

PUBLIC DISCLOSURE

November 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bonanza Valley State Bank
Certificate Number: 10993

First Street and Central Avenue
Brooten, Minnesota 56316

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 Community Reinvestment Act (CRA) performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a majority of its home mortgage, small farm, and small business loans in the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and farms and businesses of different revenue sizes.
- The assessment area consists of all middle-income geographies; therefore, geographic distribution did not factor into the rating.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this lending performance criterion did not affect the rating.

Category	Assessment Area	Percentage of Total
Home Mortgage
Small Business
Small Farm
Consumer
Commercial
Other
Total

DESCRIPTION OF INSTITUTION

Bonanza Valley State Bank is a full-service commercial bank headquartered in Brooten, Minnesota. The institution operates from a single office and is located within Stearns County in central Minnesota. The institution does not have any affiliate relationships. The bank received a CRA rating of Satisfactory at its previous evaluation performed by the FDIC, dated January 21, 2014, using Interagency Small Institution Examination Procedures.

Bonanza Valley State Bank's primary business focus is home mortgage lending, followed by small farm and small business lending. The bank's loan product offerings accommodate a range of home mortgage, agricultural, commercial, and consumer financing needs. The bank provides a variety of deposit account products, including checking, savings, money market, health savings accounts, individual retirement accounts, and certificates of deposit. The bank also offers alternative banking services including internet and telephone banking, electronic bill pay, and four automated teller machines within the assessment area.

As of September 30, 2019, total assets equaled \$65,563,000, total deposits equaled \$54,710,000, and total loans equaled \$55,946,000. Total assets and deposits each increased approximately 22 percent since the prior examination, and total loans increased approximately 27 percent. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of September 30, 2019		
Loan Category	\$ (000s)	%
Construction, Land Development, and Other Land Loans	1,114	2.0
Secured by Farmland	12,416	22.2
Secured by 1-4 Family Residential Properties	23,227	41.5
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	3,783	6.8
Total Real Estate Loans	40,540	72.5
Commercial and Industrial Loans	6,839	12.2
Agricultural Production and Other Loans to Farmers	6,606	11.8
Consumer Loans	1,908	3.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	53	0.1
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	55,946	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any legal, financial, or other impediments that would limit Bonanza Valley State Bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate CRA performance. Bonanza Valley State Bank has designated 6 census tracts within 4 counties as its assessment area. Specifically, the assessment area includes the following census tracts: 7802.00 in Kandiyohi County, 9701.00 and 9703.00 in Pope County, 109.00 and 115.00 in Stearns County, and 9601.00 in Swift County. The assessment area delineation remains the same as the prior CRA evaluation. The census tracts located in Stearns County are part of the St. Cloud, Minnesota, Metropolitan Statistical Area (MSA). The remainder of the assessment area is part of the nonmetropolitan areas of Minnesota.

Since the prior examination and effective in 2017, census tract 109.00 in Stearns County transitioned from a moderate-income to a middle-income geography. This was due to changes in the geography income designations from the 2015 American Community Survey (ACS) data. Therefore, the entire assessment area is comprised of middle-income census tracts.

Economic and Demographic Data

The following table illustrates select demographic characteristics for the assessment area.

Demographic Information for the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	0.0	100.0	0.0	0.0
Population by Geography	19,534	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	10,155	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	6,325	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,662	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	2,168	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,401	0.0	0.0	100.0	0.0	0.0
Farms by Geography	446	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	5,629	17.7	19.7	24.1	38.6	0.0
Household Distribution by Income Level	7,987	20.5	16.9	21.5	41.1	0.0
Median Family Income MSA - 41060 St. Cloud, Minnesota MSA		\$69,359	Median Housing Value			\$163,068
Median Family Income Nonmetropolitan - Minnesota		\$63,182	Median Gross Rent			\$615
			Families Below Poverty Level			5.3%

Source: 2015 ACS Census and 2018 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.

Population in the assessment area has declined slightly since the prior examination. Specifically, 2015 ACS data indicates a 0.9 percent decrease in the assessment area population since the 2010 U.S. Census.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels are used to analyze home mortgage lending under the Borrower Profile criterion. Borrowers are categorized based on the applicable income levels for the area where the home mortgage loan is located. The low-, moderate-, middle-, and upper-income categories for the St. Cloud MSA and nonmetropolitan areas of Minnesota are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
St. Cloud, Minnesota MSA Median Family Income (41060)				
2017 (\$70,000)	<\$35,000	\$35,000 to <\$56,000	\$56,000 to <\$84,000	≥\$84,000
2018 (\$70,600)	<\$35,300	\$35,300 to <\$56,480	\$56,480 to <\$84,720	≥\$84,720
Minnesota NA Median Family Income (99999)				
2017 (\$65,300)	<\$32,650	\$32,650 to <\$52,240	\$52,240 to <\$78,360	≥\$78,360
2018 (\$69,500)	<\$34,750	\$34,750 to <\$55,600	\$55,600 to <\$83,400	≥\$83,400
<i>Source: FFIEC</i>				

According to 2018 D&B demographic data for the assessment area, service industries represent the largest number of businesses at 27.1 percent; followed by agriculture, forestry, and fishing at 24.2 percent; construction at 9.5 percent; and retail trade at 9.4 percent. In addition, there is a high percentage of small businesses in the assessment area as indicated by the number of employees and locations. Specifically, the D&B data indicates that 75.7 percent of area businesses have 4 or fewer employees, and 91.1 percent operate from a single location.

Data from the Bureau of Labor Statistics indicates general economic improvement in the assessment area counties since the prior evaluation. Specifically, the following table shows that annual average unemployment rates have generally declined from 2015 through 2018, and that the rates remain historically low based on the most recent available data. Average annual unemployment rates for the assessment area counties have generally been consistent with state of Minnesota levels and below national levels since the prior evaluation.

Average Annual and Current Unemployment Rates					
Area	2015	2016	2017	2018	Sept. 2019
	%	%	%	%	%
Kandiyohi County	3.7	3.8	3.2	2.9	2.2
Pope County	3.5	3.5	3.0	2.6	2.1
Stearns County	3.6	3.8	3.3	2.9	2.4
Swift County	6.0	5.4	4.0	3.7	3.0
State of Minnesota	3.7	3.9	3.4	2.9	2.5
National Average	5.3	4.9	4.4	3.9	3.3

Source: Bureau of Labor Statistics

Competition

The assessment area continues to be a highly competitive market for credit products and financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 45 financial institutions operating 87 locations within the assessment area counties. These institutions range from small community banks to large national financial institutions. Bonanza Valley State Bank holds 0.8 percent of the deposit market share, placing it 30th among all entities operating in the counties. In comparison, the top three institutions by deposit market share hold approximately 42.3 percent of the total deposits.

Bonanza Valley State Bank faces moderate competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. In 2017, 103 HMDA-reporting institutions originated or purchased 447 home mortgage loans in the assessment area, and Bonanza Valley State Bank ranked 7th with 4.7 percent of the market share by number.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether financial institutions are responsive to these needs. It also helps reveal what credit and community development opportunities are available. For this evaluation, examiners reviewed information obtained from two recent interviews previously performed within the assessment area.

The first interview was conducted with an agricultural-related agency representative familiar with the farm economy in the assessment area. The contact noted that agriculture and agricultural-related businesses are major employers and drivers of the economy, and that the agricultural economy has been unstable. There have been declines in all sectors of the industry, including continued low commodity prices, which has put a strain on the overall agricultural sector. However, the contact stated that high yields in recent years have helped offset the low commodity prices. The contact further noted that many farmers rely on off-farm employment for additional income and for affordable health care. The contact stated that start-up costs for farming remain

high and the number of family farms continues to decline as more corporate farms take over smaller family operations. The contact stated that agricultural credit is the primary credit need in the area.

Examiners also reviewed comments from a previous interview with an organization familiar with residential housing needs and trends within the Stearns County portion of the assessment area. The contact stated the economy in the St. Cloud area has been stable in recent years, but there is a general shortage of homes, including affordable homes and multi-family homes. The contact further noted there are a number of first-time homebuyers in the St. Cloud area and there is a need for more first-time homebuyer classes. Many of these buyers are seeking financing options that help make homeownership affordable, such as down payment assistance or loans that do not require a down payment. The contact also noted that the local business economy is stable with business expansion and growth in the area. Major industries in the area include health care, education (colleges and universities), and state and local governments. In addition, several manufacturing and technology businesses have opened in recent years. The contact did not note any major employers that have left the area.

Overall, the community contacts indicated that financial institutions have been responsive to the credit and community development needs of the assessment area.

Credit Needs

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that small farm and home mortgage loans represent the primary credit needs within the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 21, 2014, to the current evaluation dated November 4, 2019. Examiners used Interagency Small Institution Examination Procedures to evaluate Bonanza Valley State Bank's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria appendix.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage, small farm, and small business loans. This conclusion considered overall business strategy, the number and dollar volume of loans originated during the evaluation period, and a review of the Consolidated Reports of Condition and Income (Reports of Condition). Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Home mortgage lending contributed the most weight to overall conclusions followed by small farm lending since these loan categories represent the primary business focuses of the bank and the largest concentrations of lending.

To analyze home mortgage lending, examiners reviewed loans reported on the bank's Loan Application Register pursuant to the Home Mortgage Disclosure Act (HMDA) for 2017 and 2018, and considered this time period representative of performance during the entire evaluation period. The bank reported 29 loans totaling \$3.1 million for 2017, and 42 loans totaling \$5.6 million for 2018. Examiners analyzed the bank's performance relative to HMDA aggregate lending data for 2017; however, aggregate data was not yet available for 2018. In reaching conclusions, examiners primarily focused on the bank's lending performance relative to aggregate data. However, 2015 ACS data also provided a standard of comparison for the bank's home mortgage lending performance for 2017 and 2018.

Examiners reviewed small farm and small business loans originated or renewed between January 1, 2018, and December 31, 2018, and considered this time period representative of performance during the entire evaluation period. For 2018, the universe of small farm loans included 100 loans totaling \$6.7 million, and the universe of small business loans included 124 loans totaling \$8.0 million. D&B data for 2018 provided a standard of comparison for the bank's small farm and small business lending performance.

For the Lending Test, examiners reviewed the 2018 universe of small farm and small business loans and the 2017 and 2018 universe of home mortgage loans to evaluate the Assessment Area Concentration criterion. For the Borrower Profile criterion, examiners reviewed the universe of home mortgage loans and samples of small farm and small business loans within the assessment area. The samples included 41 loans totaling \$2.3 million for small farm lending and 41 loans totaling \$3.4 million for small business lending.

Examiners reviewed lending performance by both number and dollar volume. While number and dollar volume are presented, examiners emphasized performance by number of loans because it is a better indicator of the total individuals, farms, and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs within the assessment area. The net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 93.1 percent over the past 23 calendar quarters from March 31, 2014, through September 30, 2019. The ratio ranged from a low of 84.3 percent as of December 31, 2017, to a high of 104.8 percent as of June 30, 2019. The average net loan-to-deposit ratio has remained either slightly below or above 100.0 percent for the most recent 4 quarters.

As shown in the following table, the bank's average net loan-to-deposit ratio reasonably compares to similarly-situated institutions. Examiners selected similarly-situated institutions based on their asset size, lending focus, and geographic location, including two larger institutions located closest to the bank that provide the most immediate competition.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2019 (S000s)	Average Net LTD Ratio (%)
Bonanza Valley State Bank – Brooten, Minnesota	65,563	93.1
Eagle Bank – Glenwood, Minnesota	152,672	73.2
Hometown Community Bank – Cyrus, Minnesota	61,665	88.1
Kensington Bank – Kensington, Minnesota	273,091	94.3
Lowry State Bank – Lowry, Minnesota	54,757	110.5
United Minnesota Bank – New London, Minnesota	31,995	80.8

Source: Reports of Condition and Income 3/31/2014 - 9/30/2019

Assessment Area Concentration

Bonanza Valley State Bank originated a majority of its home mortgage, small farm, and small business loans, by number and dollar volume, within its assessment area. The following table details performance by each loan product.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans S(000s)				Total S(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage *										
2017	21	72.4	8	27.6	29	2,338	75.4	762	24.6	3,100
2018	30	71.4	12	28.6	42	4,274	76.8	1,293	23.2	5,567
Subtotal	51	71.8	20	28.2	71	6,612	76.3	2,055	23.7	8,667
Small Business	95	76.6	29	23.4	124	5,460	68.3	2,535	31.7	7,995
Small Farm	96	96.0	4	4.0	100	6,061	90.4	645	9.6	6,706

Source: 1/1/2018 - 12/31/2018 Bank Data and (*) 2017 and 2018 HMDA Reported Data
Due to rounding, totals may not equal 100.0

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms and businesses of different sizes. Although the bank's small business lending performance is excellent, the bank's home mortgage and small farm lending performance supports this conclusion. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and the percentage of small farm and small business loans to operations with gross annual revenues of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans among individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Specifically, in 2017, Bonanza Valley State Bank's lending performance exceeded aggregate data for low-income borrowers, but was slightly below aggregate data for moderate-income borrowers. Furthermore, the bank's lending performance for both low- and moderate-income borrowers was slightly below ACS data. In 2018, the bank's performance improved slightly and was consistent with the ACS data for both low- and moderate-income borrowers. The following table illustrates the bank's performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2017	17.7	9.6	3	14.3	90	3.8
2018	17.7	--	5	16.7	216	5.1
Moderate						
2017	19.7	19.2	3	14.3	446	19.1
2018	19.7	--	6	20.0	433	10.1
Middle						
2017	24.1	26.0	6	28.6	509	21.8
2018	24.1	--	8	26.7	487	11.4
Upper						
2017	38.6	30.0	9	42.9	1,293	55.3
2018	38.6	--	9	30.0	2,138	50.0
Not Available						
2017	0.0	15.2	0	0.0	0	0.0
2018	0.0	--	2	6.7	1,000	23.4
Totals						
2017	100.0	100.0	21	100.0	2,338	100.0
2018	100.0	--	30	100.0	4,274	100.0

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0

Small Farm Loans

The distribution of small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. Specifically, Bonanza Valley State Bank's lending performance was comparable with D&B demographic data. The following table illustrates the bank's performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.8	40	97.6	2,166	95.6
>1,000,000	1.3	1	2.4	100	4.4
Revenue Not Available	0.9	0	0.0	0	0.0
Total	100.0	41	100.0	2,266	100.0

*Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0*

Small Business Loans

The distribution of small business loans reflects excellent lending penetration to businesses with gross annual revenues of \$1 million or less. Specifically, Bonanza Valley State Bank's lending performance exceeds D&B demographic data. The following table illustrates the bank's performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	81.0	40	97.6	2,894	85.3
>1,000,000	6.1	1	2.4	500	14.7
Revenue Not Available	12.9	0	0.0	0	0.0
Total	100.0	41	100.0	3,394	100.0

*Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 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, examiners did not evaluate this criterion and it did not affect the rating.

Response to Complaints

Bonanza Valley State Bank did not receive any CRA-related complaints since the previous evaluation; therefore, examiners did not evaluate this criterion and it did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the community credit needs.

[View details](#)

1. The Community Reinvestment Act (CRA) requires banks to help meet the credit needs of the community in which they do business, including low- and moderate-income neighborhoods and persons.
2. The CRA requires banks to provide credit services and products to the community in which they do business, including low- and moderate-income neighborhoods and persons.
3. The CRA requires banks to provide credit services and products to the community in which they do business, including low- and moderate-income neighborhoods and persons.
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5. The CRA requires banks to provide credit services and products to the community in which they do business, including low- and moderate-income neighborhoods and persons.

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 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;
- 4) The geographic distribution of the bank's loans; 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.

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.