

# **PUBLIC DISCLOSURE**

January 10, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Potter State Bank of Potter  
Certificate Number: 17205

301 Chestnut Street  
Potter, Nebraska 69156

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 .....	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	10
APPENDICES .....	11
SMALL BANK PERFORMANCE CRITERIA.....	11
GLOSSARY.....	12

## INSTITUTION RATING

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

An institution in this group has an outstanding 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.

- The bank's loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs.
- A substantial majority of the small farm and small business loans reviewed were located inside its assessment area.
- The bank's assessment area does not include any low- or moderate-income census tracts. Therefore, the geographic distribution of loans was not evaluated.
- The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.
- The bank made qualified investments and provided community development services, which enhanced credit availability in its assessment area. The number and nature of the investments and services was sufficient to raise the bank's CRA rating from "Satisfactory" to "Outstanding."

## DESCRIPTION OF INSTITUTION

The Potter State Bank of Potter is wholly owned by Enevoldsen Management Company, a one-bank holding company located in Potter, Nebraska. The Potter State Bank of Potter operates two facilities, the main office in Potter and a branch facility in Kimball, Nebraska. The bank received an "Outstanding" rating at its previous FDIC Performance Evaluation, dated February 8, 2016, based on Interagency Small Institution Examination Procedures. No branches have been opened or closed, and no merger or acquisition activities have occurred since the prior evaluation.

Potter State Bank of Potter offers traditional loan products including agricultural, commercial, and consumer loans. In addition, the bank maintains a home mortgage lending referral relationship with Pivot Lending Group, Littleton, Colorado. The bank also offers a variety of deposit services including checking, savings, money market deposit accounts, certificates of deposit, health savings accounts, and individual retirement accounts. Alternative banking services include internet banking, electronic bill pay, remote deposit capture, prepaid debit cards, and automated teller machines (ATMs).

As of September 30, 2021, the bank reported total assets of \$45.6 million, total loans of \$18.9 million, and total deposits of \$38.7 million. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 09/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	1,072	5.7
Secured by 1-4 Family Residential Properties	734	3.9
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	1,296	6.9
<b>Total Real Estate Loans</b>	<b>3,102</b>	<b>16.5</b>
Commercial and Industrial Loans	5,570	29.4
Agricultural Production and Other Loans to Farmers	9,062	47.9
Consumer Loans	1,125	5.9
Obligations of State and Political Subdivisions in the U.S.	42	0.2
Other Loans	16	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>18,917</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **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. The institution has designated a single assessment area, which consists of census tracts 9548, 9549, and 9550 in Cheyenne County and census tract 9545 in Kimball County. Cheyenne County census tracts 9548 and 9550 are middle-income geographies while census tract 9549 is an upper-income geography. Kimball census tract 9545 is a middle-income geography.

Cheyenne County census tracts 9548 and 9550, and Kimball County census tract 9545 were classified as underserved middle-income census tracts in 2018, 2019, 2020, and 2021. None of the assessment area's census tracts were classified as distressed during the evaluation period. The bank's assessment area consists of whole geographies and is contiguous in nature. The institution's Potter office is located in Cheyenne County census tract 9548, and its Kimball office is located in Kimball County census tract 9545.

**Economic and Demographic Data**

The following table provides additional 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)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	13,797	0.0	0.0	68.6	31.4	0.0
Housing Units by Geography	6,850	0.0	0.0	69.3	30.7	0.0
Owner-Occupied Units by Geography	4,042	0.0	0.0	67.0	33.0	0.0
Occupied Rental Units by Geography	1,925	0.0	0.0	68.3	31.7	0.0
Vacant Units by Geography	883	0.0	0.0	82.0	18.0	0.0
Businesses by Geography	1,223	0.0	0.0	79.5	20.5	0.0
Farms by Geography	221	0.0	0.0	90.0	10.0	0.0
Family Distribution by Income Level	3,690	17.9	15.6	23.8	42.7	0.0
Household Distribution by Income Level	5,967	20.8	19.2	16.3	43.7	0.0
Median Family Income Non-MSAs – NE		\$61,457	Median Housing Value			\$103,814
			Median Gross Rent			\$603
			Families Below Poverty Level			9.6%

*Source: 2015 ACS and 2020 D&B Data.*

The assessment area’s demographic information has not substantially changed. The population has remained very consistent, with less than a tenth of a percentage drop from the 2010 US census data. However, the families below the poverty level have increased from 6.2 percent to 9.6 percent.

The assessment area’s economy is generally healthy, as reflected in its low unemployment figures. The table below details unemployment rates for the past five years in comparison with state and national unemployment rates. The assessment area’s unemployment rates are similar to the State of Nebraska, but lower than the national averages.

Unemployment Rates-Not Seasonally Adjusted					
Area	2016	2017	2018	2019	2020
	%	%	%	%	%
Cheyenne County	2.8	2.9	2.8	3.5	4.4
Kimball County	4.0	2.8	2.7	2.9	3.5
Nebraska	3.1	2.8	2.9	3.0	4.2
National Average	4.9	4.4	3.9	3.7	8.1

*Source: Bureau of Labor Statistics*

### **Competition**

The Potter State Bank of Potter operates in a moderately competitive environment. According to the June 2020 FDIC Summary of Deposits, the assessment area contains 8 financial institutions operating 12 offices. The bank ranked 5<sup>th</sup> with 6.0 percent of the FDIC insured deposits. The institution's primary loan competitors are nearby financial institutions as well as Farm Credit Services.

### **Community Contact**

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

The contact represented an economic development organization that provides business assistance, planning, and development services targeted towards small businesses in the assessment area. The contact stated that the area is primarily supported through agricultural activity. Low incomes, low number of employees, and low appraisal values are major economic concerns in the assessment area. The contact further stated that housing opportunities are limited because of low supply, low income, and high underemployment. Overall, the contact noted that banks are adequately meeting the credit needs within the assessment area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the area's primary credit needs are agricultural, commercial, and affordable housing loans.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated February 8, 2016, to the current evaluation dated January 10, 2022. Examiners used Interagency Small Institution Examination Procedures to evaluate the institution's CRA performance.

In early 2020, the COVID-19 pandemic began to spread across the nation, resulting in numerous businesses and individuals experiencing financial difficulties. In an effort to stabilize the economy and offset financial hardships, the government initiated the Paycheck Protection Program (PPP). The PPP is a loan program designed to provide a direct incentive for small businesses to keep their workers on payroll. Thus, the PPP created additional small business lending opportunities for community financial institutions. The bank originated 30 PPP loans totaling \$1.1 million in 2020, and 77 PPP loans totaling \$1.6 million in 2021, which assisted small farms and small businesses struggling with the impacts of the pandemic. These loans are not included in the analysis as all PPP loans are currently paid off and the bank was unable to provide information on paid off loans.

### **Activities Reviewed**

Examiners reviewed small farm and small business loans to evaluate the bank's performance. These products were selected based on the bank's business strategy and the number and dollar volume of the loans originated during the evaluation period. No other loan types, such as home mortgage or consumer loans, represented a major product line. Therefore, examiners did not review any other loan products since they would not have provided any material support for conclusions or the rating.

Examiners reviewed all small farm and small business loans originated or purchased between December 14, 2020, and December 13, 2021, to conduct the Assessment Area Concentration analysis. This consisted of 55 small farm loans totaling approximately \$4.8 million and 52 small business loans totaling approximately \$3.7 million. Examiners then sampled small farm and small business loans from inside the assessment area to conduct the Borrower Profile analysis. Specifically, examiners reviewed 31 small farm loans totaling approximately \$2.6 million and 37 small business loans totaling approximately \$2.1 million to evaluate the institution's record of lending to farms and businesses of different sizes. 2021 D&B Data provided a standard of comparison for the small farm and small business loans. Bank management indicated that the loans reviewed were representative of the institution's performance during the entire evaluation period, and bank data confirms this statement. As a result, the evaluation does not contain any additional years of data.

Agricultural lending represents the largest portion of the loan portfolio at 53.6 percent, while commercial lending represents the second largest portion of the portfolio at 36.3 percent. This is consistent with the bank's focus and assessment area credit needs. Therefore, small farm loans received the most weight when drawing conclusions. When conducting the Assessment Area Concentration analysis, examiners placed equal weight on the number and dollar volume of the loans. When conducting the Borrower Profile analysis, examiners placed greater weight on the number of loans than the dollar volume of loans. This is because the number of loans is a better indicator of the farms and businesses served.

Management provided examiners information on the bank's qualified investments and community development services, and examiners considered these as part to this evaluation.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Potter State Bank of Potter demonstrated satisfactory performance under the Lending Test. The bank's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria supports this conclusion.

### **Loan-to-Deposit Ratio**

The institution's average net loan-to-deposit ratio is reasonable given its size, financial condition, and assessment area credit needs. The ratio, calculated from Consolidated Report of Condition and Income data, average 53.2 percent over the past 23 quarters. The average net loan-to deposit ratio has

increased slightly since the previous CRA evaluation when it averaged 51.4 percent. The bank’s net loan-to-deposit ratio ranged from a high of 60.3 percent on September 30, 2017, to a low of 47.5 percent on March 32, 2021. Bank management believes the recent stimulus payments provided from the government due to the COVID-19 pandemic has caused the bank’s deposits to be artificially inflated over pre-pandemic levels, which in turn has caused the quarterly loan-to-deposit ratios to trend slightly downward since the pandemic started.

Examiners compared The Potter State Bank of Potter’s average net loan-to-deposit ratio to three other similarly situated financial institutions to evaluate the institution’s performance. The other institutions were selected based on their asset size, lending focus, and geographic location. The bank’s average net loan-to-deposit ratio is slightly lower than one of the comparable institutions and significantly lower than the other institutions; however, the ratio is still considered reasonable due to the upward trend since the previous evaluation. The following table provides details.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2021 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Potter State Bank of Potter – Potter, Nebraska</b>	<b>45,554</b>	<b>53.2</b>
Bank of Lewellen – Lewellen, Nebraska	22,540	58.6
Nebraska State Bank – Oshkosh, Nebraska	67,681	95.9
Sidney Federal Savings and Loan – Sidney, Nebraska	18,822	77.2

*Source: Reports of Condition and Income 3/31/2016 - 9/30/2021*

**Assessment Area Concentration**

A substantial majority of the bank’s loans are located within its assessment area. Examiners reviewed the small farm and small business loans described within the Scope of the Evaluation in drawing this conclusion. The following table shows the results of the analysis.

<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 \$(000s)</b>				<b>Total \$(000s)</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	48	87.3	7	12.7	55	4,528	94.9	241	5.1	4,769
Small Business	51	98.1	1	1.9	52	3,658	99.8	8	0.2	3,666
<b>Total</b>	<b>99</b>	<b>92.5</b>	<b>8</b>	<b>7.5</b>	<b>107</b>	<b>8,186</b>	<b>97.0</b>	<b>249</b>	<b>3.0</b>	<b>8,435</b>

*Source: 2020 & 2021 D&B Data, Bank Data (Action Date is between 12/14/2020 and 12/13/2021).*

**Geographic Distribution**

The bank’s assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, the criterion was not evaluated.

**Borrower Profile**

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes given the demographics of the assessment area. This is supported by the bank’s excellent performance for small farm lending and reasonable performance in small business lending. As previously stated, more weight was given to the small farm performance. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less.

***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms with gross annual revenues of \$1 million or less. Specifically, all 31 small farm loans totaling approximately \$2.6 million were to farms in this revenue category. The bank’s small farm lending performance exceeded D&B data in 2021, which indicate that 98.3 percent of farms in the assessment area report gross annual revenues of \$1 million or less.

***Small Business loans***

The distribution of small business loans reflects reasonable penetration among business with gross annual revenues of \$1 million or less. As shown in the following table, the bank’s small business lending performance, by number, slightly lags the percentage of businesses in this revenue category; however, the difference is not material.

<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	80.2	29	78.4	1,010	48.0
>\$1,000,000	4.6	8	21.6	1,095	52.0
Revenues not available	15.2	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>2,105</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data, Bank Data (Action Date is between 12/14/2020 and 12/13/2021).</i>					

**Response to Complaints**

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

**QUALIFIED INVESTMENTS AND SERVICES**

The bank’s qualified investments, donations, and services enhanced its overall satisfactory CRA performance to an outstanding level. The bank has taken a leadership role in the assessment area’s communities by purchasing bonds, providing donations, maintaining branch and ATMs locations in underserved areas, and providing community development services. The bank has also made investments to help revitalize and stabilize the assessment area’s underserved middle-income census tracts.

The bank contributes to the assessment area’s communities through various types of investments, donations, and services. The investments and services considered were limited to only those that have a community development purpose according to the regulatory definition. In other words, the investments and services are primarily undertaken with the intention to benefit low- and moderate-income individuals or to revitalize or stabilize underserved middle-income geographies within the assessment area. These investments and services show that the bank is actively reinvesting in its local communities, especially within underserved middle-income census tracts located in Cheyenne and Kimball Counties.

**Qualified Investments**

Examiners evaluated all community development investments originated or outstanding during the evaluation period. The bank has made several investments and donations to organizations that support community development in the assessment area. The investments were primarily bond purchases that revitalized or stabilized underserved middle-income census tracts. The bank’s number and dollar volume of qualified investments has increased from the previous evaluation when the bank received credit for 35 investments totaling \$1.2 million.

The following table summarizes the qualified investments.

<b>Qualified Investments by Year</b>										
<b>Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Prior Period	0	0	0	0	0	0	14	405	<b>14</b>	<b>405</b>
2019 (Partial)	0	0	0	0	0	0	2	180	<b>2</b>	<b>180</b>
2020	0	0	0	0	0	0	2	200	<b>2</b>	<b>200</b>
2021	0	0	0	0	0	0	17	452	<b>17</b>	<b>452</b>
2022 (YTD)	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>1,237</b>	<b>35</b>	<b>1,237</b>
Grants & Donations	0	0	0	0	0	0	8	5	<b>8</b>	<b>5</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>1,242</b>	<b>43</b>	<b>1,242</b>

*Source: Bank Data*

Some of the more notable investments are described below:

- The bank purchased several general obligation bonds to allow Potter Fire Protection District to purchase an ambulance and additional accessories for the volunteer fire department.
- The bank purchased several general obligation bonds to allow Kimball County to build an addition to the existing nursing home, which provides essential health care needs for residents of an underserved census tract.

**Community Development Services**

The institution’s record of providing branches, ATMs, loan production offices, and/or other services and delivery systems enhances credit availability in its assessment area. Both of the bank’s branches in Potter and Kimball are located in underserved, middle-income census tracts. In addition, the bank’s three ATMs are all located in underserved, middle-income census tracts. The presence of branches and ATMs in underserved census tracts helps enhance credit availability in the assessment area.

The bank also engaged in a variety of community development services. Bank personnel used their financial expertise to serve on various boards and organizations that benefit the assessment area. The services targeted to low- or moderate-income individuals or promoted economic development. Although the bank’s number of qualified services has decreased from the previous evaluation when the bank received credit for 73 services, the activities demonstrate a commitment to serving the assessment area.

The following table summarizes the bank’s community development services.

<b>Community Development Services</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2016	<b>0</b>	1	3	<b>0</b>	<b>4</b>
2017	<b>0</b>	1	3	<b>0</b>	<b>4</b>
2018	0	1	5	1	<b>7</b>
2019	0	1	4	2	<b>7</b>
2020	0	1	8	2	<b>11</b>
2021	0	1	3	2	<b>6</b>
<b>Total</b>	<b>0</b>	<b>6</b>	<b>26</b>	<b>7</b>	<b>39</b>

*Source: Bank Data*

Some of the more notable community development services are described below.

- Several bank employees serve on the board for the Potter Historical Foundation, which is a non-profit public charity that owns several local businesses. The foundation helps manage the businesses and obtain donations and grants to assist them in maintaining operations, which employ low-and moderate-income employees.
- One employee serves on the Kimball Area Foundation, which provides funding for local economic development.
- One bank employee serves on the Kimball Rotary Club Food Basket Program, which provides food for low- and moderate-income individuals in Kimball County.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal practices inconsistent with helping meet community credit needs. Therefore, this consideration did not affect the institution's overall CRA rating.

## 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.