

# **PUBLIC DISCLOSURE**

October 23, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Root River State Bank  
RSSD 309851

18 Third Street Southeast  
P.O. Box 517  
Chatfield, Minnesota 55923

Federal Reserve Bank of Minneapolis  
90 Hennepin Ave, P.O. BOX 291  
Minneapolis, MN 55480-0291

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

TABLE OF CONTENTS

Institution’s Community Reinvestment Act Rating..... 2

Scope of Examination ..... 2

Description of Institution..... 2

Description of Assessment Area ..... 3

Conclusions With Respect to Performance Criteria ..... 5

Fair Lending or Other Illegal Credit Practices Review ..... 11

Appendix A – Map of the Assessment Area ..... 12

Appendix B – Demographic Information ..... 13

Appendix C – Glossary ..... 14

## INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Root River State Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects an excellent distribution among businesses and farms of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

Examiners utilized The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Examiners reviewed the following data:

- The bank's 19-quarter average NLTD ratio.
- A statistical sample of 41 small business and 45 small farm loans originated between January 1, 2022, and December 31, 2022.<sup>1</sup> These product lines are representative of the bank's loan activity during the evaluation period.

Of the five core criteria, examiners placed the greatest weight on the bank's lending to farms and businesses of different sizes, followed by the geographic distribution of loans. Finally, the net loan-to-deposit ratio and lending inside the assessment area received lower but equal weight. By loan type, the bank's small farm loans received the greatest weight based on lending activity and loan portfolio composition. Neither the bank nor the Reserve Bank has received any CRA-related complaints since the previous evaluation.

## DESCRIPTION OF INSTITUTION

Root River State Bank is a community bank headquartered in Chatfield, Minnesota. The bank's characteristics include:

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<sup>1</sup> In 2020 and 2021, the bank participated in Paycheck Protection Program (PPP) lending through the Small Business Administration (SBA). These loans were designed to help businesses keep their workforces employed during the COVID-19 pandemic. Examiners considered the bank's PPP loans in their evaluation of the bank's small business and small farm loans.

- The bank is a wholly owned subsidiary of Johnson Bancshares, Inc.
- The bank has one affiliate, First State Bank of Fountain, Fountain, Minnesota.
- The bank has total assets of \$84.8 million as of September 30, 2023.
- The bank’s only office is in Chatfield, Minnesota. It features drive-up and walk-up facilities with standard weekday business hours and extended hours on Fridays and Saturdays.
- The bank currently operates one cash-dispensing-only ATM at its sole location.
- As shown in Table 1, the bank’s primary business focus is agricultural lending. The composition of the loan portfolio has not changed significantly since the previous evaluation; however, consumer loans decreased by 62.5%.

<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Agricultural	\$16,036	51.7%
Commercial	\$8,127	26.2%
Residential Real Estate	\$6,393	20.6%
Consumer	\$442	1.4%
Other	\$0	0.0%
Gross Loans	\$30,998	100.0%

*Note: Percentages may not total 100.0 percent due to rounding.*

The bank was rated Satisfactory under the CRA at its April 29, 2019, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s Chatfield AA consists of portions of three counties in southeastern Minnesota: Fillmore, Olmsted, and Winona. The Fillmore and Olmsted counties' census tracts are in the Rochester, MN metropolitan statistical area (MSA). (See Appendix A for an AA map and Appendix B for additional demographic data.)

- The bank has not changed its AA since the 2019 CRA evaluation. However, the income classification changed for five census tracts.
- The AA consists of two moderate-, nine middle-, and one upper-income census tracts. Previously, it consisted of two moderate- and 10 middle-income tracts.
- The bank’s office is in a middle-income census tract in Fillmore County.
- According to the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 18th of 29 FDIC-insured financial institutions with offices in Olmstead, Fillmore, and Winona counties, with 1.09% of the total deposits.
- Examiners spoke with community contacts familiar with the business, farming, and demographic characteristics of the AA.

Table 2 Chatfield AA Population Change			
Area	2015 Population	2020 Population	Percent Change
Chatfield AA	220,792	233,746	5.9%
Fillmore County, MN	20,843	21,228	1.8%
Olmsted County, MN	148,736	162,847	9.5%
Winona County, MN	51,213	49,671	-3.0%
NonMSA Minnesota	1,243,105	1,259,719	1.3%
Rochester, MN MSA	211,250	226,329	7.1%
Minnesota	5,419,171	5,706,494	5.3%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

- As shown in Table 2, the AA population has increased since 2015.
- A community contact indicated that Rochester, the county seat of Olmstead County, continues to attract new residents at a steady rate primarily due to Mayo Clinic and other health-related businesses.

Table 3 Chatfield AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Chatfield AA	\$86,246	\$92,856	7.7%
Fillmore County, MN	\$72,665	\$79,507	9.4%
Olmsted County, MN	\$94,088	\$100,495	6.8%
Winona County, MN	\$75,942	\$81,723	7.6%
NonMSA Minnesota	\$68,881	\$74,737	8.5%
Rochester, MN MSA	\$88,538	\$94,698	7.0%
Minnesota	\$84,188	\$92,692	10.1%
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- As shown in Table 3, the median family income in the AA has increased since 2015. Fillmore County shows the greatest change, although it did not outpace the statewide change.
- Based on 2022 FFIEC adjusted census data, low- and moderate-income households comprise 38.0% of all households in the AA.

- A community contact explained that many area residents work in Rochester, where incomes are higher. These incomes likely contribute to the increased AA median family income.

Area	2019	2020	2021
Chatfield AA	2.9%	5.4%	2.8%
Fillmore County, MN	3.5%	5.2%	3.0%
Olmsted County, MN	2.7%	5.5%	2.8%
Winona County, MN	3.1%	5.1%	2.9%
NonMSA Minnesota	4.3%	6.1%	3.6%
Rochester, MN MSA	3.0%	5.5%	2.9%
Minnesota	3.4%	6.3%	3.4%

*Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics*

- Although the AA’s unemployment rate increased in 2020, primarily due to the COVID-19 pandemic, it has since decreased, as shown in Table 4.
- Bank management and community contacts indicated that the labor market is tight and there is a labor shortage in the AA.
- According to bank management, primary area industries are the agricultural sector, healthcare industry, school district, implement dealers, and small manufacturing. A community contact stated that the agriculture economy in the AA consist mainly of crops (corn, soybeans, and hay) and dairy farming. Drought in recent years impacted conditions; crop prices were down, and input costs were up. Bank management indicated conditions are improving and yields are better than expected.
- The Mayo Clinic and healthcare-related industries are major economic influences in the overall AA. In Chatfield, the main employers are Tuohy Furniture Corporation, Hammell Equipment, Inc., EZ Fabricating, Inc., and Strongwell (a manufacturing operation headquartered in Virginia).

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Net Loan-to-Deposit Ratio**

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison, to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and location (within the AA).

The bank's NLTD ratio is reasonable. As shown in Table 5, the bank's average NLTD for the past 19 quarters was 44.3%, which is below the ratios of similarly situated banks operating in the AA. At the previous evaluation, the bank's 16-quarter average NLTD was 58.7%. The bank's NLTD ratio ranged from 34.2% to 58.4% during the current period. It decreased primarily because of generally decreased loan demand and increased deposits, especially during the pandemic. However, the bank's NLTD ratio has been on an increasing trend since early 2022.

The bank holds deposits from several large depositors, including local government. According to bank management, the bank continues to face heavy competition for loans. The bank operates in an MSA where numerous financial institutions are active, including larger national and regional banks.

As of September 30, 2023, the bank's NLTD ratio was 38.1%, which is below the peer group ratio of 65.2%. The bank's national peer group includes all insured commercial banks having assets between \$50 million and \$100 million, with two or fewer full-service banking offices and located in an MSA.

<b>Table 5 Comparative NLTD Ratios as of September 30, 2023</b>			
<b>Institution</b>	<b>Location</b>	<b>Asset Size \$(000)</b>	<b>NLTD Ratio (%)</b>
			<b>19 Quarter Average</b>
Root River State Bank	Chatfield, Minnesota	\$84,767	44.3%
<b>Similarly Situated Institutions</b>			
Rushford State Bank	Rushford, Minnesota	\$100,027	68.6%
First Southeast Bank	Harmony, Minnesota	\$122,727	90.2%

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. Overall, the bank originated a majority of the bank's loans, by number and dollar, inside the AA. As show in Table 6, 70.9% of the bank's loans by number and 53.9% by dollar amount were originated within the AA. While the bank's overall originations were within the AA, a majority of small business loans by number and dollar amount were originated outside the AA. By number, 59.1% of the small business loans made outside the AA were extended to one borrower with whom the bank has a long-standing relationship. In addition, the bank originated three larger dollar business loans, which represent the majority of loan dollars outside the AA. Consistent with previous evaluations, bank management stated that loans originated outside the AA are mainly made because of existing relationships the bank has with borrowers.

Table 6 Lending Inside and Outside the AA								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Small Business	19	46.3	1,246	25.3	22	53.7	3,677	74.7
Small Farm	42	93.3	3,175	97.0	3	6.7	99	3.0
<b>Total Loans</b>	61	70.9	4,421	53.9	25	29.1	3,776	46.1

*Note: Percentages may not total 100.0 percent due to rounding.*

### Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

The AA contains two moderate-, nine middle-, and one upper-income census tracts. Although the bank extended small business and/or small farm loans in only five of the AA's 12 census tracts, its lending is explained below.

#### Small Business Lending

The geographic distribution of small business lending is reasonable. As shown in Table 7, the bank did not originate any small business loans in the moderate-income census tracts. Demographics indicate that 14.6% of businesses in the AA are in moderate-income census tracts. The bank's lack of lending in the moderate-income tracts is explainable. One of the moderate-income tracts is in the city of Rochester, approximately 25 miles from the bank's office. Loan competition is high in the Rochester area where numerous financial institutions are active, including larger national and regional banks; these institutions are likely more convenient for borrowers in this moderate-income tract. The other moderate-income tract is in the southwestern portion of the AA, in Fillmore County. Three other financial institutions have branches in this tract (in Spring Valley); these banks are likely more convenient for borrowers here.

Finally, the bank did not originate any small business loans in the upper-income tract and five of the middle-income tracts. The middle-income tracts are in or close to Rochester, and the upper-income tract includes a city where other financial institutions have branches that are likely more convenient for borrowers here.



<b>Table 7</b>					
<b>Distribution of 2022 Small Business Lending By Income Level of Geography</b>					
<b>Chatfield AA</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	0	0.0	0	0.0	0.0
<b>Moderate</b>	0	0.0	0	0.0	14.6
<b>Middle</b>	19	100.0	1,246	100.0	76.3
<b>Upper</b>	0	0.0	0	0.0	9.1
<b>Total</b>	19	100.0	1,246	100.0	100.0

*Source: 2022 FFIEC Census Data  
2022 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey*

*Note: Percentages may not total 100.0 percent due to rounding.*

Small Farm Lending

The geographic distribution of small farm lending is reasonable. As shown in Table 8, the bank did not originate any small farm loans in the moderate-income census tracts. Demographics indicate that 5.3% of farms in the AA are in moderate-income census tracts.<sup>2</sup> Similar to small business loans, the bank's lack of small farm lending in the moderate-income tracts is explainable. As mentioned, borrowers in the moderate-income tracts are likely more conveniently serviced by financial institutions in Rochester and Spring Valley.

Finally, the bank did not originate any small farm loans in the upper-income tract and four of the middle-income tracts. The middle-income tracts are in or close to Rochester or Stewartville, Minnesota (where several financial institutions have branches), and the upper-income tract includes a city where other financial institutions have branches that are likely more convenient for borrowers here.

<sup>2</sup> According to Dun & Bradstreet data, there are only 19 farms in the moderate-income census tracts.

<b>Table 8</b>					
<b>Distribution of 2022 Small Farm Lending By Income Level of Geography</b>					
<b>Chatfield AA</b>					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	5.3
Middle	42	100.0	3,175	100.0	87.2
Upper	0	0.0	0	0.0	7.5
<b>Total</b>	<b>42</b>	<b>100.0</b>	<b>3,175</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data  
2022 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

### Lending to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank’s lending to businesses and farms of different revenue sizes. The bank’s lending has an excellent distribution among businesses and farms of different sizes.

#### Small Business Lending

The borrower distribution of small business lending is excellent. The bank originated 94.7% of its small business loans to businesses with gross annual revenues of \$1 million or less (small businesses), as shown in Table 9. The bank’s lending exceeds demographics, which indicate that 91.3% of businesses in the bank’s AA are small businesses. The same data shows that 73.7% of the bank’s small business loans were in the amount of \$100,000 or less, which indicates the bank’s willingness to serve the credit needs of smaller businesses in the AA.

Additionally, the bank participated in the PPP lending program between April 2020 and May 2021. According to information provided by the bank, it originated over 45 PPP small business loans. PPP lending data indicates a majority of these loans were made for \$25,000 or less. The bank’s extension of PPP loans during the COVID-19 pandemic was responsive to the credit needs of small businesses and enhances the bank’s small business lending performance.

<b>Table 9</b>					
<b>Distribution of 2022 Small Business Lending By Revenue Size of Businesses</b>					
<b>Chatfield AA</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	#	#%	\$(000)	%	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	18	94.7	1,240	99.5	91.3
<b>Over \$1 Million</b>	1	5.3	7	0.6	7.1
<b>Revenue Unknown</b>	0	0.0	0	0.0	1.6
<b>Total</b>	19	100.0	1,246	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	14	73.7	353	28.3	
<b>\$100,001 - \$250,000</b>	4	21.1	494	39.6	
<b>\$250,001 - \$1 Million</b>	1	5.3	400	32.1	
<b>Total</b>	19	100.0	1,246	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	13	72.2	346	27.9	
<b>\$100,001 - \$250,000</b>	4	22.2	494	39.8	
<b>\$250,001 - \$1 Million</b>	1	5.6	400	32.3	
<b>Total</b>	18	100.0	1,240	100.0	
<i>Source: 2022 FFIEC Census Data</i> <i>2022 Dun &amp; Bradstreet Data</i> <i>2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is excellent. As shown in Table 10, 98.9% of the farms in the assessment area have gross annual revenues of \$1 million or less (small farms). The bank originated 95.2% of its small farm loans to small farms. The bank’s lending is slightly below demographics. The bank extended 78.6% of its small farm loans for amounts of \$100,000 or less, showing the bank’s willingness to meet the credit needs of small farms in the assessment area.

Additionally, according to information provided by the bank, it originated over 60 PPP small farm loans. PPP lending data indicates a majority of these loans were made for \$25,000 or less. The bank’s extension of PPP loans during the pandemic was responsive to the credit needs of small farms and enhances the bank’s small farm lending performance.

<b>Table 10</b>					
<b>Distribution of 2022 Small Farm Lending By Revenue Size of Farms</b>					
<b>Chatfield AA</b>					
	<b>Bank Loans</b>				<b>Total Farms %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	40	95.2	3,126	98.5	98.9
<b>Over \$1 Million</b>	0	0.0	0	0.0	1.1
<b>Revenue Unknown</b>	2	4.8	49	1.5	0.0
<b>Total</b>	42	100.0	3,175	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	33	78.6	964	30.4	
<b>\$100,001 - \$250,000</b>	5	11.9	771	24.3	
<b>\$250,001 - \$500,000</b>	4	9.5	1,440	45.4	
<b>Total</b>	42	100.0	3,175	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	31	77.5	915	29.3	
<b>\$100,001 - \$250,000</b>	5	12.5	771	24.7	
<b>\$250,001 - \$500,000</b>	4	10.0	1,440	46.1	
<b>Total</b>	40	100.0	3,126	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

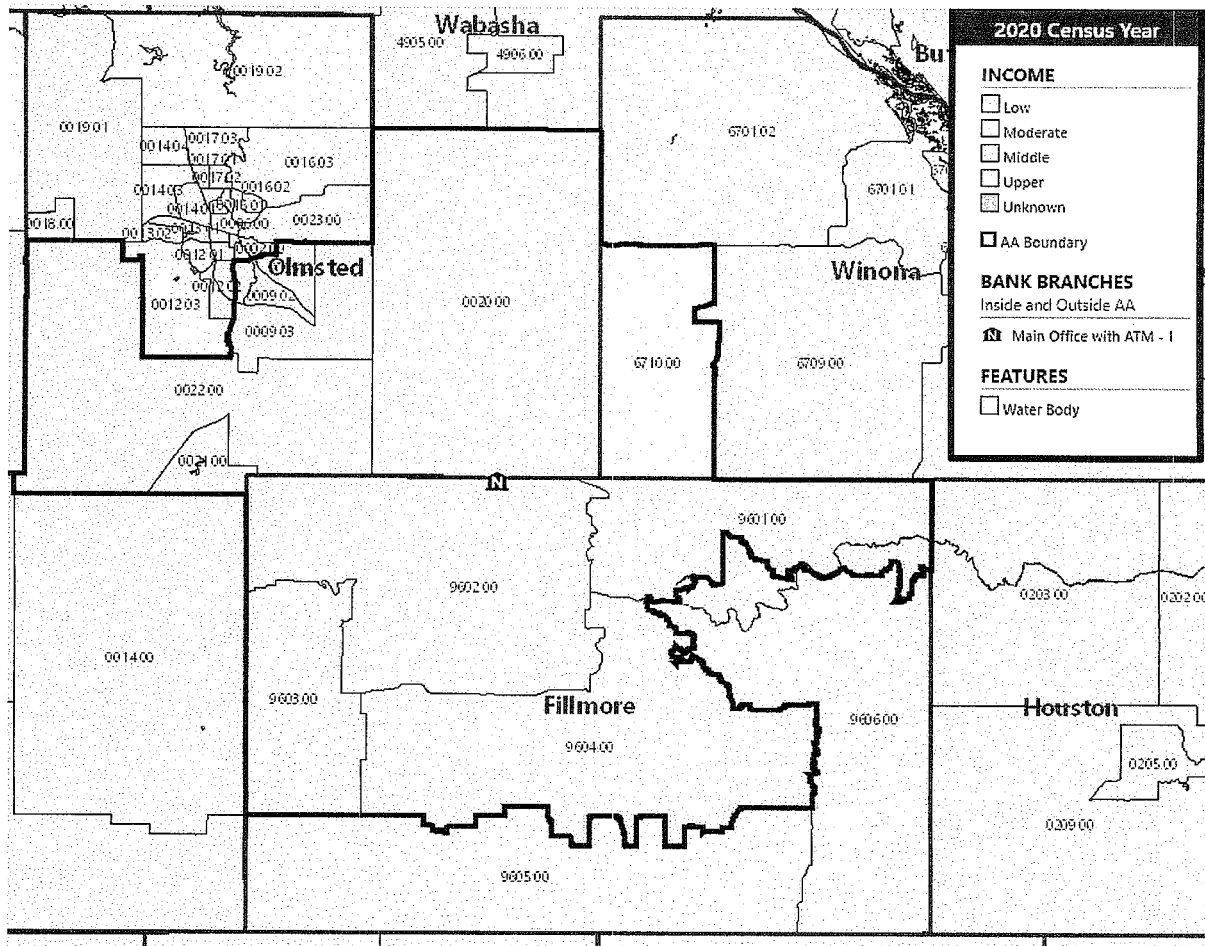
### Response to Complaints

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints concerning the bank since the previous evaluation.

### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B – Equal Credit Opportunity Act and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

2022 Chatfield AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,871	18.8
Moderate	2	16.7	2,363	15.5	94	4.0	3,067	20.1
Middle	9	75.0	11,658	76.4	410	3.5	3,833	25.1
Upper	1	8.3	1,246	8.2	51	4.1	5,496	36.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>12</b>	<b>100.0</b>	<b>15,267</b>	<b>100.0</b>	<b>555</b>	<b>3.6</b>	<b>15,267</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,106	2,720	15.3	66.2	876	21.3	510	12.4
Middle	17,583	13,498	76.1	76.8	2,948	16.8	1,137	6.5
Upper	1,982	1,526	8.6	77.0	314	15.8	142	7.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>23,671</b>	<b>17,744</b>	<b>100.0</b>	<b>75.0</b>	<b>4,138</b>	<b>17.5</b>	<b>1,789</b>	<b>7.6</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	366	14.6	324	14.1	37	20.7	5	12.8
Middle	1,915	76.3	1,756	76.6	128	71.5	31	79.5
Upper	228	9.1	211	9.2	14	7.8	3	7.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,509</b>	<b>100.0</b>	<b>2,291</b>	<b>100.0</b>	<b>179</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.3</b>		<b>7.1</b>		<b>1.6</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	19	5.3	19	5.3	0	0.0	0	0.0
Middle	314	87.2	311	87.4	3	75.0	0	0.0
Upper	27	7.5	26	7.3	1	25.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>360</b>	<b>100.0</b>	<b>356</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.9</b>		<b>1.1</b>		<b>0.0</b>
<p>Source: 2022 FFIEC Census Data                  2022 Dun &amp; Bradstreet Data                  2016-2020 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								

## APPENDIX C – 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.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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, other secured consumer loans, and other unsecured consumer loans.

**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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of 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.

**Limited-scope review:** Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.



**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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