

# **PUBLIC DISCLOSURE**

May 5, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Ashton State Bank  
Certificate Number: 11343

317 3<sup>rd</sup> Street  
Ashton, Iowa 51232

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.

The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- Overall, a majority of the loans reviewed were located inside the assessment area.
- The assessment area does not contain any low- or moderate-income census tracts; therefore, this criterion was not evaluated.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

## DESCRIPTION OF INSTITUTION

Ashton State Bank is a community bank that operates from a single location in Ashton, Iowa. The institution is wholly owned by one bank holding company, Ashton Bancshares, Inc., Saint Paul, Minnesota. Ashton State Bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated August 12, 2019, using Interagency Small Institution Examination Procedures.

The bank offers traditional credit products, including agricultural, home mortgage, commercial, and consumer loans, with a focus on agricultural lending. The bank also offers student loans through a relationship with ISL Education Lending. The bank offers a variety of deposit products including checking, savings, money market, and individual retirement accounts, as well as certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and remote deposit. The institution also offers trust and insurance products to bank customers. Ashton State Bank owns and operates one ATM located within their single branch location.

As of the March 31, 2025, Reports of Condition and Income (Call Report), the bank reported total assets of \$55.3 million, total loans of \$37.6 million, and total deposits of \$46.2 million. These figures remain substantially similar to the previous evaluation. As illustrated in the following table, the loan portfolio is primarily composed of agricultural lending, followed by

residential real estate and commercial lending, which is consistent with the loan portfolio distribution at previous CRA evaluations.

| <b>Loan Portfolio Distribution as of 3/31/2025</b>                          |                 |              |
|---|-----------------|--------------|
| <b>Loan Category</b>  | <b>\$(000s)</b> | <b>%</b>     |
| Construction, Land Development, and Other Land Loans                        | 0               | 0.0          |
| Secured by Farmland   | 10,997          | 29.3         |
| Secured by 1-4 Family Residential Properties                                | 7,739           | 20.6         |
| Secured by Multifamily (5 or more) Residential Properties                   | 1,207           | 3.2          |
| Secured by Nonfarm Nonresidential Properties                                | 2,228           | 5.9          |
| <b>Total Real Estate Loans</b>  | <b>22,171</b>   | <b>59.0</b>  |
| Commercial and Industrial Loans   | 5,635           | 15.0         |
| Agricultural Production and Other Loans to Farmers                          | 7,431           | 19.8         |
| Consumer Loans  | 2,006           | 5.3          |
| Obligations of State and Political Subdivisions in the U.S.                 | 195             | 0.5          |
| Other Loans   | 121             | 0.3          |
| Lease Financing Receivable (net of unearned income)                         | 0               | 0.0          |
| Less: Unearned Income   | 0               | 0.0          |
| <b>Total Loans</b>  | <b>37,559</b>   | <b>100.0</b> |
| <i>Source: Call Report<br/>Due to rounding, totals may not equal 100.0%</i> |                 |              |

Legal lending limit restrictions may inhibit the bank from accommodating larger loan requests. Otherwise, examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Ashton State Bank designated one assessment area that includes both census tracts 4601 and 4602, making up the entirety of Osceola County, Iowa, and census tract 9501 in Lyon County, Iowa. Both counties are located within the nonmetropolitan area of Iowa. The delineation of the assessment area has not changed since the previous evaluation. All three census tracts are middle-income and homogeneous in nature according to 2020 U.S. Census data.

### **Economic and Demographic Data**

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)   | 3        | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Population by Geography   | 8,829    | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Housing Units by Geography  | 4,177    | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Owner-Occupied Units by Geography   | 2,949    | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Occupied Rental Units by Geography  | 774      | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Vacant Units by Geography   | 454      | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Businesses by Geography   | 1,129    | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Farms by Geography  | 382      | 0.0                          | 0.0             | 100.0         | 0.0          | 0.0        |
| Family Distribution by Income Level   | 2,385    | 17.3                         | 19.3            | 29.2          | 34.2         | 0.0        |
| Household Distribution by Income Level  | 3,723    | 18.9                         | 17.0            | 22.3          | 41.9         | 0.0        |
| Median Family Income Nonmetropolitan Iowa   | \$71,763 | Median Housing Value         |                 |               |              | \$97,402   |
|   |          | Median Gross Rent            |                 |               |              | \$708      |
|   |          | Families Below Poverty Level |                 |               |              | 6.7%       |
| <i>Source: 2020 U.S. Census and 2024 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i><br><i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> |          |                              |                 |               |              |            |

The assessment area is rural in nature, and the economy is highly dependent on agriculture. According to the 2022 Census of Agriculture, 1,574 farms generated \$2.0 billion in commodity sales with local farms primarily growing corn for grain and raising hogs for livestock purposes. The total number of farms fell by 139 from the 2017 Census of Agriculture figure of 1,713. Data from the 2020 U.S. Census reveals that the assessment area population and housing units decreased by 187 and 69, respectively since the prior evaluation. According to 2024 D&B data, the number of businesses within the assessment area has increased by 466 since the previous evaluation, and the 3 largest business segments in the assessment area are agriculture at 25.3 percent, services at 24.8 percent, and non-classifiable establishments at 17.5 percent. Area businesses and farms are predominantly small operations, with 93.0 percent operating from a single location and 72.5 percent employing less than 5 employees.

Examiners used information from the Federal Financial Institution Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the low-, moderate-, middle-, and upper-income categories for the nonmetropolitan areas of Iowa.

| <b>Median Family Income Ranges</b>               |                        |                                    |                                   |                        |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>                     | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Nonmetropolitan Iowa Median Family Income</b> |                        |                                    |                                   |                        |
| 2024 (\$86,700)                                  | <\$43,350              | \$43,350 to <\$69,360              | \$69,360 to <\$104,040            | ≥\$104,040             |
| <i>Source: FFIEC</i>                             |                        |                                    |                                   |                        |

**Competition**

Ashton State Bank operates in a moderately competitive environment for financial services, given the population and rural nature of the assessment area. According to 2024 FDIC Summary of Deposits data, six institutions operate eight branches within the assessment area. Of these institutions, Ashton State Bank ranked 5<sup>th</sup> with 12.7 percent of the deposit market share.

**Community Contacts**

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

Examiners reviewed an existing community contact interview with a representative from an agricultural organization that serves Dickinson, Lyon, and Osceola counties in Iowa. The contact said that the agricultural economy has experienced a declining trend in recent years with higher land and equipment prices coupled with lower commodity prices and yields. Farmers have been using previous liquidity to manage the downturn, which is starting to diminish. In addition, the area continues to experience consolidation in the agricultural sector with operations becoming larger. The contact stated the primary crops grown include corn and soybeans, and yields have been adversely affected by recent flooding during planting season and the subsequent drought during growing season. This declining trend is partially offset by the cattle industry, as many local farmers also have feeder cattle or cow/calf pairs, and with livestock prices having remained favorable.

**Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural, home mortgage, and commercial loans are the primary credit needs of the assessment area.

**SCOPE OF EVALUATION**

**General Information**

This evaluation covers the period from the prior evaluation dated August 12, 2019, to the current evaluation dated May 5, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate Ashton State Bank’s CRA performance, which includes the Lending Test. Refer to the Appendices for a description of the criteria evaluated under the Lending Test.

**Activities Reviewed**

Ashton State Bank’s primary products are agricultural, home mortgage, and commercial loans. Therefore, examiners selected small farm, home mortgage, and small business loans to review

the bank’s CRA performance. The products reviewed were selected based on the volume of loans originated during the evaluation period according to bank records, the loan portfolio composition, and the credit needs of the assessment area. Examiners placed the greatest weight on small farm loans since agricultural lending makes up the largest percentage of the bank’s loan portfolio and is the primary focus of the bank, followed by equally weighted home mortgage and small business loans.

Examiners selected March 29, 2024, through March 28, 2025, as the review period. The lending focus and product make-up remained consistent throughout the evaluation period, and bank management indicated the review period was an accurate representation of the lending activity throughout the evaluation period. For Assessment Area Concentration, examiners reviewed all small farm, home mortgage, and small business loans originated or purchased during the review period. For Borrower Profile, examiners sampled small farm and small business loans originated within the assessment area and reviewed all home mortgage loans originated within the assessment area. D&B data from 2024 provided the standard of comparison for small farm and small businesses loans, and 2020 U.S. Census data provided the standard of comparison for home mortgage loans. The following table provides details on the loan products reviewed.

| <b>Loan Products Reviewed</b> |                                      |                  |                         |                  |
|-------------------------------|--------------------------------------|------------------|-------------------------|------------------|
| <b>Loan Type</b>              | <b>Assessment Area Concentration</b> |                  | <b>Borrower Profile</b> |                  |
|                               | <b>#</b>                             | <b>\$(000's)</b> | <b>#</b>                | <b>\$(000's)</b> |
| Small Farm                    | 68                                   | 9,830            | 36                      | 5,420            |
| Small Business                | 58                                   | 3,777            | 30                      | 1,416            |
| Home Mortgage                 | 16                                   | 4,533            | 13                      | 1,713            |

*Source: Bank Data*

While examiners reviewed both the number and dollar volume of loans and presented both figures throughout the evaluation, performance by the number of loans is emphasized because it is generally a better indicator of the number of borrowers served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Ashton State Bank demonstrated satisfactory performance under the Lending Test. The bank’s reasonable Loan-to-Deposit ratio, Assessment Area Concentration, and Borrower Profile performance support this conclusion.

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

Ashton State Bank’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 77.7 percent over the past 22 quarters from September 30, 2019, through December 31, 2024. The ratio ranged from a high of 88.3 percent as of September 30, 2019, to a low of 63.6 percent, as of September 30, 2021. The average net loan-to-deposit ratio remains similar to the previous evaluation when it equaled 83.0 percent.

Examiners compared the bank’s average net loan-to-deposit ratio to three similarly situated financial institutions when evaluating the bank’s performance. These institutions were selected based on their asset size, geographic location, and lending focus. As shown in the following table, Ashton State Bank’s net loan-to-deposit ratio is consistent with the ratios of the similarly situated institutions.

| <b>Loan-to-Deposit Ratio Comparison</b>             |  |  |
|---|--|--|
| <b>Bank</b>   | <b>Total Assets as of<br/>12/31/2024</b> | <b>Average Net<br/>Loan-to-Deposit Ratio</b> |
|   | <b>(\$000s)</b>                          | <b>(%)</b>                                   |
| Ashton State Bank, Ashton, Iowa                     | 56,607                                   | 77.7   |
| Sanborn Savings Bank, Sanborn, Iowa                 | 85,054                                   | 84.7   |
| Sibley State Bank, Sibley, Iowa                     | 103,125                                  | 74.0   |
| The First National Bank of Primghar, Primghar, Iowa | 39,537                                   | 73.3   |

*Source: Call Report Data 9/30/2019 – 12/31/2024*

### **Assessment Area Concentration**

Overall, a majority of the loans reviewed are in the bank’s assessment area. As shown in the following table, the bank made a majority of small farm and small business loans, by number and dollar volume, inside the assessment area. The bank made a majority of home mortgage loans, by number, inside the assessment area; however, a majority of home mortgage loans, by dollar volume, were located outside the assessment area. This was primarily due to 2 large dollar loans that accounted for approximately \$2.4 million made outside the assessment area. Although the majority of home mortgage loans, by dollar volume, were outside of the assessment area, the bank’s performance under this criterion is reasonable considering overall performance and that home mortgage received less weight when drawing overall conclusions.

| <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</b> |
|  | <b>Inside</b>          |          | <b>Outside</b> |          |              | <b>Inside</b>                 |          | <b>Outside</b>  |          |              |
|  | <b>#</b>               | <b>%</b> | <b>#</b>       | <b>%</b> |              | <b>\$(000s)</b>               | <b>%</b> | <b>\$(000s)</b> | <b>%</b> |              |
| Small Farm   | 66                     | 97.1     | 2              | 2.9      | 68           | 9,677                         | 98.4     | 153             | 1.6      | 9,830        |
| Home Mortgage  | 13                     | 81.3     | 3              | 18.8     | 16           | 1,713                         | 37.8     | 2,820           | 62.2     | 4,533        |
| Small Business   | 50                     | 86.2     | 8              | 13.8     | 58           | 2,069                         | 54.8     | 1,708           | 45.2     | 3,777        |

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

### **Geographic Distribution**

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

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Reasonable small farm and home mortgage lending performance outweighed excellent small business lending performance to support this conclusion. As previously stated, small farm lending received the most weight when

arriving at overall conclusions. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers.

### ***Small Farm Loans***

The distribution of small farm borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the percentage of loans made to farms with gross annual revenues of \$1 million or less lags D&B data. However, the lending performance is slightly skewed when considering that the 36 small farms loans made within the assessment area were made to 26 borrowers. When considering the number of borrowers served, as opposed to loans originated, 24 borrowers (92.3 percent) were farming operations with gross annual revenues of \$1 million or less. Further, 5 of the 6 loans extended to farm operations with gross annual revenues of greater than \$1 million were extended to the same borrower. According to the 2022 Census of Agriculture, only 57.0 percent of farm operations in Lyon and Osceola counties incur interest expense, and 50.2 percent of producers report a primary occupation other than farming. This data supports that some farm operations have limited or no credit needs. Considering these factors, the bank’s performance is reasonable.

| <b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b> |                   |           |              |                 |              |
|--|-------------------|-----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Farms</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <=\$1,000,000  | 99.2              | 30        | 83.3         | 3,515           | 64.9         |
| >\$1,000,000   | 0.8               | 6         | 16.7         | 1,905           | 35.1         |
| Revenue Not Available  | 0.0               | 0         | 0.0          | 0               | 0.0          |
| <b>Total</b>   | <b>100.0</b>      | <b>36</b> | <b>100.0</b> | <b>5,420</b>    | <b>100.0</b> |

*Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The distribution of home mortgage borrowers reflects reasonable penetration among borrowers of different income levels. As shown in the following table, the percentage of home mortgage loans made to low-income borrowers lags demographic data but is still reasonably comparable. The bank’s record of lending to moderate-income borrowers exceeds demographic data. Considering the bank’s overall performance, the distribution of borrowers is reasonable.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b> |                      |           |              |                 |              |
|---|----------------------|-----------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   | 17.3                 | 1         | 7.7          | 44              | 2.6          |
| Moderate  | 19.3                 | 4         | 30.8         | 162             | 9.5          |
| Middle  | 29.2                 | 1         | 7.7          | 58              | 3.4          |
| Upper   | 34.2                 | 7         | 53.8         | 1,449           | 84.6         |
| Not Available   | 0.0                  | 0         | 0.0          | 0               | 0.0          |
| <b>Total</b>  | <b>100.0</b>         | <b>13</b> | <b>100.0</b> | <b>1,713</b>    | <b>100.0</b> |

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

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

The distribution of small business borrowers reflects excellent penetration among businesses of different sizes. As shown in the following table, the percentage of small business loans to

businesses with gross annual revenues of \$1 million or less significantly exceeds 2024 D&B Data.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>              |                        |           |              |                 |              |
|---|------------------------|-----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <=\$1,000,000   | 87.6                   | 30        | 100.0        | 1,416           | 100.0        |
| >\$1,000,000  | 3.4                    | 0         | 0.0          | 0               | 0.0          |
| Revenue Not Available   | 9.0                    | 0         | 0.0          | 0               | 0.0          |
| <b>Total</b>  | <b>100.0</b>           | <b>30</b> | <b>100.0</b> | <b>1,416</b>    | <b>100.0</b> |
| <i>Source: 2024 D&amp;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 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.