

PUBLIC DISCLOSURE

June 25, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Boone Bank & Trust Co.
Certificate Number: 33552

716 8th Street
Boone, Iowa 50036

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.

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	3
Description of Assessment Area	4
Conclusions on Performance Criteria	7
Discriminatory or Other Illegal Credit Practices Review	11
Glossary	12

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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Boone Bank & Trust Co.'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 (LTD) ratio is reasonable given the bank's size, financial condition, and the AA credit needs.
- The bank made a majority of its small farm, small business, and home mortgage loans in the AA.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels.
- The bank's AA 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 May 10, 2012, to the current evaluation dated June 25, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate Boone Bank & Trust Co.'s CRA performance. These procedures considered the institution's performance according to the following criteria.

- LTD ratio
- AA concentration
- Borrower profile
- Geographic distribution
- Response to CRA-related complaints

This evaluation does not consider any lending activities performed by affiliates.

Loan Products Reviewed

Agricultural loans and loans secured by farmland are the bank's largest loan category, representing 41.8 percent of total loans, according to the March 31, 2018 Consolidated Reports of Condition and Income (Call Report). Commercial Real Estate and Commercial and Industrial loans account for the bank's second largest loan category, at 33.5 percent. Loans secured by 1-4 Family Residential properties account for the bank's third largest loan category, at 15.1 percent. The remainder of the loan portfolio is comprised of Construction and Land Development, Consumer, and Other loans at 9.6 percent.

Bank records show that the loan portfolio mix remained relatively consistent throughout the evaluation period. Boone Bank & Trust Co.'s management stated that an equal emphasis is placed on agricultural, commercial, and home mortgage lending. Based on the portfolio distribution percentages and management's stated business focus, examiners concluded that the bank's primary product lines are small farm, small business, and home mortgage loans; therefore, these loan types were selected for review. Consumer loans were not reviewed because they are not considered a major product line. When drawing conclusions, small farm and small business lending performance received equal weight in the evaluation. Although home mortgage loans are a primary product line, a significant majority of the bank's home mortgage lending is through the secondary market. Due to the limited number of in-house home mortgage loans to review, home mortgage lending activity is weighted less than small farm and small business lending.

Examiners selected a random sample of small farm and small business loans originated between January 1, 2017, and December 31, 2017. Additionally, all seven in-house home mortgage loans originated during the same timeframe were reviewed. The following table details the loan samples and the universes from which they were selected.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	28	\$5,290	15	\$2,910
Small Business	31	\$5,270	16	\$3,136
Home Mortgage	7	\$536	7	\$536

Source: Bank Records from 1/1/2017 through 12/31/2017

For CRA evaluation purposes, small farm loans and small business loans are defined using definitions in the Call Report. These definitions, as well as that for home mortgage loans, are detailed in the Glossary at the end of this document. Examiners obtained the data necessary for this evaluation from an automated loan download, individual customer loan files, and bank management.

Examiners reviewed and presented the number and dollar volume of small farm, small business, and home mortgage loans. However, examiners placed more weight on the number of loans, rather than the dollar volume of loans because the number of loans is a better indicator of the businesses, farms, and individuals served. Examiners utilized the 2015 American Community Survey (ACS) data and 2017 D&B farm and business data for comparison purposes.

DESCRIPTION OF INSTITUTION

Background

Boone Bank & Trust Co. is headquartered in Boone, Iowa, and owned by Ames National Corporation, a five-bank holding company in Ames, Iowa. The bank is affiliated with First National Bank, Ames, Iowa; Reliance State Bank, Story City, Iowa; State Bank & Trust Co., Nevada, Iowa; and United Bank & Trust National Association, Marshalltown, Iowa. Boone Bank & Trust Co. wholly-owns Boone Real Estate Services, LLC doing business as Abstract and Title Services of Boone County. The institution received a Satisfactory rating at its preceding FDIC Performance Evaluation dated May 10, 2012, based on Interagency Small Institution Examination Procedures.

Operations

Boone Bank & Trust Co. operates out of two office locations in Boone, Iowa. No branches were opened or closed, and no merger or acquisition activities occurred during the review period. A variety of lending products and services are offered, including agricultural, commercial, home mortgage, and consumer loans. Specialty loan programs include United States Department of Agriculture Farm Service Agency and Small Business Administration loans. As previously stated, the bank sells a significant majority of the home mortgage loans to multiple investors on the secondary market, rather than hold the balances within their in-house loan portfolio. Basic deposit products and services are offered, along with alternative banking services such as online banking and mobile banking. Three full-service automated teller machines are also operated; one at each office and the other at a local grocery store.

Ability and Capacity

The bank's March 31, 2018 Call Report reflected total assets of \$140.4 million, total loans of \$61.9 million, and total deposits of \$117.3 million. The institution's loan portfolio distribution is reflected in the following table.

Loan Portfolio Distribution as of 3/31/2018		
Loan Category	\$(000s)	%
Construction and Land Development	4,894	7.9
Secured by Farmland	12,022	19.5
1-4 Family Residential	9,366	15.1
Multi-family (5 or more) Residential	0	0.0
Commercial Real Estate	14,038	22.7
Total Real Estate Loans	40,320	65.2
Agricultural	13,798	22.3
Commercial and Industrial	6,692	10.8
Consumer	445	0.7
Other	634	1.0
Less: Unearned Income	(0.0)	(0.0)
Total Loans	61,889	100.0

Source: Reports of Condition and Income

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Boone Bank & Trust Co. designated a single AA consisting of all seven census tracts (CTs) in Boone County, Iowa (CTs 201-207). The AA delineation has not changed since the prior evaluation. The following sections discuss demographic and economic information for the AA derived from several sources. Examiners considered this information in evaluating the bank's lending performance.

Economic and Demographic Data

The AA includes five middle-income CTs (CTs 202 – 205, and 207) and two upper-income CTs (CTs 201 and 206). There was a slight change in the AA CT designations between the 2010 U.S. Census and the 2015 ACS. The 2010 U.S. Census designated CTs 205 and 207 as upper-income. These two CTs were reclassified as middle-income in response to the 2015 ACS. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	7	0.0	0.0	71.4	28.6	0.0
Population by Geography	26,401	0.0	0.0	80.8	19.2	0.0
Housing Units by Geography	11,789	0.0	0.0	82.1	17.9	0.0
Owner-Occupied Units by Geography	8,114	0.0	0.0	80.8	19.2	0.0
Occupied Rental Units by Geography	2,645	0.0	0.0	87.7	12.3	0.0
Vacant Units by Geography	1,030	0.0	0.0	78.3	21.7	0.0
Businesses by Geography	1,717	0.0	0.0	77.1	22.9	0.0
Farms by Geography	327	0.0	0.0	52.9	47.1	0.0
Family Distribution by Income Level	6,918	12.6	17.3	26.2	43.9	0.0
Household Distribution by Income Level	10,759	21.1	16.1	18.6	44.2	0.0
Median Family Income - Nonmetropolitan Iowa		\$61,934	Median Housing Value			\$127,602
			Median Gross Rent			\$658
			Families Below Poverty Level			5.4%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 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.</i>						

As shown above, the AA's population is 26,401. Some of the larger communities in the AA include Boone, Boxholm, Madrid, Ogden, and Pilot Mound.

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by gross annual revenue (GAR) level. According to 2017 D&B data, there were 327 farms in the AA. GARs for these farms are listed below.

- 97.6 percent have \$1 million or less.
- 1.8 percent have more than \$1 million.
- 0.6 percent have unknown revenues.

The U.S. Agricultural Census reveals that the number of farms increased one percent between 2007 and 2012 in Boone County. Additionally, the average farm size decreased by seven percent between 2007 and 2012. On a statewide level, the number of farms decreased five percent, and the average farm size increased four percent during this period.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2017 D&B data, there were 1,717 businesses in the AA. GARs for these businesses are listed below.

- 84.0 percent have \$1 million or less.
- 4.5 percent have more than \$1 million.
- 11.5 percent have unknown revenues.

According to 2017 D&B data, the largest industries in the AA as a percentage of total industries are: services at 39.6 percent; agriculture, forestry, and fishing at 16.0 percent; retail trade at 10.3 percent; and construction at 9.3 percent. Some of the largest employers in Boone County are Boone County Hospital, Casey’s General Stores, Des Moines Area Community College, Hy-Vee Food Stores, Wal-Mart, and the Woodward Academy.

The Federal Financial Institutions Examination Council (FFIEC)-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 are based on the respective FFIEC updated median family incomes presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$63,900)	<\$31,950	\$31,950 to <\$51,120	\$51,120 to <\$76,680	≥\$76,680
<i>Source: FFIEC</i>				
<i>Due to rounding, totals may not equal 100.0</i>				

There are 11,789 housing units in the AA, of which 68.8 percent are owner-occupied, 22.4 percent are occupied rental units, and 8.8 percent are vacant.

The AA’s unemployment rate is low, reflecting a healthy economy. According to the U.S. Bureau of Labor Statistics, the 2017 annual unemployment rate for the State of Iowa was 3.1 percent, and the United States was 4.4 percent. Boone County’s 2017 unemployment was only 2.5 percent. Boone County’s average unemployment rate peaked in 2015 and then decreased in 2016 and 2017. All unemployment rates reviewed continue to decline since 2015, as reflected in the following table.

Average Unemployment Rates				
Area	2015	2016	2017	April 2018
	%	%	%	%
Boone County, IA	3.1	2.8	2.5	2.2
Iowa Average	3.8	3.6	3.1	2.8
National Average	5.3	4.9	4.4	3.9
<i>Source: Bureau of Labor Statistics</i>				

Competition

The market for financial services is very competitive inside the AA. According to the FDIC’s June 2017 Deposit Market Share Report data, there were seven financial institutions operating 11

offices in Boone County. Of these institutions, Boone Bank & Trust Co. ranked 2nd with a 23.2 percent deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to help identify credit and community development needs. This information assists examiners in determining whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. In conjunction with this evaluation, examiners relied on a previously conducted community contact with a representative of an economic development organization operating in the AA.

The contact stated the overall economic conditions are strong; however, Boone has many residents that commute to Ames, Ankeny, or the Des Moines metro area for employment. This reduces the workforce available for new businesses coming into the area. Unemployment rates are very low in the area, which makes it difficult to find qualified employees. Additionally, Boone needs more housing, especially for lower-income borrowers. Home values are increasing rapidly. The contact confirmed that the greatest credit needs in the area are home mortgage, commercial, and agricultural loans. There is heavy competition in the area for banking; however, it does not limit the opportunities for financial institutions to get involved. Overall, the representative had a positive perception of local financial institutions and indicated that credit needs are being met.

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, small farm, and small business loans are primary credit needs of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Boone Bank & Trust Co. demonstrated reasonable performance under the Lending Test. The performance under the LTD Ratio, AA Concentration, and Borrower Profile primarily supports this conclusion. As previously stated, the AA does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans.

LTD Ratio

Boone Bank & Trust Co.'s LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 50.5 percent over the past 24 calendar quarters from June 30, 2012, to March 31, 2018. The ratio ranged from a low of 41.0 percent as of March 31, 2013, to a high of 58.0 percent as of December 31, 2014. Management stated the fluctuations are mostly due to the existence of large public funds deposited and withdrawn periodically.

Examiners compared the bank’s average net LTD ratio to four similarly-situated financial institutions (SSFIs) to help evaluate its reasonableness. SSFIs are defined as institutions operating in and around the AA with similar asset bases and product lines. Boone Bank & Trust Co.’s average net LTD ratio ranked the lowest out of the comparable banks. However, like some of the other SSFIs, Boone Bank & Trust Co.’s net LTD ratio does not account for their secondary market volume. Specifically, 41 loans for \$5.2MM were sold in 2017 and 50 loans for \$4.7MM were sold in 2016. Overall, the net LTD ratio is considered reasonable. The following table provides details.

LTD Ratio Comparison		
Bank	Total Assets as of 3/31/2018 \$(000s)	Average Net LTD Ratio (%)
Boone Bank & Trust Co., Boone, Iowa	140,442	50.5
Security Savings Bank, Gowrie, Iowa	126,733	62.7
Home State Bank, Jefferson, Iowa	245,980	90.7
City State Bank, Norwalk, Iowa	377,179	81.8
Reliance State Bank, Story City, Iowa	228,078	65.8

Source: Reports of Condition and Income 6/30/2012 through 3/31/2018

AA Concentration

The bank made a majority of its small farm, small business, and home mortgage loans within its AA. Examiners reviewed the small farm and small business loan samples, and all home mortgage loans, as described within the “Scope of the Evaluation” in drawing this conclusion. The following table provides details.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	5	71.4	2	28.6	7	380	70.9	156	29.1	536
Small Farm	9	60.0	6	40.0	15	1,985	68.2	925	31.8	2,910
Small Business	14	87.5	2	12.5	16	2,761	88.0	375	12.0	3,136

*Source: Evaluation Period: 1/1/2017 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. Reasonable performance in small farm and small business lending primarily supports this conclusion. Examiners focused on the percentage by number of small farm and small business loans to those with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Only loans made within the AA were analyzed.

Small Farm Loans

The distribution of small farm loans shows reasonable penetration to farms with GARs of \$1 million or less, taking into consideration that nearly all of the farms in the AA fall into this GAR category. The following table provides details.

Distribution of Small Farm Loans by GAR Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.6	8	88.9	1,830	92.2
>1,000,000	1.8	1	11.1	155	7.8
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	9	100.0	1,985	100.0
<i>Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0</i>					

As shown in the preceding table, 88.9 percent of the small farm loans reviewed were to borrowers with GARs of \$1 million or less. In comparison, 2017 D&B data indicates that 97.6 percent of the AA's farms had GARs of \$1 million or less. Small farm lending was slightly lower than demographic data; however, according to 2012 Agricultural Census data, 55 percent of farms located in the AA do not pay interest, and 50 percent are considered "hobby farms." Farms with no interest paid or that are considered "hobby farms" generally have minimal borrowing needs. Taking into the account the number of hobby farmers and farms that didn't report any interest paid, the distribution of small farm loans shows reasonable penetration to farms with GARs of \$1 million or less.

Small Business Loans

The bank's record of lending to businesses of different sizes is reasonable. The following table provides details.

Distribution of Small Business Loans by GAR Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.0	10	71.4	861	31.2
>1,000,000	4.5	4	28.6	1,900	68.8
Revenue Not Available	11.5	0	0.0	0	0.0
Total	100.0	14	100.0	2,761	100.0
<i>Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0</i>					

As shown in the table, 71.4 percent of the reviewed small business loans were to businesses with GARs of \$1 million or less. This performance is below 2017 D&B data, which indicates that

84.0 percent of the AA’s businesses had GARs of \$1 million or less. Additionally, 11.5 percent of businesses did not report their revenues. Management stated that the sample included established borrowers that have seen their small businesses grow into large businesses. As mentioned earlier, the AA is very competitive for banking services. This was confirmed by the community contact, who also indicated there is a shortage of available workforce for new businesses. These factors can affect loan demand for small businesses in the AA; therefore, examiners concluded that the bank’s record of lending to small businesses is reasonable.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the AA and other performance contextual factors, excellent penetration among individuals of different income levels. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	12.6	2	40.0	143	37.6
Moderate	17.3	1	20.0	7	1.8
Middle	26.2	0	0.0	0	0.0
Upper	43.9	2	40.0	230	60.5
Total	100.0	5	100.0	380	100.0

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0*

As shown above, the bank’s lending to low-income borrowers, at 40 percent, significantly exceeds the percentage of families within the same revenue categories. Specifically, 2015 ACS data indicates that 12.6 percent of families in the AA are low-income. Further, 20 percent of the bank’s lending is to moderate-income borrowers, compared to 17.3 percent of families in the AA. However, the small number of loans reviewed makes drawing conclusions difficult, as a swing in a single loan significantly affects the comparison. In addition, as previously stated, home mortgage lending is weighted less than small farm and small business lending due to the limited in-house home mortgage lending activity. Therefore, the bank’s excellent performance to individuals of different income levels had little impact on the overall conclusion.

Geographic Distribution

The bank’s AA 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

Boone Bank & Trust Co. did not receive any CRA-related complaints since the previous evaluation. As a result, 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; therefore, this consideration did not affect the institution's 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/AA.

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.

AA: 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 AA. 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 AA. 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/AA.

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.