

# **PUBLIC DISCLOSURE**

August 5, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Spring Bank  
Certificate Number: 58780

16620 W Bluemound Rd Ste 100a  
Brookfield, Wisconsin 53005

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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 **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.

Spring Bank's Community Reinvestment Act (CRA) performance under the Lending Test, in conjunction with qualified community development (CD) investment and service activities conducted during the evaluation period, supports the overall rating.

- The net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a substantial majority of its small business and home mortgage-investment property loans in the AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the rating.
- The institution made several CD qualified investments and provided several qualified services throughout the AA and the Broader State and Regional Area (BSRA).

## DESCRIPTION OF INSTITUTION

Spring Bank is a \$378 million commercial bank located in Brookfield, Wisconsin. The institution received a “Satisfactory” rating at its previous November 15, 2021, FDIC Performance Evaluation based on Interagency Small Institution Examination Procedures.

Spring Bank operates one full-service office location in Waukesha County, Wisconsin. The office is in an upper-income census tract in Brookfield, Wisconsin. The bank’s loan product offerings include small business; loans home mortgage loans, predominantly investment properties; and consumer loans as an accommodation to business clients. In addition, the bank offers various commercial and personal deposit products, including checking, savings, money market, and certificates of deposit. Spring bank also offers a variety of alternative banking products, including online and mobile banking, electronic bill payment, and peer-to-peer payments through Zelle.

As of March 31, 2024, assets totaled \$378.0 million, including total loans of \$290.2 million, total securities of \$37.4 million, and total deposits of \$277.1 million. Total assets and loans remained comparable to the last evaluation, with total assets increasing by 1.3 percent and total loans increasing by 1.4 percent. Other construction and land development loans had the greatest growth since the last evaluation, increasing by approximately \$15.0 million.

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	34,938	12.1
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	40,050	13.8
Secured by Multifamily (5 or more) Residential Properties	9,924	3.4
Secured by Nonfarm Nonresidential Properties	144,886	49.9
<b>Total Real Estate Loans</b>	<b>229,798</b>	<b>79.2</b>
Commercial and Industrial Loans	59,285	20.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	35	0.0
Obligations of State and Political Subdivisions in the U.S.	859	0.3
Other Loans	190	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
<b>Total Loans</b>	<b>290,167</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would affect the bank’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 AAs within which examiners will evaluate its CRA performance. Spring Bank designated one AA. The AA consists of all 400 census

tracts in Waukesha and Milwaukee Counties, part of the Milwaukee-Waukesha MSA. The assessment area has not changed since the last evaluation. Sources of the data used throughout the evaluation are as follows: Federal Financial Institutions Examination Council (FFIEC), 2020 U.S. Census Bureau, D&B data, U.S. Bureau of Labor Statistics, Wisconsin Realtors Association, Moody’s Analytics, and Wisconsin Department of Workforce Development.

**Economic and Demographic Data**

Based on 2020 U.S. Census data, of the 400 census tracts in Spring Bank’s AA, 81 are designated as low income, 79 as moderate income, 121 as middle income, 110 as upper income, and 9 are not assigned an income classification.

Except for four moderate-income census tracts located in downtown Waukesha, all low- and moderate-income census tracts are in Milwaukee County. Most of the low-income census tracts are in the City of Milwaukee. See the following table for additional demographic details of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	400	20.3	19.8	30.3	27.5	2.3
Population by Geography	1,346,467	15.0	18.2	32.0	33.6	1.2
Housing Units by Geography	586,013	14.8	18.7	33.6	31.8	1.1
Owner-Occupied Units by Geography	310,203	6.7	14.7	35.8	42.6	0.2
Occupied Rental Units by Geography	233,280	22.6	24.0	32.4	19.1	1.9
Vacant Units by Geography	42,530	30.9	19.3	24.6	22.1	3.0
Businesses by Geography	142,264	12.7	17.7	30.4	38.4	0.8
Farms by Geography	2,475	10.4	13.7	29.7	46.0	0.2
Family Distribution by Income Level	322,061	24.3	17.0	19.9	38.7	0.0
Household Distribution by Income Level	543,483	26.5	16.0	17.3	40.2	0.0
Median Family Income MSA - 33340 Milwaukee-Waukesha, WI MSA		\$84,829	Median Housing Value			\$200,665
			Median Gross Rent			\$948
			Families Below Poverty Level			9.9%

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

According to the 2023 Moody’s Analytics report, the AA continues to grow, albeit slowly. Waukesha County has consistently shown unemployment rates below the State and National levels, while Milwaukee County’s unemployment rate remains above both. Job gains in the AA over the course of the last 12 months have been improving in the healthcare industry, while they have been contracting in the manufacturing and financial service industries. The following table depicts the annual unemployment rates over the course of the examination period for the AA.

<b>Unemployment Rate (Annual)</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Milwaukee County	5.4	3.7	3.8
Waukesha County	3.2	2.5	2.6
Statewide	3.9	2.9	3.0
Nationwide	5.3	3.6	3.6

*Source: Bureau of Labor Statistics*

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). According to 2023 D&B data, the service industry, followed by non-classified establishments, and the finance, insurance, and real estate industry represent the largest number of businesses in the AA. Based on the data, most of the businesses in the AA report GARs of less than or equal to \$1 million and have fewer than 20 employees. The largest employers in the AA are General Mitchell International Airport, University of Wisconsin – Milwaukee, Ascension HealthCare, Kohls Corporation, and Quad Graphics.

The analysis of home mortgage loans for this evaluation, under the Geographic Distribution criterion, compares the dispersion of home mortgage loans of investment properties, particularly in the low- and moderate-income census tracts. Therefore, the aggregate data used includes only investment properties as the comparator, and the census data used is the percentage of rental units in the census tracts, rather than owner-occupied units. Of the 586,013 housing units in the AA, 39.8 percent are occupied rental units. Of the occupied rental units, 22.6 percent are in low-income census tracts and 24.0 percent are in moderate-income census tracts. In 2023, according to the U.S. Department of Housing and Urban Development, fair market rents in the AA range from \$766 per month for an efficiency apartment, up to \$1,466 per month for a four-bedroom apartment. Based on the 2020 U.S. Census, the median gross rent for rental units in the AA was \$813 in low-income census tracts and \$882 in the moderate-income census tracts. These rents represent a substantial increase from the previous evaluation when fair market rents in the AA ranged from \$663 for an efficiency, up to \$1,362 for a four-bedroom apartment, and median rents were \$722 in low-income census tracts and \$797 in moderate-income census tracts. This information is pertinent to the analysis of the bank’s home mortgage performance because of the focus on investment properties.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Milwaukee-Waukesha, WI MSA Median Family Income (33340)</b>				
2023 (\$100,600)	<\$50,300	\$50,300 to <\$80,480	\$80,480 to <\$120,720	≥\$120,720

*Source: FFIEC*

**Competition**

There is a substantial amount of competition in the AA for financial services. As of the June 30, 2023, FDIC Deposit Market Share data, there were 40 financial institutions operating 363 office

locations in the AA. Spring Bank ranked 22<sup>nd</sup>, holding 0.4 percent market share. Three national banks hold the top three spots, for a combined 63.5 percent market share.

The Lending Test does not include direct comparisons to aggregate lender performance for small business lending, because the bank is not required to report small business data under CRA. However, the aggregate data does reflect the level of demand for small business loans, and therefore, is discussed in this evaluation. Aggregate data for 2022, the most recent data available, shows 132 institutions reported 29,170 small business loan originations in Milwaukee and Waukesha Counties, indicating a high level of demand and competition in the AA. It is further important to note that several additional non-reporting institutions operate in the AA, suggesting competition in the AA is greater than what is reflected in the aggregate data.

There is a high level of competition in home mortgage investment property loans in the AA. In 2022, the most recent HMDA data year, there were 259 lenders in the AA, reporting 3,175 home mortgage loans on investment properties. The bank is not included in the data, as they were not required to report in 2022.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. The contacts also assist in identifying credit and CD opportunities within the AA. Examiners obtained information from one new contact.

Examiners contacted an Executive Director of an economic development corporation that assists primarily Indigenous-owned businesses located in the AA and throughout the State of Wisconsin. The entity helps increase access to capital via business loans, provides technical assistance, and advocates for these businesses to create new business opportunities.

One area of need identified by the contact is skilled, qualified workers. This is true not only for the indigenous-owned businesses, but for all businesses and across all industries. The contact identified loan programs available through Native Community Development Financial Institutions (CDFIs), and via U.S. Small Business Administration intermediary lenders as an opportunity for financial institutions in the AA. Financial institutions can partner with these entities to make loans for not only the indigenous-owned businesses, but for all small businesses operating in the AA. The contact stated most financial institutions lack of knowledge of these programs which provide help in a variety of ways for small businesses. He stated the programs are most important for a small business owner who may not qualify for traditional lending programs.

### **Credit Needs**

Considering information from community contacts, bank management, and other available demographic and economic data, examiners determined the AA has credit needs and opportunities for small businesses. There is currently a strong need for non-traditional lending programs to be collaborated with financial institutions and CDFIs, along with intermediary lenders to meet the needs of small businesses.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the November 15, 2021 evaluation to the current evaluation date of August 5, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate the CRA performance. These procedures include the Lending Test. The Appendix details the performance criteria for this test, while the Glossary provides pertinent definitions. In addition, the bank has requested consideration for CD investment and services activities conducted throughout the evaluation period. The bank does not have any affiliates that perform lending activities, and therefore there was no such analysis conducted.

### **Activities Reviewed**

Examiners have determined small business lending is the bank's primary lending focus, followed by home mortgage loans, particularly for investment properties. This conclusion considers the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. No other loan product, such as small farm or consumer loans, represent a major product line, provide material support for conclusions or are included in the evaluation.

Bank records and discussions with management indicate the lending focus and product mix remained consistent throughout the evaluation period. Examiners used the 2023 universe of small business loans for assessment area concentration and geographic distribution criterion; and used a random sample of this universe for the borrower profile criterion. The 2023 small business loan universe includes 183 loans, totaling \$47.6 million, of which 51, totaling \$11.1 million were randomly sampled. Of the 51 sampled loans, 47, totaling \$10.3 million, were in the AA, and thus were included in the borrower profile analysis. D&B data for 2023 provided a standard of comparison for small business loans.

In addition, examiners analyzed the 2023 HMDA data for assessment area concentration and geographic distribution. 2023 is the only year the bank was required to collect and report HMDA data. The bank reported 28 originated loans, totaling \$4.8 million during 2023. All 28 loans were for non-owner-occupied investment properties, and therefore the borrower profile criterion is not applicable for this portfolio. Aggregate data and 2020 U.S. Census demographic data provided standards of comparison for the bank's home mortgage loans.

Examiners determined that 2023 performance is representative of the performance throughout the evaluation period; therefore, this evaluation presents information for only 2023. Examiners place more weight on the small business loan analysis, as this is the primary business focus, and this is the largest loan portfolio in both number and volume during the evaluation period.

Management requested that examiners consider the bank's CD investments from the time of the last evaluation through July 2024, and service activities occurring from the time of the prior evaluation through December 2023. Under the Interagency Small Institution Examination Procedures, CD investment and service activities may be considered to enhance the bank's overall lending performance. There is no separate rating for these activities.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Spring Bank demonstrates reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### Loan-to-Deposit Ratio

The bank’s net LTD ratio is reasonable given the size, financial condition, AA credit needs, and opportunities. The bank’s net LTD ratio as calculated from Call Report data, averaged 96.4 percent over the 10 calendar quarters from December 31, 2021, to March 31, 2024. The ratio ranged from a low of 84.9 percent as of June 30, 2022, to a high of 103.5 as of December 31, 2023. Spring Bank’s net LTD ratio is comparable to the net LTD ratios of similarly situated financial institutions, as shown in the following table. Examiner select similarly situated financial institutions based on asset size, product offerings, and geographic location.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 03/31/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Spring Bank</b>	<b>378,005</b>	<b>96.4</b>
First Federal Bank of Wisconsin	325,878	96.4
The Greenwood’s State Bank	597,102	94.1
Pyramax Bank	562,399	90.3
Ixonia State Bank	750,209	79.7
Oostburg State Bank	355,556	79.0
<i>Source: Reports of Condition and Income 12/31/2021 – 03/31/2024</i>		

### Assessment Area Concentration

The bank originated a substantial majority of its 2023 small business and home mortgage loans, by number and dollar volume, within its AA. Refer to the following table for details.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	#	%	#	%		\$(000)	%	\$(000)	%	
Small Business	158	86.3	25	13.7	183	40,045	84.1	7,595	15.9	47,640
Home Mortgage	26	92.9	2	7.1	28	3,705	76.7	1,128	23.3	4,833
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

## Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the AA. The excellent dispersion of both small business loans and home mortgage investment property loans support this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. Performance in the low-income census tracts matches the percentage of small businesses reported in these census tracts. In the moderate-income census tracts, performance exceeds the D&B data of reportable businesses by 7.0 percentage points.

<b>Geographic Distribution of 2023 Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	12.7	19	12.0	6,677	16.7
Moderate	17.7	39	24.7	8,289	20.7
Middle	30.4	49	31.0	11,540	28.8
Upper	38.4	50	31.6	13,499	33.7
Not Available	0.8	1	0.6	40	0.1
<b>Totals</b>	<b>100.0</b>	<b>158</b>	<b>100.0</b>	<b>40,045</b>	<b>100.0</b>

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

### ***Home Mortgage Loans – Investment Properties***

The geographic distribution of home mortgage loan investment property loans reflects excellent dispersion throughout the AA. Performance by number of loans in both the low- and moderate-income census tracts exceeds demographic benchmarks by more than 10.0 percentage points. In addition, in the low-income census tracts, the bank’s performance exceeds aggregate performance by 13.6 percentage points. In the moderate-income census tracts, it exceeds aggregate by 8.3 percentage points.

<b>Geographic Distribution of 2023 Home Mortgage Loans - Investment Properties</b>						
<b>Tract Income Level</b>	<b>% of Rental Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.6	24.9	10	38.5	1,435	38.7
Moderate	24.0	26.3	9	34.6	1,046	28.2
Middle	32.4	31.0	7	26.9	1,224	33.0
Upper	19.1	16.8	0	0.0	0	0.0
Not Available	1.9	1.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>3,705</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.*

## **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes.

Although the bank's performance is lower than the demographic data, it is reasonable. Not all reporting businesses in the AA are seeking financing, or may be seeking non-traditional financing, such a personal loans or credit card lending. While the bank is not a small business loan reporter, the aggregate lender performance does serve as a metric for the level of demand for small business loans in the AA. Based on the 2023 data, aggregate lenders reported 53.2 percent of their small business loans were to businesses with GARs of \$1 million or less.

<b>Distribution of 2023 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	88.0	29	61.7	5,337	51.6
>\$1,000,000	4.2	18	38.3	5,003	48.4
Revenue Not Available	7.8	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>10,340</b>	<b>100.0</b>

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

## **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**

Spring Bank's qualified investments and services enhance credit availability in the AA and BSRA.

### **Qualified Investments**

Of the bank's investments, 14 totaling \$3.4 million, are certificates of deposit held at several minority-owned financial institutions throughout the country. Although these institutions are not located in the AA or BSRA, the CRA includes any qualified activity with minority-owned financial institutions, regardless of location. Of the remaining 26 investments, 23 totaling \$38,788, are donations and grants provided to various CD organizations throughout the AA. The remaining three donations totaling \$425 support CD organizations in the BSRA.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	0	0	7	1,720	0	0	0	0	7	1,720
2023	0	0	6	1,470	0	0	0	0	6	1,470
2024	0	0	1	245	0	0	0	0	1	245
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>3,435</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>3,435</b>
Qualified Grants & Donations	2	6	17	9	7	24	0	0	26	39
<b>Total</b>	<b>2</b>	<b>6</b>	<b>31</b>	<b>3,444</b>	<b>7</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>3,474</b>
<i>Source: Bank Data</i>										

Notable donations include the following:

- Four donations, totaling \$9,600 to an organization serving the AA by preserving affordable housing through providing free home repairs to low-and moderate-income families.
- Two donations, totaling \$10,000 to a CD organization in Milwaukee that strives to create economic growth and encourages urban environmental improvements in the area it serves.
- Two donations, totaling \$9,900 to a CD organization serving Metro Milwaukee by investing capital, assisting businesses to grow, and helping create jobs.

During the evaluation period, the bank purchased six additional certificates of deposit, totaling \$1.5 million, held in designated CDFIs. These investments are not included in the analysis above, as they are not located in the AA or the BSRA, rather throughout various areas of the country.

### Qualified Services

Of the 20 qualified services provided by staff from the date of the prior evaluation through December 31, 2023, 13 were performed within the AA. Staff provided seven additional services to CD organizations in the BSRA, primarily by staff that live just outside the AA. Most of the services provided include serving on the Board or loan committees of economic development organizations, housing organizations that assist low- and moderate-income borrowers to succeed at homeownership and various community service organizations within the AA.

<b>Qualified Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021	1	5	2	0	<b>8</b>
2022	1	4	1	0	<b>6</b>
2023	0	5	1	0	<b>6</b>
<b>Total</b>	<b>2</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>20</b>
<i>Source: Bank Data</i>					

## **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 evidence of discriminatory or other illegal credit practices; 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.