

# **PUBLIC DISCLOSURE**

June 10, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Boone Bank & Trust Co.  
Certificate Number: 33552

716 Eighth Street  
Boone, Iowa 50036

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

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

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

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA .....	3
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	11
APPENDICES .....	12
SMALL BANK PERFORMANCE CRITERIA.....	12
GLOSSARY .....	13

## 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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Boone Bank & Trust Co.'s satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's lending performance.

- The loan-to-deposit ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of small farm, small business, and home mortgage loans are inside the bank's assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of varying income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Boone Bank & Trust Co. operates from its main office and an additional branch location in Boone, Iowa. The bank is wholly owned by multi-bank holding company, Ames National Corporation, Ames, Iowa. The bank is affiliated with the following five banks through common ownership: First National Bank, Ames, Iowa; Iowa State Savings Bank, Creston, Iowa; Reliance State Bank, Story City, Iowa; State Bank & Trust Co., Nevada, Iowa; and United Bank & Trust Co., Marshalltown, Iowa. Boone Bank & Trust Co. received a Satisfactory rating at the June 25, 2018 FDIC Performance Evaluation based on Interagency Small Institution Examination Procedures. There were no mergers or acquisitions since the prior evaluation.

The bank offers various loan products and services, including agricultural, commercial, home mortgage, and consumer. The bank's primary lending focus is equally on agricultural and commercial, followed by home mortgage. The bank offers secondary market loans through Iowa Bankers Mortgage Corporation and the Federal Home Loan Bank of Iowa. Additionally, the bank offers financing alternatives through the Department of Veteran Affairs, U.S. Department of Agriculture, and a first-time home buyer program. In response to the COVID-19 pandemic, Boone Bank & Trust Co. participated in the SBA Paycheck Protection Program (PPP) to assist business and agricultural entities.

Deposit products include checking, savings, certificates of deposit, individual retirement accounts, and health savings accounts. Alternative banking services include online and mobile banking. Deposit-taking ATMs are located at both bank branches, and a non-deposit taking ATM is located at a local Hy-Vee Grocery Store (1111 8<sup>th</sup> Street, Boone, Iowa).

According to the March 31, 2024 Consolidated Reports of Condition and Income (Call Report), Boone Bank & Trust Co. reported total assets of \$174.7 million, total loans of \$68.4 million, and total deposits of \$164.6 million. Loan portfolio concentrations have remained generally consistent over the review period. Total loans increased 10.5 percent, total assets increased 24.4 percent, and total deposits increased 40.4 percent since the prior evaluation (March 31, 2018). The following table illustrates the composition of the loan portfolio.

<b>Loan Portfolio Distribution as of 03/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	9,314	13.6
Secured by Farmland	8,724	12.8
Secured by 1-4 Family Residential Properties	10,705	15.7
Secured by Multifamily (5 or more) Residential Properties	2,553	3.7
Secured by Nonfarm Nonresidential Properties	15,314	22.4
<b>Total Real Estate Loans</b>	<b>46,610</b>	<b>68.2</b>
Commercial and Industrial Loans	7,387	10.8
Agricultural Production and Other Loans to Farmers	14,285	20.9
Consumer Loans	95	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>68,377</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Boone Bank & Trust Co. has designated one assessment area that contains all of Boone County, which is part of the Ames, Iowa Metropolitan Statistical Area (MSA). There were no changes to the assessment area boundaries since the prior evaluation. The assessment area includes Boone County census tracts 201.0 – 207.0.

### **Economic and Demographic Data**

According to the 2020 U.S. Census data, the assessment area contains seven census tracts, of which one is moderate income, five are middle income, and one is upper income. This represents a change since the 2015 American Community Survey data, when the assessment area contained five middle- and two upper-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	14.3	71.4	14.3	0.0
Population by Geography	26,715	0.0	9.2	82.4	8.4	0.0
Housing Units by Geography	12,017	0.0	8.5	84.2	7.4	0.0
Owner-Occupied Units by Geography	8,444	0.0	8.4	82.2	9.4	0.0
Occupied Rental Units by Geography	2,357	0.0	10.6	86.9	2.5	0.0
Vacant Units by Geography	1,216	0.0	5.1	92.1	2.8	0.0
Businesses by Geography	3,261	0.0	6.1	85.0	8.9	0.0
Farms by Geography	446	0.0	2.7	77.1	20.2	0.0
Family Distribution by Income Level	7,076	18.5	20.5	27.7	33.2	0.0
Household Distribution by Income Level	10,801	18.8	16.8	18.4	46.1	0.0
Median Family Income - Ames, Iowa MSA		\$90,464	Median Housing Value			\$152,681
			Median Gross Rent			\$806
			Families Below Poverty Level			3.4%

*Source: 2020 U.S. Census and 2023 D&B Data. (\*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

According to 2020 U.S. Census data, service industries represent the largest portion of business and farm operations at 29.8 percent; followed by non-classifiable establishments at 22.9 percent; and agricultural, forestry, and fishing at 12.0 percent. Additionally, 66.4 percent of assessment area businesses and farms have less than five employees, and 93.9 percent operate from one location.

The Federal Financial Institutions Examination Council (FFIEC)-estimated median family income levels are used to analyze home mortgage lending under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Ames, Iowa MSA are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$118,700)	<\$59,350	\$59,350 to <\$94,960	\$94,960 to <\$142,440	≥\$142,440

*Source: FFIEC*

### **Competition**

The assessment area is highly competitive regarding the market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, eight institutions operate 11 offices within Boone County. These institutions range from small community banks to larger financial institutions operating branch locations. Boone Bank & Trust Co. ranked 2<sup>nd</sup> with 22.1 percent of the deposit market

share. Management indicated that they also face competition from Farm Credit Services and numerous banks and credit unions.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the bank's assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. Examiners contacted a representative of an economic development organization familiar with the assessment area.

The individual indicated that economic conditions are stable, but high interest rates are slowing loan demand. Workforce shortages have hindered small operations in the area. High interest rates and a lack of affordable housing have also prevented business expansion. Farmers in the area typically are part-time and have a second job to cover expenses. High rates and a lack of affordable housing have negatively impacted the housing market. The representative stated that lenders in the area are generally responsive to credit needs of the assessment area, but more can be done to promote small business lending.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans are primary credit needs of the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

The evaluation covers the period from the prior evaluation dated June 25, 2018, to the current evaluation dated June 10, 2024. Examiners conducted a full-scope review using the Small Institution Examination Procedures to evaluate Boone Bank & Trust Co.'s CRA performance. These procedures include a Lending Test, which is further described in the Appendices.

### **Activities Reviewed**

Examiners determined the bank's major product lines are small farm and small business, followed by home mortgage loans. This conclusion considered the bank's business focus, number and dollar volume of loans originated during the evaluation period, and review of Call Report data. Given the portfolio composition, small farm and small business lending performance conclusions received greater weight in this evaluation. Management stated small farm and small business lending activity during 2023 was representative of the bank's performance during the evaluation period. Management indicated home mortgage activity during this same period was unusually low and not representative of the bank's typical home mortgage lending performance. As such, examiners expanded the home mortgage review to include 2022 activity. Examiners reviewed small farm and small business loans originated or renewed between January 1, 2023, and December 31, 2023, and home mortgage loans originated or renewed between January 1, 2022, and December 31, 2023.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. This universe included 23 small farm loans totaling \$4.1 million,

and 29 small business loans totaling \$6.7 million. Regarding home mortgage, the universe included 9 home mortgage loans totaling \$576,000 in 2023, and 15 loans totaling \$4.4 million in 2022. For the Geographic Distribution criterion and Borrower Profile criterion, examiners reviewed all loans made within the assessment area.

The 2023 D&B data provided a standard of comparison for the bank’s small farm and small business lending performance. The 2020 U.S. Census data provided a standard of comparison for the bank’s home mortgage lending performance. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, which is a better indicator of the number of farms, businesses, and individuals served.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Boone Bank & Trust Co. demonstrated reasonable performance under the Lending Test. The bank’s reasonable Assessment Area Concentration and Borrower Profile performance primarily supports this conclusion.

### Loan-to-Deposit Ratio

Boone Bank & Trust Co.’s loan-to-deposit ratio is less than reasonable, given the institution’s size, financial condition, and assessment area credit needs. The bank’s average net loan-to-deposit ratio averaged 46.8 percent from June 30, 2018, to March 31, 2023, which is slightly below the ratio at the prior evaluation of 50.5 percent. The ratio ranged from a low of 36.0 percent as of September 30, 2021, to a high of 62.7 percent on June 30, 2019. The bank’s lending performance was compared to that of four similarly-situated institutions operating in Boone Bank & Trust Co.’s assessment area with similarities in lending focus and asset size. The bank’s ratio is below the other banks’ ratios. Management stated it is a bank focus to increase loan volume in an effort to bolster the ratio. See the following table for details.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 03/31/2024 \$(000s)</b>	<b>Average Net Loan-to-Deposit Ratio (%)</b>
<b>Boone Bank &amp; Trust Co., Boone, Iowa</b>	<b>174,707</b>	<b>46.76</b>
Exchange State Bank, Ames, Iowa	134,151	97.94
Reliance State Bank, Story City, Iowa	300,741	72.38
Security Savings Bank, Gowrie, Iowa	197,950	72.70
State Bank & Trust Co., Nevada, Iowa	204,819	63.68
<i>Source: Reports of Condition and Income 06/30/2018 through 3/31/2024</i>		

The institution also originates mortgage loans that are subsequently sold through secondary market relationships; these loans are not included in the institution’s loan-to-deposit ratio. Boone Bank & Trust Co. reported originating and selling 166 loans totaling approximately \$26.0 million on the secondary market from June 30, 2021, to March 31, 2024. While the sale of secondary market loans does not influence the average net loan-to-deposit ratio, this activity provides liquidity to



originate additional home mortgage loans. This lending is responsive to the assessment areas' credit needs by providing long-term home mortgage financing. Although the bank's loan-to-deposit ratio is considered less than reasonable, this performance did not impact overall conclusions or the rating.

**Assessment Area Concentration**

Boone Bank & Trust Co. extended a majority of small business, small farm, and home mortgage loans within its assessment area. See the following table for details.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans</b>				<b>Total \$</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Farm	16	69.6	7	30.4	23	3,214,000	78.8	864,000	21.2	4,078,000
Small Business	21	72.4	8	27.6	29	3,835,000	57.6	2,827,000	42.4	6,662,000
Home Mortgage										
2022	9	60.0	6	40.0	15	3,195,000	72.1	1,235,000	27.9	4,430,000
2023	5	55.6	4	44.4	9	282,000	49.0	294,000	51.0	576,000

*Source: Bank Data  
Due to rounding, totals may not equal 100.0%*

**Geographic Distribution**

The Geographic Distribution of loans reflects excellent dispersion throughout the assessment area. The bank's small business and home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage of loans in the sole moderate-income geography in the assessment area.

***Small Farm Loans***

The geographic distribution of small farm loans is reasonable. As shown in the next table, the bank did not originate any small farm loans in the single moderate-income tract during 2023. D&B data shows only 2.7 percent of farms are located in the moderate-income area, as the location is within the city limits of Boone with few agricultural lending opportunities available. Additionally, there is heavy competition in the area for this loan type.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	2.7	0	0.0	0	0.0
Middle	77.1	14	87.5	2,834	88.2
Upper	20.2	2	12.5	380	11.8
<b>Totals</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>3,214</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data.  
Due to rounding, totals may not equal 100.0%*

***Small Business Loans***

The geographic distribution of small business loans is excellent. As shown in the next table, the bank’s level of lending in the moderate-income area exceeds D&B data.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	6.1	5	23.8	577	15.0
Middle	85.0	16	76.2	3,258	85.0
Upper	8.9	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>3,835</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

***Home Mortgage Loans***

The geographic distribution of home mortgage loans is excellent. The bank’s performance of lending in the moderate-income census tract exceeds demographic data in both 2022 and 2023. See the following table.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>		<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
	2022	8.4	1	11.1	291	9.1
	2023	8.4	3	60.0	137	48.6
Middle						
	2022	82.2	8	88.9	2,905	90.9
	2023	82.2	2	40.0	145	51.4
Upper						
	2022	9.4	0	0.0	0	0.0
	2023	9.4	0	0.0	0	0.0
<b>Totals</b>						
	<b>2022</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>3,196</b>	<b>100.0</b>
	<b>2023</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>282</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>						

**Borrower Profile**

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes, and individuals of different income levels. Boone Bank & Trust Co.’s reasonable lending performance in all three loan products reviewed supports this conclusion. Examiners focused on the percentage of small farm and small business loans to operations with

gross annual revenues of \$1 million or less, and on the percentage of home mortgage loans to low- and moderate-income borrowers.

***Small Farm Loans***

Boone Bank & Trust Co.’s distribution of small farm loans reflects reasonable penetration among operations of different revenue sizes when considering other factors. As shown in the following table, the bank’s lending performance to farm operations with revenues of \$1 million or less falls below D&B data. The 2022 Census of Agriculture data for Boone County shows 61.6 percent of farmers have a primary occupation outside of farming, 31.1 percent are hobby farms (earn \$2,500 or less/year), and 60.3 percent report having no interest expense. This data indicates that a significant proportion of operators have limited or no borrowing needs.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	98.0	13	81.3	2,314	72.0
>\$1,000,000	1.3	3	18.8	900	28.0
Revenue Not Available	0.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>3,214</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

***Small Business Loans***

Boone Bank & Trust Co.’s distribution of small business loans reflects overall reasonable penetration among operations of different revenue sizes when considering other factors. As shown in the next table, a majority of the bank’s lending performance is to businesses with revenues of \$1 million or less, although lower than D&B data. However, two of the six loans to borrowers with gross annual revenues over \$1 million were made to the same borrower, which somewhat skewed the percentages. Additionally, four of the six borrowers have had long-term relationships with the bank ranging from 15 to 40 years. These small businesses have grown to over \$1 million in gross revenues during this banking relationship. Management indicated that many business owners in the area are retiring, and not having successors to continue the business has impacted demand for small business loans. The community contact indicated that small businesses are experiencing workforce shortages, which has slowed expansions.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	90.3	15	71.4	1,283	33.5
>\$1,000,000	2.4	6	28.6	2,552	66.5
Revenue Not Available	7.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>3,835</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

Boone Bank & Trust Co.'s overall lending performance to low- and moderate-income borrowers is reasonable. As shown in the next table, the bank's level of lending in 2022 and 2023 to low-income borrowers exceeds demographic data. With respect to lending to moderate-income borrowers, the bank made no loans in 2022 and lending performance in 2023 is comparable to demographic data. The community contact stated that high interest rates have reduced credit demand, and also mentioned that home inventory is low and many homes in the area are in need of repair before selling.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2022	18.5	2	22.2	927	29.0
2023	18.5	4	80.0	232	82.3
Moderate					
2022	20.5	0	0.0	0	0.0
2023	20.5	1	20.0	50	17.7
Middle					
2022	27.7	3	33.3	724	22.7
2023	27.7	0	0.0	0	0.0
Upper					
2022	33.2	2	22.2	820	25.7
2023	33.2	0	0.0	0	0.0
Not Available					
2022	0.0	2	22.2	725	22.7
2023	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>3,196</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>282</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**Response to Complaints**

The institution has not received any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the rating.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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).

**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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., 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.

**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 (also known as non-MSA):** 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.