

PUBLIC DISCLOSURE

October 15, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers & Merchants Bank & Trust
Certificate Number: 13737

221 Jefferson Street
Burlington, Iowa 52601

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.

Farmers & Merchants Bank & Trust's 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.
- Overall, a majority of home mortgage, small business, and small farm loans are inside the assessment area.
- The geographic distribution of loans reflects an overall excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects an overall reasonable penetration of lending among individuals of different income levels and businesses and farms 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

Farmers & Merchants Bank & Trust is wholly owned by one-bank holding company Farmers and Merchants Bancshares, Incorporated, Burlington, Iowa. The institution operates from a main office in Burlington, Iowa, and a full-service branch office in West Burlington, Iowa. Limited-service drive-up facilities are located adjacent to, or in close proximity of, each office facility. Management has not opened or closed any offices and has not engaged in any merger or acquisition activities since the prior CRA Evaluation. The institution received a Satisfactory rating at its previous Federal Deposit Insurance Corporation Performance Evaluation, dated November 13, 2018, based on Interagency Small Institution Examination Procedures.

The institution offers various agricultural, commercial, residential real estate, and consumer loan products. Management's business focus remains on home mortgage lending, followed by commercial and agricultural lending. Farmers & Merchants Bank & Trust has the ability to offer specialized credit products through arrangements with the Small Business Administration, Veterans Administration, Farm Service Agency, and U.S. Department of Agriculture. Management also has the ability to offer residential real estate financing through a secondary market referral relationship, including access to a first-time homebuyers program. Further, the bank provides a variety of deposit-related products that include checking, savings, money market, certificate of deposit, and individual retirement accounts. Alternative banking products and services include debit cards, direct deposit, internet and mobile banking, telephone banking, remote and mobile deposit capture, and electronic bill payment. Management operates nine full-service automated teller machines. Three machines are located at bank facilities; the remaining machines are located off-site within the cities of Burlington (four), Mediapolis (one), and West Burlington (one). The bank also offers trust and investment services.

Assets totaled approximately \$236.9 million as of June 30, 2024, representing an increase of 23.7 percent since the September 30, 2018, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$202.9 million, representing a 19.5 percent increase, and total loans equaled approximately \$121.5 million, representing a 7.0 percent decrease during the same timeframe. For the evaluation period, residential real estate lending volume has risen slightly, while commercial and agricultural lending volumes have declined slightly. Management reports that changes in the loan portfolio have been organic in nature. The following table illustrates the composition of the loan portfolio as of June 30, 2024.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,369	1.1
Secured by Farmland	15,667	12.9
Secured by 1-4 Family Residential Properties	59,860	49.3
Secured by Multifamily (5 or more) Residential Properties	2,034	1.7
Secured by Nonfarm Nonresidential Properties	18,225	15.0
Total Real Estate Loans	97,155	80.0
Commercial and Industrial Loans	10,599	8.7
Agricultural Production and Other Loans to Farmers	10,129	8.3
Consumer Loans	3,546	2.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	67	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	121,496	100.0
<i>Source: Reports of Condition and Income</i>		

There are no 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 examiners will evaluate its CRA performance. Farmers & Merchants Bank & Trust has defined a contiguous geographic area encompassing Des Moines and Louisa counties in the nonmetropolitan portion of Iowa.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area is comprised of two low-, two moderate-, eight middle-, and two upper-income census tracts. While delineation of the assessment area remains unchanged, six of the 14 census tracts experienced a shift in income classification since the prior evaluation. The 2015 American Community Survey reported the two-county area as including three moderate-, ten middle-, and one upper-income census tract. Finally, all of Louisa County has been designated as an underserved nonmetropolitan middle-income geography for the entire evaluation period due to its remote rural nature.

Farmers & Merchants Bank & Trust’s main office and corresponding drive-up are located in moderate-income Des Moines County census tract 2. The West Burlington branch and corresponding drive-up lie within middle-income Des Moines County census tract 8. The bank’s automated teller machines are dispersed among tracts designated as low (three), moderate (two), and middle (four) income. 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)	14	14.3	14.3	57.1	14.3	0.0
Population by Geography	49,747	14.8	14.6	59.2	11.4	0.0
Housing Units by Geography	23,676	16.3	15.2	57.3	11.3	0.0
Owner-Occupied Units by Geography	15,060	10.6	14.9	62.3	12.2	0.0
Occupied Rental Units by Geography	6,133	26.7	17.5	46.2	9.6	0.0
Vacant Units by Geography	2,483	24.8	11.0	54.7	9.4	0.0
Businesses by Geography	5,806	14.6	16.4	58.2	10.9	0.0
Farms by Geography	583	3.9	2.6	82.0	11.5	0.0
Family Distribution by Income Level	13,564	22.1	17.6	22.7	37.6	0.0
Household Distribution by Income Level	21,193	24.3	18.3	18.0	39.5	0.0
Median Family Income - Nonmetropolitan Iowa	\$71,763	Median Housing Value				\$113,654
		Median Gross Rent				\$779
		Families Below Poverty Level				11.3%

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 percent.*

According to 2023 D&B data, service industries represent the largest portion of commercial and agricultural operations in the assessment area at 32.4 percent, followed by non-classifiable entities at 19.0 percent, and retail trade at 11.6 percent. Additionally, 66.0 percent of assessment area businesses and farms have four or fewer employees, and 90.6 percent operate from a single location. Regarding home mortgage lending, the following table details FFIEC-estimated median family incomes for nonmetropolitan Iowa; these figures are used for the Borrower Profile analysis.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$86,300)	<\$43,150	\$43,150 to <\$69,040	\$69,040 to <\$103,560	≥\$103,560

Source: FFIEC

Competition

The assessment area is moderately competitive with regard to financial services. According to June 30, 2024, Call Report data, 13 financial institutions operate 27 offices within Des Moines and Louisa counties. These institutions range from small community banks to larger financial institutions operating branch locations inside the two-county area. Farmers & Merchants Bank & Trust ranks 3rd amongst these institutions with 11.8 percent of deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in understanding economic conditions and identifying credit needs. This information helps to determine whether local financial institutions are responsive to community credit needs and provides context regarding available lending opportunities. In conjunction with the current evaluation, examiners interviewed an individual from an economic development organization that serves Des Moines County.

The community representative characterized the area's economy as generally stable. Des Moines County is experiencing a limited amount of residential real estate construction but affordable low-income housing remains a constant need. In the business sector, the contact reported some rejuvenation in downtown Burlington, amidst continued growth for West Burlington since the COVID-19 pandemic. Further, while smaller businesses are struggling, mid-size to larger businesses are doing well and expanding in the county, which provides additional employment opportunities. Small business owners are being affected by the impact of higher interest rates on profit margins. According to the contact, the area farm economy is strong due mainly to steady commodity prices. Smaller farms have also been affected by high interest rates, making loans to fund operations and crop inputs more expensive and squeezing profit margins.

Credit Needs

Based on information from the community contact, bank management, and economic and demographic data, examiners determined that home mortgage, commercial, and agricultural loans represent primary credit needs of the assessment area. Call Reports filed by area financial institutions also support this assertion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 13, 2018, to the current evaluation date of October 15, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate Farmers & Merchants Bank & Trust's CRA performance. These procedures include a Lending Test, which is further described in the Appendices. Examiners conducted a full-scope review of the defined assessment area.

Activities Reviewed

Examiners determined that the institution's major product lines are residential real estate, commercial, and agricultural loans. This conclusion considered the bank's business focus, loan portfolio composition, and lending activity during the evaluation period. Therefore, home mortgage, small business, and small farm lending were reviewed at the current evaluation. Based on the same aforementioned factors, examiners attributed greater weight to home mortgage lending when arriving at overall conclusions, followed by small business and small farm lending.

Management reported that lending activity during 2023 was representative of the bank's performance during the evaluation period. As such, examiners assembled universes of home mortgage, small business, and small farm loans originated, renewed, or extended between January 1, 2023, and December 31, 2023. Examiners evaluated the Assessment Area Concentration

criterion based on these loan universes. For the Geographic Distribution review, examiners evaluated 2023 lending performance using all home mortgage, small business, and small farm loans granted inside the assessment area. Comparatively, the Borrower Profile review for home mortgage loans was evaluated using a sample of loans granted inside the assessment area during 2023. Due to lower volume levels, all small business and small farm loans granted within the assessment area were evaluated for the Borrower Profile criterion. The following table provides universe and sample information.

Loan Products Reviewed						
Loan Category	Universe		Universe Inside Assessment Area		Sample or Universe Used For Borrower Profile	
	#	\$ (000s)	#	\$ (000s)	#	\$(000s)
Home Mortgage	104	8,438	90	6,668	41	3,215
Small Business	40	4,376	35	3,704	35	3,704
Small Farm	24	2,311	12	1,476	12	1,476
<i>Source: Bank Data</i>						

When arriving at home mortgage conclusions, 2020 U.S. Census data provided a standard of comparison. For small business and small farm conclusions, 2023 D&B data provided a standard of comparison. Examiners obtained the data necessary for this evaluation from institution loan records, individual customer loan files, interviews with bank management, and information gathered as part of the examination process. Examiners analyzed lending performance by both the number and dollar volume of loans; however, performance by number of loans was emphasized as it is generally a better indicator of the number of individuals, businesses, and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Farmers & Merchants Bank & Trust demonstrated reasonable performance under the Lending Test. The institution’s performance under Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile primarily supports this conclusion. The following sections describe each performance criterion and how they support the overall rating.

Loan-to-Deposit Ratio

Farmers & Merchants Bank & Trust’s loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 60.3 percent over the 23 calendar quarters from December 31, 2018, to June 30, 2024. The net loan-to-deposit ratio ranged from a low of 45.2 percent as of March 31, 2022, to a high of 80.8 percent as of December 31, 2018.

Examiners compared Farmer & Merchants Bank & Trust’s average net loan-to-deposit ratio with those of four similarly-situated institutions. Comparable institutions were selected based on similarities in lending focus, asset size, and markets served. As illustrated in the following table, Farmers & Merchants Bank & Trust’s average net loan-to-deposit ratio compares reasonably to

those of the other institutions. For the period reviewed, ratios of the other banks ranged from a low of 44.2 percent to a high of 101.1 percent.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Farmers & Merchants Bank & Trust, Burlington, Iowa	236,906	60.3
Danville State Savings Bank, New London, Iowa	171,875	55.8
Farmers Savings Bank, Wever, Iowa	127,298	72.2
Mediapolis Savings Bank, Mediapolis, Iowa	251,929	85.4
Wayland State Bank, Mount Pleasant, Iowa	125,361	53.9

Source: Reports of Condition and Income 12/31/2018 – 6/30/2024.

Assessment Area Concentration

Overall, a majority of Farmer & Merchants Bank & Trust’s loans are inside the assessment area, as shown in the following table. This concentration demonstrates the bank’s willingness to meet credit needs of the assessment area. Notably, the small farm loan concentration is heavily impacted by relationships brought to the bank by current or former loan officers. Specifically, ten of the 12 loans outside the assessment area were granted to four out-of-state borrowers. These relationships were built with lenders based on prior experience or residency and maintained with Farmers & Merchants Bank & Trust.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage	90	86.5	14	13.5	104	6,668	79.0	1,770	21.0	8,438
Small Business	35	87.5	5	12.5	40	3,704	84.6	672	15.4	4,376
Small Farm	12	50.0	12	50.0	24	1,476	63.9	835	36.1	2,311
Total	137	81.5	31	18.5	168	11,848	78.3	3,277	21.7	15,125

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

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is supported by an excellent dispersion of home mortgage and small business loans, and a reasonable dispersion of small farm loans. Emphasis under this criterion is placed on the bank’s record of lending within low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion. As shown in the following table, the bank’s level of home mortgage lending in low- and moderate-income census tracts significantly exceeds corresponding demographic data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	10.6	15	16.7	1,204	18.1
Moderate	14.9	21	23.3	1,138	17.1
Middle	62.3	39	43.3	2,832	42.5
Upper	12.2	15	16.7	1,494	22.4
Total	100.0	90	100.0	6,668	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. As shown in the following table, the bank’s level of lending in low-income census tracts far exceeds comparable D&B data. The bank’s level of lending in moderate-income census tracts is slightly below demographics. Collectively, Farmers & Merchants Bank & Trust granted 48.5 percent of small business loans within low- and moderate-income geographies, comparing favorably to D&B demographics.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	14.6	13	37.1	771	20.8
Moderate	16.4	4	11.4	216	5.8
Middle	58.2	14	40.0	2,507	67.7
Upper	10.9	4	11.4	210	5.7
Totals	100.0	35	100.0	3,704	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion given loan product and performance context considerations. As shown in the following table, the bank did not originate any small farm loans within low- or moderate-income census tracts. However, the assessment area’s low- and moderate-income geographies are located in downtown Burlington, thereby limiting agricultural opportunities. As such, the bank’s performance is reasonable given the product type, available opportunities, and geographic factors.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	3.9	0	0.0	0	0.0
Moderate	2.6	0	0.0	0	0.0
Middle	82.0	9	75.0	1,315	89.1
Upper	11.5	3	25.0	161	10.9
Totals	100.0	12	100.0	1,476	100.0

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

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes. This conclusion is supported by the counterbalance of an excellent borrower distribution for home mortgage lending with reasonable borrower distributions for small business and small farm lending. Emphasis under this criterion is placed on the bank's record of lending to low- and moderate-income home mortgage borrowers and businesses and farms with gross annual revenues of \$1.0 million or less.

Home Mortgage Loans

The overall distribution of home mortgage loans to borrowers of different income levels is excellent. As evidenced in the following table, the bank's lending to low-income borrowers compares reasonably to demographics. Further review of demographics reveals that 11.3 percent of assessment area families are below the poverty level, thereby substantially limiting the demand and opportunity for mortgage lending to this subset of the low-income category. Comparatively, the bank's lending within the moderate-income category exceeds corresponding demographics. When considering only those loans with applicable income data, Farmers & Merchants Bank & Trust granted 54.5 percent of home mortgage loans sampled to low- and moderate-income borrowers. In totality, the bank's distribution reflects excellent penetration among all borrower income levels, including low- and moderate-income.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.1	8	19.5	412	12.8
Moderate	17.6	10	24.4	662	20.6
Middle	22.7	5	12.2	522	16.2
Upper	37.6	10	24.4	962	29.9
Not Available	0.0	8	19.5	657	20.4
Total	100.0	41	100.0	3,215	100.0

*Source: 2020 U.S. Census; Bank Data.
Due to rounding, totals may not equal 100.0 percent.*

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue levels given additional considerations. As reflected in the following table, the bank’s lending within the smaller revenue category is below corresponding demographics. However, a majority of the bank’s small business lending, by number, involved operations with gross annual revenues of \$1.0 million or less. This revenue category includes 19 different borrower relationships, while the larger revenue category encompasses two repeat borrowers. Further review also evidences small business loans extended to a variety of commercial entities. Discussions with management identified several loans within the larger revenue category granted to customers that have either experienced substantive changes and/or grown during a long-term banking relationship, thereby transitioning from the smaller revenue category. In addition, the aforementioned community contact reported that smaller area businesses are struggling and that high interest rates are hindering borrowing. Finally, as reflected by the table, 2023 D&B data reports that 9.8 percent of businesses did not report revenue data, making them unclassifiable by revenue level for comparison. Based on these additional factors, the bank’s borrower profile distribution of small business loans is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.7	19	54.3	1,465	39.6
>\$1,000,000	3.5	16	45.7	2,239	60.4
Revenue Not Available	9.8	0	0.0	0	0.0
Total	100.0	35	100.0	3,704	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different revenue levels. As evidenced in the following table, the bank’s lending within the smaller revenue category is below corresponding demographics; however, a majority of the bank’s small farm loans were to operations in this category, evidencing an intent to serve the agricultural community, including smaller operations. Furthermore, the small universe of loans affects the proportional dispersion.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.5	9	75.0	926	62.7
>\$1,000,000	0.5	3	25.0	550	37.3
Revenue Not Available	1.0	0	0.0	0	0.0
Total	100.0	12	100.0	1,476	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0 percent.</i>					

Response to Complaints

The institution did not receive 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.