programs assisting low- and moderate- income individuals with purchasing homes during an affordable housing workshop administered by the FHLB.

- *Columbus Board of Realtors Affordable Housing Committee* – This committee addresses affordable housing conditions for Columbus residents, in particular low- and moderate-income individuals. An employee has taken a leadership role on this committee and regularly provides financial expertise on housing for low- and moderate- income individuals.

- *Greater Linden Development Corporation (GLDC)* – This organization works to improve the quality of life in the Linden area through housing and economic development. The Linden community is located in a low-income area of Columbus. An employee serves as a technical advisor for the GLDC's Home Buddies Program, a financial fitness education class and served as a presenter at a first-time homebuyer seminar.

- *Miracit Development Corporation* – This non-profit organization focuses on the revitalization of the Mock Road area in northeast Columbus, which is a moderate-income area. An employee presented at a homebuyer education class to residents in the area.

- *Homes on the Hill, Community Development Corporation* – This non-profit organization provides affordable housing for low- and moderate-income individuals and families in the Columbus area. An employee has presented to potential first-time homebuyers on mortgage financing through this organization.

- *Framingham Village Homebuyer Resource Fair* – An employee presented financial information on first-time home-buying at a homebuyer resource fair to residents of Framingham Village, a moderate-income area in Columbus.

- *Neighborhood Stabilization Program Columbus* – An employee provided financial expertise during a roundtable discussion on how to assist low- and moderate-income individuals in purchasing homes.

- *Small Business Administration* – Three employees participated in a SBA forum discussing financing options for small businesses, particularly businesses located in low- and moderate-income areas.

- *Ohio Department of Development Small Business Credit Initiative* – An employee participated in a training workshop on how small business can gain access to capital through various lending programs administered by the Ohio Department of Development.

- *HUD Mortgage Financing Roundtable* – An employee provided technical advice on how to assist low-income families in the Columbus area to purchase homes.

- *7th Avenue Community Missionary Baptist Church* – An employee provided financial expertise to the 7th Avenue Community Missionary Baptist Church, which is located in a low-income area, on how to obtain financing to build a community center that would serve residents of the area.

- *Small Business Development Center of Ohio* – An employee served on a panel of bankers to answer business owners' questions regarding credit programs for small businesses.

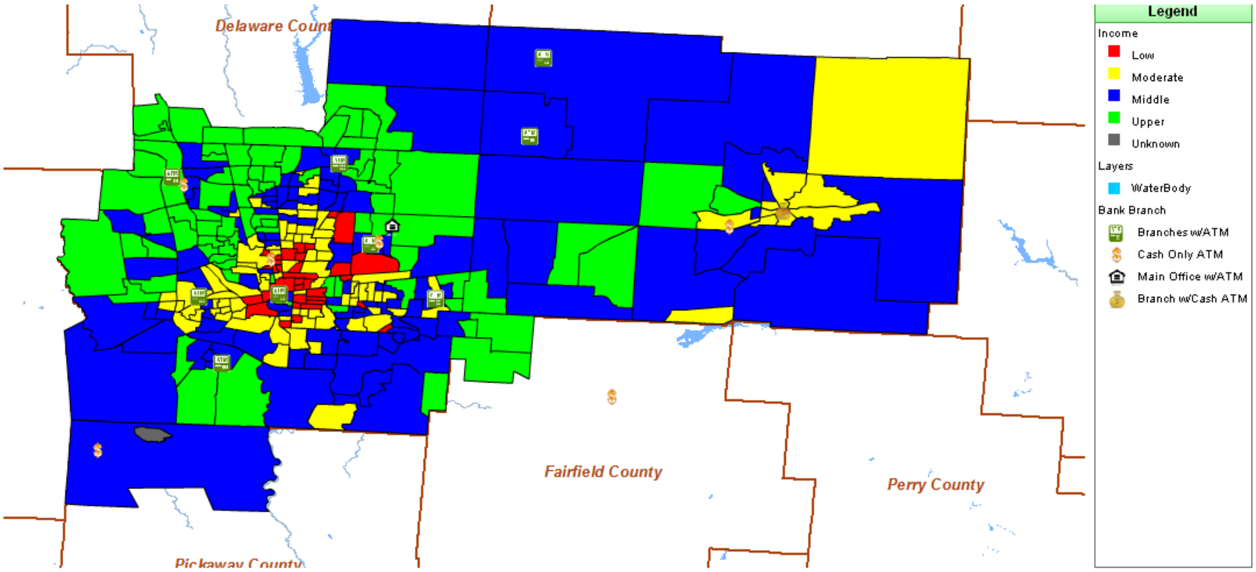
- *Ohio Statewide Development Organization (OSDC)* – The OSDC is an SBA-certified organization providing loans to small businesses that are growing or retaining jobs throughout Ohio. An employee provided financial advice on how small business can gain access to capital at the OSDC's Public Financing Seminar. Also, an employee provided advice to small business owners on how to obtain SBA loans to create and retain jobs.

- *NAACP Columbus Chapter* – Three employees presented a financial literacy class to low- and moderate-income individuals selected by the NAACP.

- *Oakley Full Gospel Baptist Church* – An employee presented financial advice to low- and moderate- income first time homebuyers at the church's economic summit.

APPENDIX A

ASSESSMENT AREA MAP



APPENDIX B

LENDING TABLES

CRA Loan Distribution Table

Exam: Heartland Bank

Assessment Area/Group: Heartland AA 2011

	SMALL BUSINESS				SMALL FARM			
Income Categories	**#**	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**
					By Tract Income			
Low	15	6.4%	606	1.1%	0	0.0%	0	0.0%
Moderate	44	18.8%	25,907	46.2%	0	0.0%	0	0.0%
Low/Moderate Total	59	25.2%	26,513	47.3%	0	0.0%	0	0.0%
Middle	91	38.9%	13,836	24.7%	0	0.0%	0	0.0%
Upper	84	35.9%	15,738	28.1%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	234	100.0%	56,087	100.0%	0	0.0%	0	0.0%
					By Revenue			
Total $1 Million or Less	48	20.5%	6,085	10.9%	0	0.0%	0	0.0%
Over $1 Million	28	12.0%	24,051	42.9%	0	0.0%	0	0.0%
Not Known	158	67.5%	25,951	46.3%	0	0.0%	0	0.0%
Total	234	100.0%	56,087	100.0%	0	0.0%	0	0.0%
					By Loan Size			
$100,000 or less	152	65.0%	6,621	11.8%	0	0.0%	0	0.0%
$100,001 - $250,000	49	20.9%	8,290	14.8%	0	0.0%	0	0.0%
$250,001 - $1 Million (Bus)-$500k (Farm)	21	9.0%	9,725	17.3%	0	0.0%	0	0.0%
Over $1 Million (Bus)-$500k (Farm)	12	5.1%	31,450	56.1%	0	0.0%	0	0.0%
Total	234	100.0%	56,087	100.0%	0	0.0%	0	0.0%
					By Loan Size and Revenue $1 Million or Less			
$100,000 or less	39	81.3%	1,099	18.1%	0	0.0%	0	0.0%
$100,001 - $250,000	5	10.4%	916	15.1%	0	0.0%	0	0.0%
$250,001 - $1 Million (Bus)-$500k (Farm)	3	6.3%	2,070	34.0%	0	0.0%	0	0.0%
Over $1 Million (Bus)-$500k (Farm)	1	2.1%	2,000	32.9%	0	0.0%	0	0.0%
Total	48	100.0%	6,085	100.0%	0	0.0%	0	0.0%

HMDA Loan Distribution Table

Exam: Heartland Bank

Assessment Area/Group :Heartland AA 2011

	HMDA							
	By Tract Income				By Borrower Income			
Income Categories	**#**	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**
	Home Purchase							
Low	2	6.5%	100	2.2%	1	3.2%	72	1.6%
Moderate	5	16.1%	255	5.7%	5	16.1%	312	7.0%
Low/Moderate Total	7	22.6%	355	8.0%	6	19.4%	384	8.6%
Middle	17	54.8%	2,318	52.1%	4	12.9%	445	10.0%
Upper	7	22.6%	1,778	39.9%	17	54.8%	3,284	73.8%
Unknown	0	0.0%	0	0.0%	4	12.9%	338	7.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	31	100.0%	4,451	100.0%	31	100.0%	4,451	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	2	5.7%	58	1.0%
Moderate	4	11.4%	224	3.7%	5	14.3%	306	5.0%
Low/Moderate Total	4	11.4%	224	3.7%	7	20.0%	364	6.0%
Middle	14	40.0%	1,473	24.2%	6	17.1%	839	13.8%
Upper	17	48.6%	4,384	72.1%	21	60.0%	4,810	79.1%
Unknown	0	0.0%	0	0.0%	1	2.9%	68	1.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	35	100.0%	6,081	100.0%	35	100.0%	6,081	100.0%
	Home Improvement							
Low	2	6.5%	22	3.8%	5	16.1%	68	11.6%
Moderate	10	32.3%	281	48.1%	6	19.4%	34	5.8%
Low/Moderate Total	12	38.7%	303	51.9%	11	35.5%	102	17.5%
Middle	12	38.7%	207	35.4%	7	22.6%	58	9.9%
Upper	7	22.6%	74	12.7%	11	35.5%	387	66.3%
Unknown	0	0.0%	0	0.0%	2	6.5%	37	6.3%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	31	100.0%	584	100.0%	31	100.0%	584	100.0%
	Multi-Family							
Low	1	50.0%	68	27.1%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	1	50.0%	68	27.1%	0	0.0%	0	0.0%
Middle	1	50.0%	183	72.9%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	2	100.0%	251	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	251	100.0%	2	100.0%	251	100.0%
	HMDA Totals							
Low	5	5.1%	190	1.7%	8	8.1%	198	1.7%
Moderate	19	19.2%	760	6.7%	16	16.2%	652	5.7%
Low/Moderate Total	24	24.2%	950	8.4%	24	24.2%	850	7.5%
Middle	44	44.4%	4,181	36.8%	17	17.2%	1,342	11.8%
Upper	31	31.3%	6,236	54.9%	49	49.5%	8,481	74.6%
Unknown	0	0.0%	0	0.0%	9	9.1%	694	6.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	99	100.0%	11,367	100.0%	99	100.0%	11,367	100.0%

Consumer Loan Distribution Table

Exam: Heartland Bank

Assessment Area/Group :Heartland AA 2011

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	$(000s)	%	#	%	$(000s)	%
	Consumer Secured							
Low	3	2.3%	15	1.1%	12	9.0%	93	7.0%
Moderate	19	14.3%	247	18.5%	13	9.8%	99	7.5%
Low/Moderate Total	22	16.5%	262	19.7%	25	18.8%	193	14.5%
Middle	72	54.1%	618	46.4%	9	6.8%	69	5.2%
Upper	39	29.3%	452	33.9%	15	11.3%	317	23.8%
Unknown	0	0.0%	0	0.0%	84	63.2%	753	56.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	133	100.0%	1,331	100.0%	133	100.0%	1,331	100.0%
	Home Equity							
Low	0	0.0%	0	0.0%	6	13.3%	165	7.2%
Moderate	2	4.4%	300	13.1%	7	15.6%	198	8.6%
Low/Moderate Total	2	4.4%	300	13.1%	13	28.9%	363	15.8%
Middle	22	48.9%	890	38.7%	6	13.3%	178	7.7%
Upper	21	46.7%	1,109	48.2%	15	33.3%	1,054	45.8%
Unknown	0	0.0%	0	0.0%	11	24.4%	704	30.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	45	100.0%	2,299	100.0%	45	100.0%	2,299	100.0%
	Motor Vehicle							
Low	2	2.8%	34	3.5%	10	13.9%	79	8.2%
Moderate	9	12.5%	94	9.7%	12	16.7%	91	9.4%
Low/Moderate Total	11	15.3%	128	13.2%	22	30.6%	170	17.5%
Middle	41	56.9%	438	45.3%	10	13.9%	100	10.3%
Upper	20	27.8%	402	41.6%	12	16.7%	215	22.2%
Unknown	0	0.0%	0	0.0%	28	38.9%	484	50.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	72	100.0%	968	100.0%	72	100.0%	968	100.0%
	Consumer Loan Totals							
Low	5	2.0%	49	1.1%	28	11.2%	337	7.3%
Moderate	30	12.0%	641	13.9%	32	12.8%	388	8.4%
Low/Moderate Total	35	14.0%	690	15.0%	60	24.0%	725	15.8%
Middle	135	54.0%	1,945	42.3%	25	10.0%	347	7.5%
Upper	80	32.0%	1,963	42.7%	42	16.8%	1,585	34.5%
Unknown	0	0.0%	0	0.0%	123	49.2%	1,941	42.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	250	100.0%	4,598	100.0%	250	100.0%	4,598	100.0%

APPENDIX C

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies,
- (ii) Designated disaster areas, or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on
  - a. Rates of poverty, unemployment, and population loss or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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