

# **PUBLIC DISCLOSURE**

March 11, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Mount Vernon Bank and Trust Company  
Certificate Number: 10494

206 First Street West  
Mount Vernon, Iowa 52314

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.

Mount Vernon Bank and Trust Company's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. 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.
- A majority of loans were made in the assessment area.
- The distribution of borrowers reflects excellent penetration of loans among individuals of different income levels and businesses and farms of different sizes.
- The assessment area does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated April 17, 2013, to the current evaluation. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate Mount Vernon Bank and Trust Company's CRA performance.

The following performance criteria were considered under the Lending Test:

- Loan-to-deposit ratio
- Assessment area concentration
- Borrower profile
- Geographic distribution
- Response to CRA-related complaints

The evaluation does not include any lending activity performed by affiliates.

### **Loan Products Reviewed**

Residential real estate loans, including multi-family properties, make up the largest loan category, representing 47.3 percent of total loans according to Mount Vernon Bank and Trust Company's December 31, 2018, Consolidated Reports of Condition and Income (Call Report). Commercial loans, including commercial real estate loans, are the bank's second largest loan category, representing 23.9 percent of total loans, and the third significant category consists of agricultural loans, including loans secured by farmland, at 20.0 percent.

Based on Call Report information, the number and dollar volume of loans originated during the evaluation period, and the bank's business strategy, examiners determined that the major product lines are home mortgage, small business, and small farm lending. Examiners reviewed all home mortgage loans originated or purchased in 2016 and 2017 pursuant to the Home Mortgage Disclosure Act (HMDA), and all small business and small farm loans originated from January 1, 2018, through December 31, 2018. Specifically, the bank originated or purchased 174 home mortgage loans totaling approximately \$25.2 million in 2016, and 135 home mortgage loans totaling approximately \$13.6 in 2017, and in 2018, 55 small business loans totaling approximately \$4.3 million, and 30 small farm loans totaling approximately \$3.1 million. For the Assessment Area Concentration performance criterion, examiners analyzed the entire universe of home mortgage, small business, and small farm loans originated. Then for the Borrower Profile performance criteria, examiners analyzed all home mortgage and small farm loans originated inside the assessment area, as well as a sample of 25 small business loans totaling approximately \$1.8 million. The sample was considered representative of the bank's performance during the evaluation period.

Management stated its primary lending focus, for the bank as a whole, is in agricultural, commercial, home mortgage, and consumer lending. When considering loan portfolio percentages, lending activity during the evaluation period, and particularly business focus, all three

loan types received equal weight when drawing conclusions. The remaining loan categories that comprise the loan portfolio were not reviewed because they are not major product lines of the bank.

When arriving at small business and small farm conclusions, 2018 D&B data provided a standard of comparison. When arriving at home mortgage conclusions, examiners primarily focus on Mount Vernon Bank and Trust Company's 2017 lending performance in comparison to 2017 HMDA aggregate data. While the bank's 2016 home mortgage lending performance was reviewed, only data from 2017 is presented in this evaluation. The review of 2016 home mortgage lending did not identify any trends that are different from aggregate data that is presented or that would materially affect overall conclusions. Examiners obtained the data necessary for this evaluation from HMDA loan application registers, an automated loan download, individual customer loan files, and bank management.

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

## **DESCRIPTION OF INSTITUTION**

### **Background**

Mount Vernon Bank and Trust Company is wholly owned by one-bank holding company Mount Vernon Bancorporation, Mount Vernon, Iowa. There is one non-bank affiliate: Mount Vernon Bank Building Association, Inc., Mount Vernon, Iowa. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated April 17, 2013, based on Interagency Small Institution Examination Procedures.

### **Operations**

Mount Vernon Bank and Trust Company operates from its sole office at 206 First Street West, Mount Vernon, Iowa. No branch offices have been opened or closed, and no merger or acquisition activities have occurred since the previous evaluation. Automated teller machines are located at the bank's office and at Gary's Foods, 715 1<sup>st</sup> Avenue South, Mount Vernon. A cash-dispensing automated teller machine is located at Cornell College, 600 First Street, Mount Vernon. The bank offers various loan products including commercial, agricultural, residential, and consumer loans, with no particular focus on any one primary product. Mount Vernon Bank and Trust Company also refers long-term home mortgage loans to the secondary market. The bank provides a variety of deposit-related products that include checking, savings, money market accounts, certificates of deposit, and Individual Retirement accounts. Alternative banking products or services include debit cards, direct deposit, electronic statements, and bill payment, as well as mobile and online banking that enable users to make payments and deposits. Mount Vernon Bank and Trust Company also offers trust and investment services.

## **Ability and Capacity**

Assets totaled approximately \$130 million as of December 31, 2018, representing an increase of 26.7 percent since the December 31, 2012, Call Report. Total deposits equaled approximately \$110 million, demonstrating a 29.1 percent increase, and total loans were approximately \$88 million, representing an increase of 40.1 percent during the same period. Most significantly, agriculture loans increased 108.9 percent and commercial loans increased 42.3 percent. Additionally, residential real estate loans increased by 27.0 percent. Management indicated that the increases are attributed to the strong relationships in the agricultural and commercial communities. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 12/31/2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	2,750	3.1
Secured by Farmland	13,460	15.3
1-4 Family Residential	41,334	47.1
Multi-family (5 or more) Residential	214	.2
Commercial Real Estate	12,335	14.1
<b>Total Real Estate Loans</b>	<b>70,093</b>	<b>79.8</b>
Commercial and Industrial	8,558	9.8
Agricultural	4,097	4.7
Consumer	4,734	5.4
Other	263	.3
Less: Unearned Income	(0)	(0)
<b>Total Loans</b>	<b>87,745</b>	<b>100.0</b>

*Source: Call Report*

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. Mount Vernon Bank and Trust Company has one designated assessment area comprised of Linn County census tracts 104, 105, and 108, as well as Cedar County census tract 4502. Linn County is part of the Cedar Rapids, Iowa Metropolitan Statistical Area (MSA); Cedar County is part of the State of Iowa nonmetropolitan area. The nonmetropolitan census tract is demographically similar and does not substantially cross metropolitan boundaries. The assessment area did not change since the prior evaluation. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

The census tracts in Linn County are all middle-income census tracts. The Cedar County census tract is an upper-income census tract, which is a change from its prior middle-income

designation due to the U.S. Census Bureau's 2015 American Community Survey results. The bank's office is located in Linn County census tract 108. 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)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	17,742	0.0	0.0	80.2	19.8	0.0
Housing Units by Geography	7,022	0.0	0.0	77.5	22.5	0.0
Owner-Occupied Units by Geography	5,460	0.0	0.0	77.6	22.4	0.0
Occupied Rental Units by Geography	1,070	0.0	0.0	76.4	23.6	0.0
Vacant Units by Geography	492	0.0	0.0	78.5	21.5	0.0
Businesses by Geography	1,078	0.0	0.0	80.2	19.8	0.0
Farms by Geography	213	0.0	0.0	64.3	35.7	0.0
Family Distribution by Income Level	4,546	13.2	18.7	25.7	42.4	0.0
Household Distribution by Income Level	6,530	19.3	14.7	20.5	45.5	0.0
Median Family Income - Cedar Rapids, Iowa MSA		\$75,812	Median Housing Value			\$164,921
Median Family Income - Nonmetropolitan Iowa		\$61,934	Median Gross Rent			\$630
			Families Below Poverty Level			3.7%

*Source: 2015 American Community Survey Data 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.*

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by gross annual revenue level. According to 2018 D&B data, there were 1,078 businesses in the assessment area. Revenues for these businesses are listed below.

- 87.6 percent have \$1 million or less.
- 3.8 percent have more than \$1 million.
- 8.6 percent have unknown revenues.

According to 2018 D&B data, there were 213 farms in the assessment area. Revenues for these farms are listed below.

- 98.0 percent have \$1 million or less.
- 1.5 percent has more than \$1 million.
- 0.5 percent have unknown revenues.

According to 2018 D&B data, service industries represent the largest portion of farm and business operations at 39.1 percent; followed by agriculture, forestry, and fishing service industries at 16.5

percent; and construction at 11.2 percent. In addition, 79.8 percent of assessment area farms and businesses have four or fewer employees, and 93.0 percent operate from a single location.

The Federal Financial Institutions Examination Council’s updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Cedar Rapids, Iowa MSA and the Iowa nonmetropolitan areas are presented in the following table.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cedar Rapids, Iowa MSA Median Family Income</b>				
2017 (\$78,300)	<\$39,150	\$39,150 to <\$62,640	\$62,640 to <\$93,960	≥\$93,960
<b>Iowa Nonmetropolitan Median Family Income</b>				
2017 (\$63,900)	<\$31,950	\$31,950 to <\$51,120	\$51,120 to <\$76,680	≥\$76,680
<i>Source: Federal Financial Institutions Examination Council</i>				

The assessment area’s unemployment rate is relatively low, reflecting a stable economy. Specifically, according to unemployment rates reported by Iowa Workforce Development, as of January 2019, Linn and Cedar counties had unemployment rates of 3.4 percent and 3.2 percent, respectively. This level represents a decline from an unemployment rate of 3.8 percent and 4.0 percent in January 2018. The State of Iowa registered an unemployment rate of 2.4 percent in January 2019, which is a decrease from the 2.8 percent rate one year ago.

**Competition**

The assessment area is considered moderately competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2018 reflects six FDIC-insured institutions operating from eight locations within the counties that make up the assessment area. These institutions range from small community banks to a larger financial institution operating branch locations in the area. Mount Vernon Bank and Trust Company is tied for 3<sup>rd</sup> with 12.5 percent of deposit market share.

**Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs and economic conditions of the community. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. Examiners referenced a previously conducted community contact with a representative of an economic development organization operating in and around the assessment area.

The community contact said that the economy is relatively good and unemployment is low. The local economy is heavily reliant on the agricultural economy, which has been impacted by lower land and commodity prices. The majority of residents in smaller communities commute to the

larger metropolitan areas for work. The contact indicated that current credit needs are for business start-up financing or expansion. The contact felt that institutions are serving the agricultural credit needs of the area. Overall, the representative indicated the banks are very involved in the community given the limited opportunities.

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that home mortgage, small business, and small farm loans are the primary credit needs for this area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Mount Vernon Bank and Trust Company demonstrated reasonable performance under the Lending Test. The performance under Loan-to-Deposit Ratio and Assessment Area Concentration primarily support this conclusion.

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

Mount Vernon Bank and Trust Company’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. As reflected in the following table, the bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 80.9 percent over the past 23 calendar quarters from June 30, 2013, to December 31, 2018. The average net ratio ranged from a low of 70.4 percent as of December 31, 2013, to a high of 90.8 percent as of June 30, 2016. As of December 31, 2018, Mount Vernon Bank and Trust Company’s net loan-to-deposit ratio was 78.6 percent.

Examiners compared the bank’s average net loan-to-deposit ratio to five comparable institutions to help evaluate its reasonableness. Comparable institutions were selected based on their size, geographic location, and lending focus. Mount Vernon Bank and Trust Company’s average loan-to-deposit ratio is in line with the comparable institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2018 \$(000s)</b>	<b>Average Net Loan- to-Deposit Ratio (%)</b>
<b>Mount Vernon Bank and Trust Company, Mount Vernon, Iowa</b>	<b>129,766</b>	<b>80.9</b>
Citizens Savings Bank, Anamosa, Iowa	120,063	54.3
Liberty Trust & Savings Bank, Durant, Iowa	151,735	63.1
Fairfax State Bank, Fairfax, Iowa	157,950	48.7
Bridge Community Bank, Mount Vernon, Iowa	92,675	77.8
Community State Bank, Tipton, Iowa	117,148	50.6
<i>Source: Call Reports 06/30/2013 - 12/31/2018</i>		

## Assessment Area Concentration

The bank made a majority of its home mortgage, small business, and small farm loans, by number and dollar amount, within its assessment area. These results reflect management's commitment to lend within the local communities. See the following table.

<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 \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage	83	61.5	52	38.5	135	8,352	61.5	5,225	38.5	13,577
Small Business	37	67.3	18	32.7	55	2,497	58.3	1,788	41.7	4,285
Small Farm	24	80.0	6	20.0	30	2,283	74.8	770	25.2	3,053

*Source: 2017 HMDA Reported Data; 01/01/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0*

## Borrower Profile

Overall, the distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses and farms of different revenue sizes. The bank's excellent lending performance in all three loan products reviewed supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less. Only loans originated inside the assessment area were analyzed.

### *Home Mortgage Loans*

The bank's record of extending home mortgage loans to borrowers of different income levels is excellent. As shown in the following table, the bank's level of lending to low- and moderate-income individuals is higher than both demographic and aggregate data.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	13.2	9.9	13	15.7	716	8.6
Moderate	18.7	18.9	20	24.1	1,796	21.5
Middle	25.7	21.5	18	21.7	2,031	24.3
Upper	42.4	32.9	30	36.1	3,315	39.7
Not Available	0.0	16.8	2	2.4	494	5.9
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>8,352</b>	<b>100.0</b>

*Source: 2015 American Community Survey Data; 2017 HMDA Aggregate Data; 2017 HMDA Reported Data. Due to rounding, totals may not equal 100.0*

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

The distribution of small business borrowers reflects excellent penetration of loans to businesses with gross annual revenues of \$1 million or less. The following table shows that the bank's performance significantly exceeds 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	25	100.0	1,831	100.0
>1,000,000	3.8	0	0.0	0	0.0
Revenue Not Available	8.6	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>1,831</b>	<b>100.0</b>

*Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0*

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

The distribution of small farm loans reflects excellent penetration to farms with gross annual revenues of \$1 million or less. The following table shows that the bank's performance exceeds D&B data.

<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	98.0	24	100.0	2,283	100.0
>1,000,000	1.5	0	0.0	0	0.0
Revenue Not Available	0.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>2,283</b>	<b>100.0</b>

*Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0*

### **Geographic Distribution**

The assessment area does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans as a review would not have resulted in meaningful conclusions.

### **Response to Complaints**

As stated previously, the institution has not received any CRA-related complaints since the prior evaluation; therefore, this factor 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; therefore, this area of review did not affect the institution's overall CRA rating.

## 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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 (for example, 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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:** 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.