

PUBLIC DISCLOSURE

September 3, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Blue Grass Savings Bank
Certificate Number: 13753

104 East Mayne Street
Blue Grass, Iowa 52726

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.

Blue Grass Savings Bank's (BGSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize BGSB's performance.

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

DESCRIPTION OF INSTITUTION

BGSB is a community bank operating from its main office in Blue Grass, Iowa, and a full-service branch location in Davenport, Iowa. One-bank holding company EMF Corporation, Woodway, Washington, owns 66 percent of BGSB with the remaining shares being widely held. BGSB received a Satisfactory rating at its previous Federal Deposit Insurance Corporation Performance Evaluation dated July 2, 2018, based on Interagency Small Institution Examination Procedures. BGSB did not open or close any branch offices, and no merger or acquisition activities have occurred since the prior evaluation.

The institution offers commercial, residential real estate, agricultural, and consumer loan products, with a primary focus on commercial lending. BGSB can originate various government-sponsored programs to assist small businesses and small farms in obtaining affordable financing through the Small Business Administration. Additionally, in response to the COVID-19 pandemic, the bank originated loans under the Small Business Administration's Paycheck Protection Program to assist business- and agricultural-related entities in the area.

The institution provides a variety of deposit-related products that include checking, savings, certificate of deposit, and individual retirement accounts. Alternative banking products and services include debit cards, safe deposit boxes, direct deposit, internet and mobile banking, electronic statements, mobile deposit, wire transfers, and electronic bill payment. Services are also provided through two full-service automated teller machines.

Assets totaled approximately \$226.3 million as of June 30, 2024, representing an increase of 17.6 percent since the September 30, 2018, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$191.4 million, representing a 26.8 percent increase, and total loans were approximately \$111.7 million, representing a 5.6 percent increase during the same timeframe.

Since the prior evaluation, loan volume increased in the commercial, construction and land development, and residential real estate categories with all other categories decreasing. Residential real estate loan volume increased by 28.1 percent and commercial loan volume increased 10.0 percent. Management attributes the increase in home mortgage lending to an increased demand from residential real estate investors. Agricultural loan volume decreased 35.8 percent since the previous CRA evaluation. Management primarily attributes the decrease in farm lending to an overall decline in credit demand resulting from strong liquidity and increased interest rates. The influx of COVID-19 pandemic stimulus payments made to farms, businesses, and individuals allowed farms and businesses to pay down existing debt and fund operations with cash. The sharp increase in interest rates has slowed expansion and equipment purchases, and increased competition among lenders. 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	3,369	3.0
Secured by Farmland	7,617	6.8
Secured by 1-4 Family Residential Properties	45,042	40.3
Secured by Multifamily (5 or more) Residential Properties	2,363	2.1
Secured by Nonfarm Nonresidential Properties	30,905	27.7
Total Real Estate Loans	89,296	79.9
Commercial and Industrial Loans	15,865	14.2
Agricultural Production and Other Loans to Farmers	5,404	4.9
Consumer Loans	1,028	0.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	132	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	111,725	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. BGSB has defined one assessment area in Iowa, comprised of census tract 501 in Muscatine County, and the following census tracts in Scott County: 104.01, 104.02, 106-124, 125.01, 125.02, 126.01, 126.02, 127.01, 127.02, 128.01, 128.02, 129.01, 129.02, 130-136, 137.03, 137.05, and 137.06. Muscatine County is part of the nonmetropolitan area of Iowa. Scott County is part of the Davenport-Moline-Rock Island, Iowa-Illinois Metropolitan Statistical Area (MSA). The borders of the delineated assessment area changed since the previous CRA Evaluation with the addition of census tracts 106, 114-117, 128.01, 128.02, 129.01, 129.02, 130-136, 137.03, 137.05, and 137.06 in Scott County.

Economic and Demographic Data

According to the 2020 U.S. Census, the assessment area is comprised of 14 moderate-income, 20 middle-income, and 7 upper-income census tracts as well as one census tract without an income designation. Comparison of 2020 U.S. Census and 2015 American Community Survey data reveals that the income designation of seven census tracts changed from the previous evaluation. One changed from low income to no income designation, two changed from middle to moderate income, two changed from upper to middle income, one changed from moderate to middle income, and one changed from middle to upper income. BGSB’s main office and Davenport branch locations are in Scott County census tracts 104.01 and 121, respectively. 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)	42	0.0	33.3	47.6	16.7	2.4
Population by Geography	144,066	0.0	27.2	49.2	22.3	1.3
Housing Units by Geography	63,095	0.0	28.7	48.0	21.4	1.9
Owner-Occupied Units by Geography	38,498	0.0	23.3	51.8	24.7	0.2
Occupied Rental Units by Geography	18,479	0.0	37.9	41.5	16.0	4.6
Vacant Units by Geography	6,118	0.0	35.2	43.9	16.7	4.3
Businesses by Geography	19,847	0.0	21.9	42.0	29.0	7.0
Farms by Geography	561	0.0	17.6	52.8	26.6	3.0
Family Distribution by Income Level	34,496	19.8	18.8	20.4	41.0	0.0
Household Distribution by Income Level	56,977	23.7	16.1	18.3	41.9	0.0
Median Family Income MSA - Davenport-Moline-Rock Island, Iowa- Illinois MSA		\$76,902	Median Housing Value			\$162,879
Median Family Income - Nonmetropolitan Iowa		\$71,763	Median Gross Rent			\$835
			Families Below Poverty Level			9.4%

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

According to 2023 D&B data, service industries represent the largest portion of businesses and farms at 34.9 percent; followed by non-classifiable establishments at 25.3 percent; finance, insurance and real estate at 12.3 percent; and retail trade at 9.9 percent. In addition, 61.3 percent of assessment area businesses and farms have four or fewer employees, and 92.2 percent operate from a single location.

The FFIEC-estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table details the low-, moderate-, middle-, and upper-income levels for the Davenport-Moline-Rock Island, Iowa-Illinois MSA and nonmetropolitan Iowa.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Davenport-Moline-Rock Island, Iowa-Illinois MSA Median Family Income				
2022 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2023 (\$88,400)	<\$44,200	\$44,200 to <\$70,720	\$70,720 to <\$106,080	≥\$106,080
Nonmetropolitan Iowa Median Family Income				
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
2023 (\$86,300)	<\$43,150	\$43,150 to <\$69,040	\$69,040 to <\$103,560	≥\$103,560

Source: FFIEC

Competition

The assessment area is very competitive regarding financial services. According to Call Report data, 23 financial institutions operate 64 offices in the assessment area. These institutions range in size from small community banks to larger financial institutions with branch locations in the assessment area. BGSB ranks 10th amongst these institutions with 3.1 percent of deposit market share. The top three financial institutions own 54.8 percent of the deposit market share in the assessment area.

Community Contacts

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. Examiners conducted an interview with a representative of an economic development organization that serves the assessment area.

The contact stated business conditions and the local economy were fairly strong in 2022 but turned flat in 2023 and has continued to be so into 2024. Inflation and higher interest rates have slowed growth and tempered businesses from financing operating costs and purchasing inventory or machinery. Additionally, lower commodity prices have stressed farmer's budgets and has slowed purchases and limited updating of machinery. Decreased sales have led to the local John Deere plant to announce layoffs that have started to trickle through the local economy but have not yet been fully felt. The contact also stated the housing market has been flat due to high interest rates and limited affordable inventory. Currently, homes are being purchased and rehabilitated to be resold or retained as rental property. This leaves limited housing available for persons looking for affordable living space and has pushed out low- and moderate-income buyers. The contact noted that new construction currently being performed is not affordable housing and is taking place in higher-end subdivisions.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans are primary credit needs of the assessment area. 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 July 2, 2018, to the current evaluation date. Examiners used Interagency Small Institution Examination Procedures to evaluate BGSB's CRA performance, which includes the Lending Test. Refer to the Appendices for a summary of the criterion evaluated under the Lending Test. Affiliate activities were not considered in conjunction with this evaluation.

Activities Reviewed

Examiners determined that the bank's major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business focus, number and dollar volume

of loans originated during the evaluation period, and review of Call Report data. Given the portfolio composition and management's comments regarding the lending focus, small business lending performance conclusions were given the greatest weight in this evaluation, followed by home mortgage, then small farm lending when arriving at overall conclusions.

Management stated that the loan activity during 2023 was representative of the bank's performance during the evaluation period. As such, examiners assembled a universe of 113 small business loans totaling approximately \$16.7 million and 33 small farm loans totaling approximately \$3.8 million from the bank's loan download that were originated or extended from January 1, 2023, through December 31, 2023. Additionally, home mortgage loans originated or purchased were identified from the Home Mortgage Disclosure (HMDA) Loan Application Register for the years 2022 and 2023. In 2022, 164 home mortgage loans totaling approximately \$19.0 million were reported, and 115 home mortgage loans totaling approximately \$11.5 million were reported in 2023. HMDA data for each year was analyzed for trends and differences, with results for the 2023 reporting year presented under Geographic Distribution and Borrower Profile. No material differences impacting conclusions were identified in BGSB's home mortgage lending performance between HMDA reporting years

For the Assessment Area Concentration review, examiners evaluated lending performance based on all small business and small farm loans in calendar year 2023, as well as all home mortgage loan data reported under the HMDA for 2022 and 2023. For the Geographic Distribution review, examiners evaluated lending performance based on all small business and small farm loans originated or renewed inside the assessment area in calendar year 2023, as well as home mortgage loan data originated or purchased inside the assessment area in 2022 and 2023. Borrower Profile performance for small business was evaluated using a sample of 36 loans totaling approximately \$4.9 million originated inside the assessment area, while all small farm and home mortgage loans within the assessment area were analyzed.

For small business and small farm conclusions, 2023 D&B data provided a standard of comparison. Specific to home mortgage lending, 2020 U.S. Census data, and 2022 and 2023 HMDA aggregate data provided a standard of comparison. When arriving at conclusions related to home mortgage loans, examiners placed greater weight on the bank's performance in comparison to aggregate data.

Examiners reviewed the number and dollar volume of small business, home mortgage, and small farm loans. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses, individuals, and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs in the assessment area. The institution’s net loan-to-deposit ratio, calculated from Call Report data, averaged 59.7 percent over the past 24 calendar quarters from September 30, 2018, to June 30, 2024. The ratio ranged from a high of 70.3 percent as of June 30, 2019, to a low of 50.2 percent as of June 30, 2022. As shown in the following table, BGSB’s average net loan-to-deposit ratio compares reasonably with similarly-situated institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
BGSB, Blue Grass	226,339	59.7
American Bank and Trust Company, Davenport	528,355	77.6
Northwest Bank & Trust Company, Davenport	247,742	65.4
Community Bank and Trust Company, Muscatine	269,094	59.4
<i>Source: Call Reports 9/30/2018 - 6/30/2024</i>		

Assessment Area Concentration

The bank made a majority of small business, home mortgage, and small farm loans, by number and dollar volume, within its assessment area. Overall, this concentration demonstrates the bank’s willingness to meet the credit needs of the assessment areas. 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
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$	%	\$	%	\$
Small Business	72	63.7	41	36.3	113	9,692	58.2	6,966	41.8	16,658
Small Farm	32	97.0	1	3.0	33	3,688	98.1	70	1.9	3,758
Home Mortgage										
2022	91	55.5	73	44.5	164	10,776	56.6	8,251	43.4	19,027
2023	71	61.7	44	38.3	115	7,388	64.0	4,158	36.0	11,546
Subtotal	162	58.1	117	41.9	279	18,164	59.4	12,409	40.6	30,573
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable small business lending performance, the most weighted loan product, primarily supports this conclusion. Emphasis is placed on the bank’s record of lending in the moderate-income census tracts.

Small Business Loans

The geographic distribution of small business lending reflects reasonable dispersion. As shown in the following table, BGSB’s distribution of small business loans in the moderate-income census tracts is slightly below but compares reasonably to D&B data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	21.9	13	18.1	1,051	10.8
Middle	42.0	32	44.4	4,117	42.5
Upper	29.0	19	26.4	3,129	32.3
Not Available	7.0	8	11.1	1,395	14.4
Totals	100.0	72	100.0	9,692	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

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

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	23.3	26.1	34	47.9	2,831	38.3
Middle	51.8	50.0	32	45.1	3,918	53.0
Upper	24.7	23.5	5	7.0	639	8.7
Not Available	0.2	0.3	0	0.0	0	0.0
Totals	100.0	100.0	71	100.0	7,388	100.0
<i>Source: 2020 U.S. Census; 2023 HMDA Reported Data; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

The geographic distribution of small farm lending reflects poor dispersion. As shown in the following table, BGSB’s distribution of small farm loans in the moderate-income census tract is significantly below D&B data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	17.6	1	3.1	500	13.6
Middle	52.8	30	93.8	2,987	81.0
Upper	26.6	1	3.1	201	5.5
Not Available	3.0	0	0.0	0	0.0
Totals	100.0	32	100.0	3,688	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration overall among businesses and farms of different sizes and among individuals of different income levels. The overall conclusion is supported by BGSB’s lending performance in all three products reviewed. Examiners focused on the percentage, by number, of small business and small farm loans to entities generating gross annual revenues of \$1 million or less, and on the percentage, by number, of home mortgage loans to low- and moderate-income individuals.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Although lending to businesses with gross annual revenues of \$1 million or less is lower than D&B data, examiners considered other contextual information to arrive at an overall reasonable conclusion. The majority of the bank’s small business lending, by number, is to businesses generating gross annual revenues of \$1 million or less, evidencing an intent to serve businesses in this revenue category. Management reports that all sampled loans to businesses generating over \$1 million in gross annual revenues were to long-standing customers that have grown from less than \$1 million in gross annual revenue over time. Finally, 2023 D&B data reflects that 7.9 percent of businesses did not report their revenue level; thus, the revenue levels of these businesses are unclassifiable. See the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.4	28	77.8	2,155	44.4
>\$1,000,000	2.7	8	22.2	2,699	55.6
Revenue Not Available	7.9	0	0.0	0	0.0
Total	100.0	36	100.0	4,854	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank’s lending performance to low- and moderate-income home mortgage borrowers reflects reasonable penetration, given mitigating factors. As demonstrated in the table below, BGSB’s

lending to low- and moderate-income home mortgage borrowers is lower than comparative benchmark data. BGSB originates a high percentage of its home mortgage loans to individuals and entities for investment purposes. Generally, these loans are extended to persons or corporate entities that do not report personal income. The table shows 76.1 percent of BGSB home mortgage borrowers reported income as Not Available. Adjusting the analysis to exclude the loans reported as Not Available brings the institution’s percentage of lending to non-investor, consumer-purpose 1-4 family unit borrowers to a level comparable with aggregate data. BGSB’s adjusted performance in this area is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.8	8.7	1	1.4	89	1.2
Moderate	18.8	20.4	3	4.2	53	0.7
Middle	20.4	20.3	4	5.6	567	7.7
Upper	41.0	28.5	9	12.7	863	11.7
Not Available	0.0	22.1	54	76.1	5,816	78.7
Totals	100.0	100.0	71	100.0	7,388	100.0
<i>Source: 2020 U.S. Census; 2023 HMDA Reported Data; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

The penetration of small farm loans among agricultural operations of different sizes is reasonable, considering performance context information. As demonstrated in the following table, BGSB’s lending to farms generating gross annual revenues of \$1 million or less is below comparative demographic data. Review of 2022 Census of Agriculture data reveals that 56.7 percent of agricultural producers in the assessment area are “hobby farms,” that list their principal occupation as “other than farming.” The same data shows that 58.1 percent of farm operations in the assessment area had no interest expense, indicating that a significant portion of farms in the area have no borrowing need. Additionally, management reports that many loans to farms generating over \$1 million in gross annual revenues were to long-standing customers that have grown in size over time. Lastly, of the ten loans with gross annual revenues greater than \$1 million, eight were originated to the same borrower, with the remaining two to a single borrower. This concentration of loans to a small number of borrowers can affect results. These three factors lend support of an overall reasonable conclusion of BGSB’s performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.1	22	68.8	2,239	60.7
>\$1,000,000	1.6	10	31.3	1,449	39.3
Revenue Not Available	1.2	0	0.0	0	0.0
Total	100.0	32	100.0	3,688	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.