

BELLEVUE STATE BANK

CRA PUBLIC FILE

January, 2024

1. Notice

2. Written Comments

3. CRA Public Evaluation

4. CRA area includes all of Jackson County

5. List of services offered:

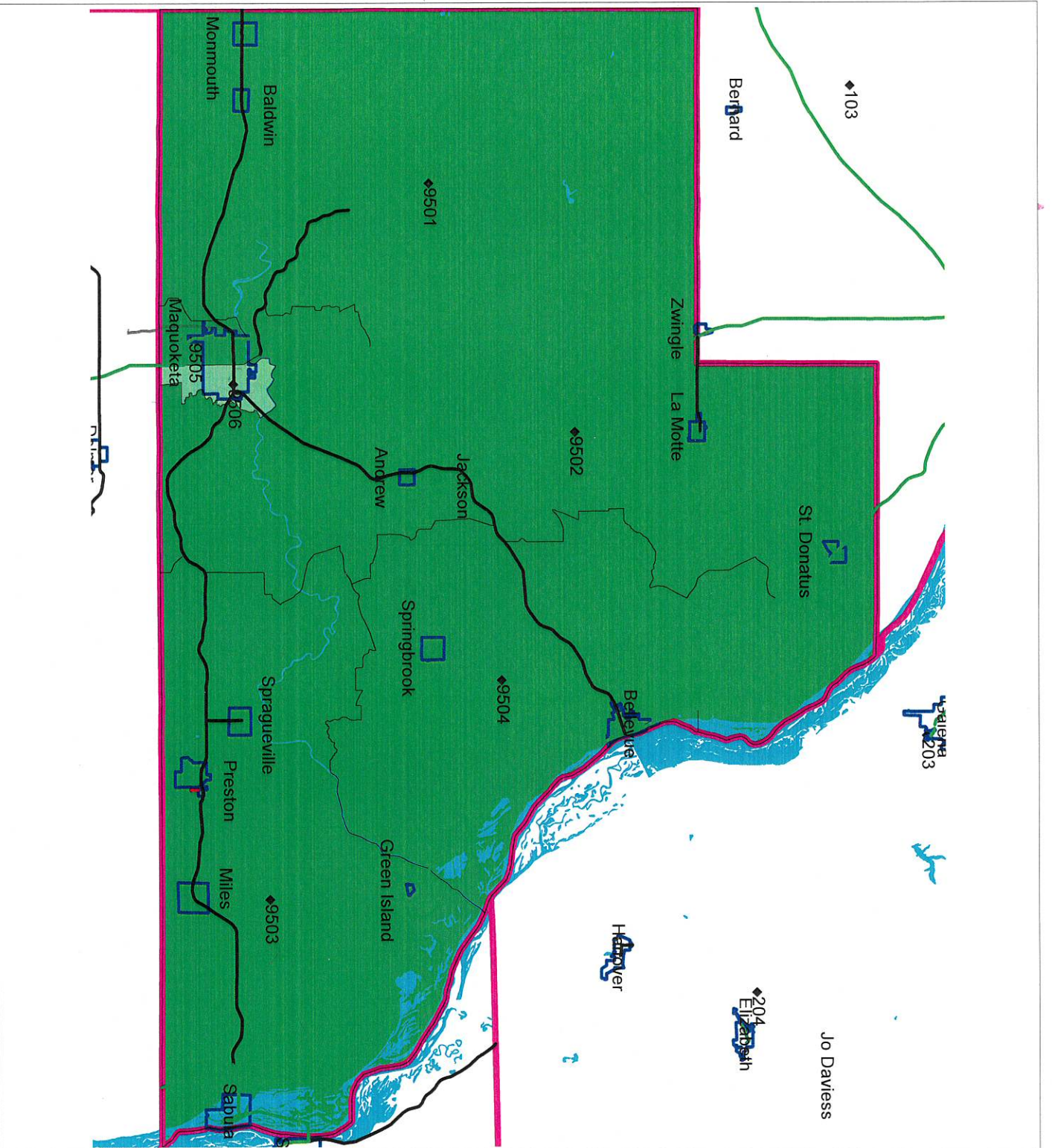
No charge checking with no minimum balance, interest bearing demand accounts, club accounts, passbook savings with no minimum balance for minors, statement savings, money market deposit accounts, time certificates of deposit, individual retirement accounts, and health savings accounts.

Real estate mortgage loans, both commercial and residential, home improvement loans, new and used auto loans, installment loans for consumer goods, and other personal loans to qualifying customers, small business loans, agricultural loans of all types including FSA guaranteed loans, and have purchased issues of the towns of Bellevue, including debentures, as well as a sales tax revenue bond issued by the Community School. The bank has also purchased a TIF note for commercial development in the town of Bellevue.

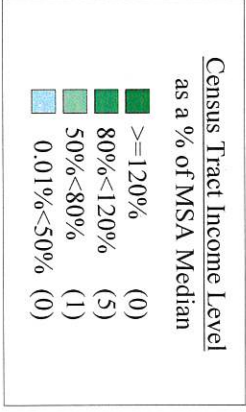
6. Map of assessment area.

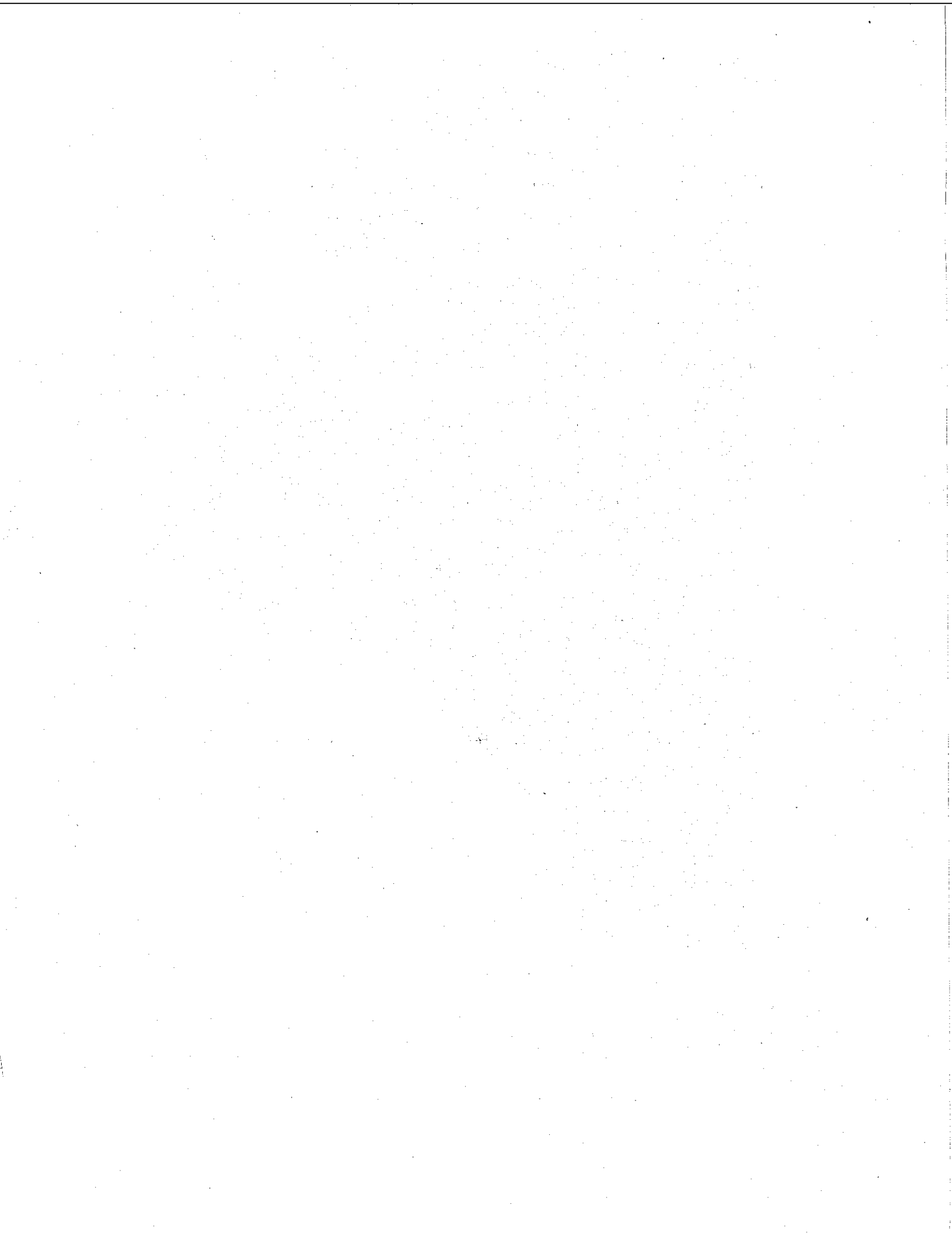
7. Loan to deposit ratios (updated annually).

	LOANS (000)	DEPOSITS (000)	RATIO%
Mar 2017	80,690	85,627	94.2%
Jun 2017	82,258	87,609	93.9%
Sep 2017	86,206	84,118	102.5%
Dec 2017	89,130	88,630	100.6%
Mar 2018	93,958	86,887	108.1%
Jun 2018	93,187	88,414	105.4%
Sep 2018	96,928	87,814	110.4%
Dec 2018	100,820	96,114	104.9%
Mar 2019	96,687	95,418	101.3%
Jun 2019	93,678	95,705	97.9%
Sep 2019	96,869	98,463	98.4%
Dec 2019	95,410	101,229	94.3%
Mar 2020	97,309	102,827	94.6%
Jun 2020	99,273	110,525	89.8%
Sep 2020	98,567	109,113	90.3%
Dec 2020	98,649	118,337	83.4%
Mar 2021	95,732	120,823	79.2%
Jun 2021	95,225	127,401	74.7%
Sep 2021	93,491	126,139	74.1%
Dec 2021	98,804	142,259	69.5%
Mar 2022	98,429	135,631	72.6%
JUN 2022	101,527	139,943	72.6%
SEP 2022	105,492	137,791	76.6%
DEC 2022	111,996	142,199	78.8%
Mar 2023	109,811	133,987	82.0%
Jun 2023	109,513	134,226	81.6%
Sep 2023	108,753	130,576	83.3%
Dec 2023	117,774	138,278	85.2%



- Outline
- All Major Roads
- Place
- Tract 2000
- County
- State
- Water





# **PUBLIC DISCLOSURE**

January 11, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bellevue State Bank  
Certificate Number: 14415

200 South Second Street  
Bellevue, Iowa 52031

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.

Bellevue State Bank (BSB)'s satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance:

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

## DESCRIPTION OF INSTITUTION

BSB is a commercial bank headquartered in Bellevue, Iowa. It is wholly-owned by Bellevue Bancorporation, Inc., of Bellevue, Iowa, a one-bank holding company. Through common ownership, the institution is affiliated with Bellevue Bancorporation Insurance Company; a non-bank subsidiary of the holding company. BSB has not opened or closed any offices, and no merger or acquisition activities occurred since the prior CRA evaluation. Management operates non-deposit taking automated teller machines at the main office facility and four other locations in Bellevue. No changes are noted in ownership or office structure since the prior CRA evaluation. The institution received a rating of "Satisfactory" at the previous FDIC CRA Performance Evaluation dated January 12, 2015, based on Small Institution Examination Procedures.

The bank offers a variety of lending products and services, including agricultural, home mortgage, commercial, and consumer loans. Management asserts that the institution's lending focus is agricultural, though applications for other loan products are welcome as well. Specialized lending services include lending through Farm Service Agency, Small Business Administration, and the Veterans Administration. The bank also participated in the Small Business Administration's Paycheck Protection Program during the review period. This program provided financial aid to businesses impacted by the COVID-19 pandemic. Additionally, secondary market financing options are available for qualifying home mortgage loan applications through the Federal Home Loan Bank. BSB provides deposit-related products, including checking, savings, and certificates of deposit. Alternative banking products or services include debit cards, online and mobile banking, bill payment, and other convenient services.

Assets totaled approximately \$130.6 million as of September 30, 2020, representing an increase of 49.1 percent since the September 30, 2014, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$109.1 million, representing a 44.5 percent increase, and total loans were approximately \$98.6 million, representing a 41.8 percent increase during the same timeframe. Agricultural lending represents 34.2 percent of the total loan portfolio, a decrease from the previous evaluation of 6.5 percent; residential real estate lending increased by 3.3 percent to 29.1 percent of the total loan portfolio, and commercial lending increased by 2.8 percent to 25.3 percent of the total loan portfolio. Management stated that the increase in residential real estate and commercial lending is attributable to normal activities of the institution. Agricultural lending declined due to the loss of a few large borrowers, significant increases in subsidy payments (some directly related to the COVID-19 pandemic), and higher commodity prices, which reduce the need for credit. Composition of the loan portfolio is illustrated in the following table.



<b>Loan Portfolio Distribution as of 9/30/2020</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	2,666	2.7
Secured by Farmland	14,757	15.0
Secured by 1-4 Family Residential Properties	27,964	28.4
Secured by Multifamily (5 or more) Residential Properties	759	0.7
Secured by Nonfarm Nonresidential Properties	7,765	7.9
<b>Total Real Estate Loans</b>	<b>53,911</b>	<b>54.7</b>
Commercial and Industrial Loans	17,095	17.4
Agricultural Production and Other Loans to Farmers	18,966	19.2
Consumer Loans	6,543	6.6
Obligations of State and Political Subdivisions in the U.S.	2,034	2.1
Other Loans	18	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>98,567</b>	<b>100.0</b>
<i>Source: Call Report</i>		

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

### **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. BSB has defined their assessment area to be all of Jackson County (census tracts 9501 through 9506). Jackson County is in a nonmetropolitan area. The geographical boundaries of the assessment area have not changed since the prior evaluation.

#### **Economic and Demographic Data**

According to the U.S. Census Bureau's 2015 American Community Survey (2015 ACS), the assessment area is comprised of five middle- and one moderate-income census tracts. All of the income classifications of these census tracts remained the same from 2010 U.S. Census bureau data. The institution's sole office is located in middle-income census tract 9504, which is in the northeast portion of Jackson County. The sole moderate-income area is census tract 9506, which is in the southwest portion of Jackson County. 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)	6	0.0	16.7	83.3	0.0	0.0
Population by Geography	19,572	0.0	11.6	88.4	0.0	0.0
Housing Units by Geography	9,429	0.0	11.8	88.2	0.0	0.0
Owner-Occupied Units by Geography	6,324	0.0	9.9	90.1	0.0	0.0
Occupied Rental Units by Geography	2,109	0.0	17.4	82.6	0.0	0.0
Vacant Units by Geography	996	0.0	11.5	88.5	0.0	0.0
Businesses by Geography	1,641	0.0	13.7	86.3	0.0	0.0
Farms by Geography	332	0.0	3.9	96.1	0.0	0.0
Family Distribution by Income Level	5,698	18.0	20.1	24.9	37.1	0.0
Household Distribution by Income Level	8,433	23.9	15.8	21.4	38.9	0.0
Median Family Income – Nonmetropolitan Iowa		\$61,681	Median Housing Value			\$120,813
			Median Gross Rent			\$597
			Families Below Poverty Level			9.0%
<i>Source: 2015 ACS and 2019 D&amp;B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%</i>						

According to 2019 D&B data, service industries represent the largest portion of farm and business operations at 30.5 percent; followed by agriculture, forestry, and fishing 15.7 percent; and non-classifiable establishments at 13.8 percent. In addition, 70.4 percent of assessment area farms and businesses have four or fewer employees, and 91.1 percent of farms and businesses operate from a single location.

According to Iowa Workforce Development data, unemployment has increased in Jackson County since the same time one year ago, though unemployment rates are decreasing from their high point earlier in the spring of 2020. Unemployment in the area was highly influenced by the economic impact related to the COVID-19 pandemic that started in March 2020. The unemployment rate for November 2020 in Jackson County was 3.8 percent, an increase from 2.7 percent one year prior. Comparatively, the unemployment rate for the State of Iowa was 3.6 percent in November 2020, an increase from 2.8 percent one year prior.

The 2019 FFIEC-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criteria. The low-, moderate-, middle-, and upper-income categories for nonmetropolitan Iowa 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%
2019 (\$66,900)	<\$33,450	\$33,450 to <\$53,520	\$53,520 to <\$80,280	≥\$80,280
<i>Source: FFIEC</i>				

**Competition**

The assessment area is moderately competitive regarding the market for financial services. According to Call Reports filed by financial institutions, six banks operate from 13 offices within the assessment area. These institutions range from small community banks to larger financial institutions operating branch locations in the area. BSB ranks 2<sup>nd</sup> with 19.2 percent deposit market share.

**Community Contact(s)**

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify the credit needs and economic conditions of the assessment area. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. In conjunction with this evaluation, examiners interviewed a community contact with specific knowledge of the economic conditions in the assessment area.

The contact stated that the area’s primary economic focus is related to agriculture. The health of small stores and other businesses in the area is directly linked to the health of agribusiness. There are not many other types of business in the county; there are some small manufacturers, retail stores, and service industries near the two largest towns in the county (Bellevue and Maquoketa). The northern part of the county is mainly livestock farming, while the southern part of the county is more tillable farming. Generally, both types of farms are doing well. Rising commodity prices are helping growers, but will ultimately hurt livestock farmers due to increased feed inputs. The contact noted that there is considerable consolidation of farming operations, decreasing the total number of operations and increasing the average size of operations in the county. Beginning farmers find it difficult to obtain the capital needed to start a new farm or buy an existing one. The housing market is not as tight or as expensive as more populous areas around Jackson County. Contractors are hard to find because of the demand for building in other areas. The contact was unaware as to the availability of affordable housing in the assessment area. The contact stated that the financial environment is competitive, with credit unions and a few of the larger banks aggressively courting business. Borrowers are able to obtain credit, though some banks are more stringent in their underwriting than others. The contact stated that local banks are meeting credit needs.

**Credit Needs**

Considering information from the community contact, bank management, economic and demographic data, and Call Report data, examiners determined that small farm lending is the primary credit need of the assessment area, followed by small business and home mortgage lending.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated January 12, 2015, to the current evaluation date of January 11, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate BSB's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix. Examiners conducted a full-scope review. No affiliate lending activities were reviewed in conjunction with this evaluation.

### Activities Reviewed

Based on Call Report information and the bank's business strategy, examiners determined that the major product lines of the institution are small farm, home mortgage, and small business loans. Given the portfolio composition and management's comments regarding the institution's lending focus, more weight is given in this evaluation to small farm lending, followed by home mortgage and small business lending. This is consistent with the institution's portfolio composition and volume of loans recently originated, renewed, or extended.

Examiners reviewed all small farm, home mortgage, and small business loans originated, renewed, or extended from January 1, 2019, through December 31, 2019. For the Assessment Area Concentration performance criterion, examiners analyzed the total universes of those small farm, home mortgage, and small business loans. For the Geographic Distribution criterion, examiners analyzed the universes of those small farm, home mortgage, and small business loans that were originated inside the assessment area. For the Borrower Profile performance criterion, examiners analyzed a sample of the small farm, home mortgage, and small business loans from the universes of loans made inside the assessment area. Management agreed that the sample was representative of the institution's performance during the evaluation period. The table below provides information on the number and dollar volume of loan products reviewed for each criterion.

Loan Products Reviewed						
Loan Category	Assessment Area Concentration		Geographic Distribution		Borrower Profile	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Farm	241	19,448	210	16,377	55	4,372
Home Mortgage	157	24,067	125	19,604	47	7,500
Small Business	164	14,200	139	12,794	47	4,028

*Source: Bank Data from 1/1/2019 through 12/31/2019*

When arriving at small farm and small business conclusions, 2019 D&B data provided a standard of comparison. For home mortgage conclusions, 2015 ACS Census data provided a standard of comparison. Examiners obtained the data necessary for this evaluation from an automated loan download, other bank records, individual customer loan files, and bank management. Examiners reviewed the number and dollar volume of small farm, home mortgage, and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, which is a better indicator of the number of farms, individuals, and businesses served.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

BSB demonstrated reasonable performance under the Lending Test. The institution's reasonable lending performance under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria primarily supports this conclusion.

#### Loan-to-Deposit Ratio

BSB's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The institution's net loan-to-deposit ratio, calculated from Call Report data, averaged 96.1 percent over the 23 calendar quarters from March 31, 2015, through September 30, 2020. The net loan-to-deposit ratio ranged from a high of 109.1 percent as of September 30, 2018, to a low of 88.2 percent as of June 30, 2020.

Examiners compared the institution's average net loan-to-deposit ratio to similarly-situated institutions to help evaluate BSB's performance. Similarly-situated institutions were selected based on their size, geographic location, and lending focus. BSB's average net loan-to-deposit ratio is more than reasonable when compared with those of the similarly-situated banks. Information pertaining to this review appears in the following table; selected institutions are listed alphabetically by location of their main office.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2020 (\$000s)	Average Net Loan to Deposit Ratio (%)
Bellevue State Bank, Bellevue, Iowa	130,637	96.1
Maquoketa State Bank, Maquoketa, Iowa	383,706	76.5
Citizens State Bank, Wyoming, Iowa	104,714	78.5

*Source: Call Reports 3/31/2015 - 9/30/2020*

#### Assessment Area Concentration

The institution made a majority of its small farm, home mortgage, and small business loans, by number and dollar amount, within its assessment area. Overall, this concentration demonstrates the bank's willingness to meet the credit needs of the assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	210	87.1	31	12.9	241	16,377	84.2	3,071	15.8	19,448
Home Mortgage	125	79.6	32	20.4	157	19,604	81.5	4,463	18.5	24,067
Small Business	139	84.8	25	15.2	164	12,794	90.1	1,406	9.9	14,200

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

### Geographic Distribution

The geographic distribution of loans reflects an overall reasonable dispersion throughout the assessment area. The institution's small farm lending performance primarily supports this conclusion, as that loan product received the most weight. Examiners concentrated on the percentage of lending in the sole moderate-income census tract of the assessment area.

#### Small Farm Loans

The geographic distribution of small farm loans is reasonable. A review of the institution's lending in this area shows a level of lending slightly lower than, but commensurate with benchmark data. The moderate-income census tract in the assessment area is not primarily agricultural in nature, being in the city limits of Maquoketa, Iowa. Please see the following table.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	3.9	3	1.4	402	2.5
Middle	96.1	207	98.6	15,975	97.5
<b>Totals</b>	<b>100.0</b>	<b>210</b>	<b>100.0</b>	<b>16,377</b>	<b>100.0</b>

Source: 2019 D&B Data; Bank Data.  
Due to rounding, totals may not equal 100.0%

#### Home Mortgage Loans

The geographic distribution of home mortgage loans is reasonable, overall. Although the institution's level of mortgage lending to applicants inside the moderate-income census tract is less than 2015 ACS benchmark data, other contextual information was considered to arrive at this conclusion. The moderate-income census tract is 22 miles from the institution's sole location; any applications received from that area would be from referrals or pre-existing customers. Little to no advertising is performed for this loan product. While the institution has no physical presence in the moderate-income census tract, there are four financial institutions in or nearby the area that are capable of servicing the needs of applicants. Lastly, home mortgage lending is not the institution's primary focus. Given these factors, BSB's home mortgage lending performance inside the assessment area is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	9.9	1	0.8	40	0.2
Middle	90.1	124	99.2	19,564	99.8
<b>Total</b>	<b>100.0</b>	<b>125</b>	<b>100.0</b>	<b>19,604</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data  
Due to rounding, totals may not equal 100.0%*

### Small Business Loans

The geographic distribution of small business loans is reasonable, overall. Although the institution's level of small business lending to applicants inside the moderate-income census tract is less than D&B benchmark data, other contextual information was considered to arrive at this conclusion. The moderate-income census tract is 22 miles from the institution's sole location; any applications received from that area would be from referrals or pre-existing customers. Little to no advertising is performed for this loan product. While the institution has no physical presence in the moderate-income census tract, there are four financial institutions in or nearby the area that are capable of servicing the needs of applicants. Lastly, small business lending is not the institution's primary focus. Given these factors, BSB's small business lending performance inside the assessment area is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	13.7	5	3.6	81	0.6
Middle	86.3	134	96.4	12,713	99.4
<b>Totals</b>	<b>100.0</b>	<b>139</b>	<b>100.0</b>	<b>12,794</b>	<b>100.0</b>

*Source: 2019 D&B Data; Bank Data  
Due to rounding, totals may not equal 100.0%*

### Borrower Profile

The distribution of borrowers reflects reasonable penetration of lending activity among farms and businesses of differing revenue sizes and individuals of differing income levels in the assessment area. The institution's small farm lending performance primarily supports this conclusion, as that loan product received the most weight. Examiners focused on the percentage of small farm and small business loans, by number, to borrowers with gross annual revenues of \$1 million or less, as well as on home mortgage loans, by number, to low- and moderate-income borrowers.

### Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among agricultural operations of different revenue sizes. Although the bank's small farm lending to farms with gross annual revenues of \$1 million or less is below D&B data, other contextual information was considered to arrive at this conclusion. Three of the five loans in the random sample of small farm loans that had gross annual revenues greater than \$1 million were to the same borrower. See the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.2	50	90.9	4,206	96.2
>1,000,000	0.6	5	9.1	166	3.8
Revenue Not Available	1.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>4,372</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of differing income classifications. While random sampling showed that the institution's level of lending to low-income borrowers is lower than 2015 ACS benchmark data, it also showed that lending to moderate-income borrowers exceeded that of benchmark data. Management asserts, and examiners confirmed, that the high average cost of housing in the area makes it difficult for low-income applicants to obtain the down payment funds necessary, as well as service the loan. Overall, the institution's level of home mortgage lending is reasonable. See the following table.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	18.0	2	4.3	137	1.8
Moderate	20.1	12	25.5	893	11.9
Middle	24.9	7	14.9	1,320	17.6
Upper	37.1	19	40.4	4,170	55.6
Not Available	0.0	7	14.9	980	13.1
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>7,500</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among business operations of different revenue sizes. Although the bank's small business lending to operations with gross annual revenues of \$1 million or less is below D&B data, other contextual information was considered to arrive at this conclusion. Nine of the 13 loans in the random sample of small business loans that had gross annual revenues greater than \$1 million were to three separate borrowers. See the following table.



Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.7	34	72.3	2,453	60.9
>1,000,000	5.4	13	27.7	1,575	39.1
Revenue Not Available	10.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>4,028</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; Bank Data.            Due to rounding, totals may not equal 100.0%</i>					

**Response to Complaints**

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the CRA rating.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.