

PUBLIC DISCLOSURE

May 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Bussey
Certificate Number: 1556

402 Merrill Street
Bussey, Iowa 50044

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.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. State Bank of Bussey's (SBB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance:

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

DESCRIPTION OF INSTITUTION

SBB operates from its main office in Bussey, Iowa. SBB is wholly-owned by Twin Cedars Bancorp, of Bussey, Iowa. The institution received a rating of Satisfactory at its previous FDIC Performance Evaluation dated April 11, 2016, which was performed using Interagency Small Institution Examination Procedures. Aside from the main office location in Bussey, SBB operates a full-service branch in Oskaloosa and a limited-service branch in Lovilia, Iowa. There have been no branch openings or closings, and no consummated merger or acquisition activities since the previous evaluation. Other than the holding company, the institution has no affiliates.

The institution offers a variety of loan products and services, including home mortgage, agricultural, commercial, and consumer-purpose loans. SBB's lending focus has shifted from agricultural to home mortgage credits since the previous evaluation. SBB also offers specialized commercial lending products through the Small Business Administration. The institution participated in the Small Business Administration's Paycheck Protection Program (PPP) during the review period. This program provided financial aid to agricultural and commercial businesses impacted by the COVID-19 pandemic. SBB also has a referral relationship with Iowa Bankers Mortgage Corporation to provide expanded home mortgage product offerings from the U.S. Department of Agriculture, Veterans Administration, and Iowa Finance Authority.

SBB offers deposit-related products, such as savings, checking, and certificate of deposit accounts. Alternative banking products and services include debit cards, direct deposit, online banking, mobile banking and deposits, electronic statements, and a night depository at the Oskaloosa office location. SBB does not operate any automated teller machines.

As of December 31, 2021, total assets were approximately \$46.7 million, representing a decrease of 1.5 percent since the December 31, 2015, Consolidated Reports of Condition and Income (Call Report). Total loans were approximately \$23.1 million, representing a decrease of 39.5 percent, and total deposits were approximately \$37.9 million, representing a decrease of 6.8 percent during the same timeframe.

The current loan portfolio distribution is shown in the following table. Residential real estate lending represents 52.7 percent of the total loan portfolio, an increase of 19.5 percent from the previous performance evaluation; agricultural lending represents 31.7 percent of the total loan portfolio, a decrease of 13.7 percent; and commercial lending represents 12.0 percent of the total loan portfolio, a decrease of 2.0 percent. Management stated that the decrease in agricultural lending is the result of heavy competition from well-known entities moving into the assessment area and the loss of agricultural loan officers and their customers, severely reducing market share. Conversely, the actual dollar volume of residential real estate lending remained constant, but the loss of volume in other areas of lending makes residential real estate a much larger percentage of the total loan portfolio now.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	259	1.1
Secured by Farmland	4,839	21.0
Secured by 1-4 Family Residential Properties	11,583	50.2
Secured by Multifamily (5 or more) Residential Properties	574	2.5
Secured by Nonfarm Nonresidential Properties	432	1.9
Total Real Estate Loans	17,687	76.7
Commercial and Industrial Loans	2,315	10.1
Agricultural Production and Other Loans to Farmers	2,469	10.7
Consumer Loans	579	2.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	4	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	23,054	100.0
<i>Source: Reports of Condition and Income</i>		

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. SBB has defined its only assessment area to be the entirety of Mahaska and Monroe counties; Keokuk County census tracts 802, 803, and 804; and Marion County census tracts 304.01, 304.02, 305, and 307. The entire assessment area is in a nonmetropolitan area. The boundaries for these census tracts and the assessment area as a whole have not changed since the previous performance evaluation. The Bussey office is located in Marion County census tract 307; the Oskaloosa office is located in Mahaska County census tract 9503; and the Lovilia office is located in Monroe County census tract 9703.

Economic and Demographic Data

According to the U.S. Census Bureau's 2015 American Community Survey (ACS), the assessment area is comprised of one moderate-, 14 middle-, and two upper-income census tracts. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	0.0	5.9	82.4	11.8	0.0
Population by Geography	51,772	0.0	3.7	83.7	12.6	0.0
Housing Units by Geography	23,485	0.0	4.1	83.0	12.9	0.0
Owner-Occupied Units by Geography	15,616	0.0	2.7	83.5	13.8	0.0
Occupied Rental Units by Geography	5,619	0.0	7.4	83.1	9.5	0.0
Vacant Units by Geography	2,250	0.0	5.3	79.3	15.3	0.0
Businesses by Geography	4,413	0.0	5.8	83.3	10.9	0.0
Farms by Geography	717	0.0	1.4	94.0	4.6	0.0
Family Distribution by Income Level	13,848	21.0	18.5	24.3	36.3	0.0
Household Distribution by Income Level	21,235	24.3	16.7	19.7	39.2	0.0
Median Family Income Non-MSAs - IA		\$61,681	Median Housing Value			\$100,392
			Median Gross Rent			\$594
			Families Below Poverty Level			9.9%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2021 D&B Data, service industries represent the largest portion of business and farm operations in the assessment area at 32.3 percent; followed by agriculture, forestry, and fishing at 14.0 percent; and non-classifiable establishments at 13.9 percent. In addition, 70.6 percent of assessment area farms and businesses have less than five employees, and 90.0 percent operate from one location.

Management noted that agricultural businesses were minimally affected by the COVID-19 pandemic, but other businesses (especially those relying on in-person customer traffic) such as restaurants, small shops, and other businesses in the area were greatly affected by the initial shutdown and subsequent operations under reduced-capacity governmental orders. Also, businesses were adversely affected by online sales of competitors, if they did not have an online sales capability. Though the local economy has largely recovered, residual effects of the pandemic are still being felt in the business community.

The 2021 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 Iowa nonmetropolitan areas 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%
Iowa Non-Metropolitan Median Family Income				
2021 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
<i>Source: FFIEC</i>				

Competition

The assessment area is very competitive regarding the market for financial services, considering the low population and number of institutions operating in the area. Deposit Market Share Reports as of June 30, 2021, reflect 17 insured institutions operating from 37 locations within Keokuk, Mahaska, Monroe, and Marion counties. These institutions range from small community banks to larger financial institutions operating branch locations in the area. SBB ranks 14th with 2.0 percent deposit market share in the area.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify credit needs. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. In conjunction with this evaluation, examiners conducted a community contact interview with an individual possessing specific knowledge of the economic conditions of the assessment area.

The contact stated that the agricultural and commercial sectors are stable. Small farmers tend to be employed off the farm to make ends meet, while larger operations provide more stable employment. Most young farmers that want to start their own operation are helped by their families, but they also have credit needs. The commercial sector is growing, with small businesses moving to the area and occupying vacant spaces, and large industrial businesses moving to the industrial park or their own facilities. The majority of business expansion has been via existing companies. Employment is steady, but the influx of business activity has created a hiring shortage and a housing shortage. The housing market is strong; houses sell quickly, and there has been new construction activity of mid-to upper-income types of housing, apartments, and residential rehab spaces above retail locations in town. The contact stated that there is always a need for affordable housing in the area. The contact also stated that there are opportunities for all types of lending in the area, and that financial institutions in the area are trying to meet those needs.

Credit Needs

Considering information from the community contact, bank management, economic and demographic data, and Call Report data, examiners determined that small farm, small business, and home mortgage lending (especially affordable housing) remain the primary credit needs of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 11, 2016, to May 11, 2022. Examiners used Interagency Small Institution Examination Procedures to evaluate the institution's CRA performance.

Activities Reviewed

Examiners determined that the major product lines of the institution are home mortgage, small farm, and small business loans. Examiners considered the institution's stated business focus, the number and dollar volume of loans originated during the evaluation period, and a review of Call Report data. Given the portfolio composition and management's comments regarding the institution's lending focus, home mortgage lending was given greater weight in this evaluation.

Examiners reviewed all home mortgage, small farm, and small business loans originated or renewed from January 1, 2021, through December 31, 2021. Specifically, for the Assessment Area Concentration performance criterion, examiners analyzed 44 home mortgage loans totaling approximately \$3.1 million, 61 small farm loans totaling approximately \$3.8 million, and 45 small business loans totaling approximately \$2.0 million. For the Geographic Distribution performance criterion, examiners reviewed all loans that were originated or renewed during the same timeframe that were inside the boundaries of the assessment area. For the Borrower Profile performance criterion, examiners analyzed all 31 home mortgage loans reviewed for the Geographic Distribution criterion, as well as samples of 36 small farm loans totaling approximately \$1.8 million and 30 small business loans totaling approximately \$1.1 million that were derived from the universe of loans inside the assessment area boundaries. Management agreed that the loan activity reviewed was representative of the institution's performance during the evaluation period.

When arriving at small farm and small business conclusions, 2021 D&B data provided a standard of comparison. For home mortgage conclusions, 2015 ACS data provided a standard of comparison. Examiners obtained the data necessary for this evaluation from the automated loan download, other bank records, individual customer loan files, and interviews with bank management.

Examiners reviewed the number and dollar volume of small farm, small business, and home mortgage loans. 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

SBB demonstrated satisfactory performance under the Lending Test. The institution's overall reasonable Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports this conclusion

Loan-to-Deposit Ratio

The institution's loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and credit needs of the assessment area. The net loan-to-deposit ratio averaged 79.5 percent over the past 23 quarters from June 30, 2016, through December 31, 2021. The ratio ranged from a low of 51.6 percent on December 31, 2021, to a high of 91.5 percent on September 30, 2018. SBB's performance was compared to three similarly-situated institutions operating in or near SBB's assessment area. From June 30, 2016 through mid-2020, all four institutions experienced generally stable or increasing loan-to-deposit ratios; however, the ratios for each institution declined sharply from the 2nd or 3rd quarter of 2020 and continued downward through December 31, 2022. Influxes of deposits from stimulus payments and PPP lending, as well as a decline in lending activity related to the COVID-19 pandemic affected each institution's loan-to-deposit ratio during this period. SBB's net loan-to-deposit ratio compares reasonably to those of the other institutions. The results of this review are illustrated in the following table.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
State Bank of Bussey, Bussey, Iowa	48,574	79.5
First Iowa State Bank, Albia, Iowa	196,217	67.9
White State Bank, South English, Iowa	47,658	69.0
Federation Bank, Washington, Iowa	176,375	75.4
<i>Source: Call Reports 6/30/2016 – 12/31/2021</i>		

Assessment Area Concentration

The institution made a majority of its home mortgage, small farm, and small business loans, by number and dollar amount, within the assessment area. This concentration demonstrates the institution's willingness to meet the credit needs of the assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	31	70.5	13	29.5	44	2,567	81.7	574	18.3	3,141
Small Farm	53	86.9	8	13.1	61	2,303	60.8	1,486	39.2	3,789
Small Business	39	86.7	6	13.3	45	1,615	82.4	346	17.6	1,961
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The institution’s geographic distribution of loans reflects an overall reasonable dispersion throughout the assessment area. The institution’s reasonable performance in the home mortgage, small farm, and small business lending products support this conclusion.

Home Mortgage Lending

SBB’s geographic distribution of home mortgage loans is reasonable, when considering several performance context factors. The only moderate income census tract in the entire assessment area is Marion County census tract 305, which encompasses a very small area in the city center of Knoxville, Iowa. Though no home mortgage loans were originated in this census tract, only 2.7 percent of owner-occupied housing units in the assessment area are located in this census tract. While the percentage of owner-occupied housing in the assessment area as a whole is 66.5 percent, the percentage of owner-occupied housing in census tract 305 is significantly lower, at 44.2 percent, indicating a lower opportunity to originate home mortgage loans in this area. Also, this census tract is approximately 14 miles from the nearest SBB office location, and 22 miles from an SBB office location with a loan officer. Furthermore, there are other financial institutions that have physical locations in Knoxville to service that area. Finally, the institution experienced a loss of several loan officers during 2021, which limited the institution’s ability to make loans for several months. Management stated that priority was given to servicing and retaining existing customers, and that the only new customers received were those who were self-directed to the institution. Examiners reviewed the loan download and found lending in this census tract outside of the 2021 calendar year. Given these factors, SBB’s geographic distribution of home mortgage loans is reasonable. See the following table for details.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	2.7	0	0.0	0	0.0
Middle	83.5	27	87.1	2,096	81.7
Upper	13.8	4	12.9	471	18.3
Not Available	0.0	0	0.0	0	0.0
Total	100.0	31	100.0	2,567	100.0

*Source: 2015 ACS, Bank Data
Due to rounding, totals may not equal 100.0%*

Small Farm Lending

SBB’s geographic distribution of small farm loans is reasonable. As previously stated, the only moderate income census tract in the assessment area lies in the downtown area of Knoxville, Iowa. Though no loans were originated in this area, there is very little farm-related activity in this census tract, which accounts for the very low percentage of farms listed in D&B Data for this part of the assessment area. It is reasonable that no small farm lending would be present in this census tract. See the following table for details.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	1.4	0	0.0	0	0.0
Middle	94.0	53	100.0	2,303	100.0
Upper	4.6	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	53	100.0	2,303	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Lending

SBB's geographic distribution of small business loans is reasonable, when considering performance context factors. Though no loans were originated in the moderate-income census tract during 2021, examiners noted that the percentage of businesses in that area is low. Management has stated that small business lending is not the focus of the institution, and examiners noted that this type of lending is a small percentage of the total loan portfolio. Also, the same issues previously referenced regarding the distance from the nearest branch office and the loss of loan officers also apply to small business lending. Given these factors, SBB's geographic distribution of small business loans is reasonable. See the following table for details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	5.8	0	0.0	0	0.0
Middle	83.3	38	97.4	1,581	97.9
Upper	10.9	1	2.6	34	2.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	39	100.0	1,615	100.0
<i>Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects an overall reasonable distribution of loans to individuals of different income levels, as well as small farms and small businesses of differing revenue sizes. SBB's reasonable performance in home mortgage and small farm lending, as well as the excellent level of performance with regard to small business lending, supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low-and middle-income borrowers, as well as the percentage, by number, of small farm and small business loans to operations with gross annual revenues of \$1 million or less.

Home Mortgage Lending

SBB's home mortgage lending to borrowers of differing incomes is reasonable. Though the institution's performance with regard to low and moderate-income borrowers is lower than the ACS

data benchmarks, but is reasonable in comparison. In addition, examiners considered the fact that 9.9 percent of the assessment area’s population have incomes below the poverty level; these families would have difficulty providing a down payment or servicing a mortgage payment. Overall, the institution’s lending to individuals of differing incomes is reasonable. See the following table for details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	21.0	5	16.1	292	11.4
Moderate	18.5	4	12.9	199	7.8
Middle	24.3	9	29.0	698	27.2
Upper	36.3	11	35.5	937	36.5
Not Available	0.0	2	6.5	441	17.2
Total	100.0	31	100.0	2,567	100.0

*Source: 2015 ACS; Bank Data
Due to rounding, totals may not equal 100.0%*

Small Farm Lending

SBB’s small farm lending to operations of differing revenue levels is reasonable. The institution’s performance in lending to small farms with gross annual revenues of \$1 million or less is slightly better than the benchmark data for that revenue category. See the following table for details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.3	36	100.0	1,771	100.0
>\$1,000,000	1.0	0	0.0	0	0.0
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	36	100.0	1,771	100.0

*Source: 2021 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Lending

SBB’s small business lending to operations of differing revenue levels is excellent. The institution’s level of lending to businesses with gross annual revenues of \$1 million or less significantly exceeds the percentage of businesses in the assessment area at that level of revenue.. See the following table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.6	29	96.7	1,098	97.8
>\$1,000,000	3.9	1	3.3	25	2.2
Revenue Not Available	11.4	0	0.0	0	0.0
Total	100.0	30	100.0	1,123	100.0
<i>Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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