



PUBLIC DISCLOSURE

November 2, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BATTLE CREEK STATE BANK
RSSD# 986757**

**202 WEST MAIN STREET
BATTLE CREEK, NEBRASKA 68715**

**Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198**

NOTE: 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'S COMMUNITY REINVESTMENT ACT RATING

Battle Creek 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 outside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among farms of different sizes.
- Neither the bank nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's *Interagency Examination Procedures for Small Institutions* were utilized 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. Lending performance was assessed within the bank's Madison County AA. The following data was reviewed:

- The bank's 16-quarter average NLTD ratio;
- A statistical sample of 64 small business loans was selected from a universe of 93 loans originated and outstanding between January 1, 2019 and December 31, 2019; and the universe of 45 small farm loans originated and outstanding between April 25, 2016 and December 31, 2019.

Small business lending was not evaluated under the geographic and borrower distribution of loans performance criterion, as the volume of small business loans made within the AA was insufficient to provide a meaningful analysis. Thus, small farm loans was the only product evaluated in these sections. Additionally, while conclusions with respect to small farm lending performance were derived for the entire review period, only 2017-2019 lending tables are presented in the body of the report, with comparisons made to 2016 performance. The bank's 2016 lending data can be found in Appendix B.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Battle Creek, Nebraska. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Battle Creek State Company, Inc.
- The bank has total assets of \$34.0 million as of December 31, 2019.

- The bank has one branch office in Battle Creek and operates one stand-alone, cash-only automated teller machine at a local convenience store.
- The bank’s primary business focus is commercial lending with an emphasis on nationwide aircraft loans. While the bank recognizes commercial lending as its primary business strategy, it offers a range of credit and deposit products to serve the needs of its communities.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF DECEMBER 31, 2019		
Loan Type	\$(000)	%
Commercial	19,706	74.2
Agricultural	5,440	20.5
Residential Real Estate	892	3.4
Consumer	525	2.0
Other	0	0.0
Gross Loans	26,563	100.0

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

The bank was rated Satisfactory under the CRA at its April 25, 2016, 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 AA is comprised of Madison County in its entirety (see Appendix A for an AA map).

- The AA consists of two moderate-, five middle-, and two upper-income census tracts. Although the numbers of census tracts has not changed, the 2010 ACS data shows the composition of the AA consisted of one moderate-, six middle-, and two upper-income census tracts.
- According to the June 30, 2019 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked 11th out of 15 FDIC-insured institutions in the AA, with a market share of 1.8 percent.
- Two interviews with members of organizations that serve the AA were conducted to help ascertain the credit needs of the communities, the responsiveness of area banks in meeting those needs, and the local economic conditions. The community members represented an agricultural organization and an economic development organization.

TABLE 2 POPULATION CHANGE			
Area	2010 Population	2015 Population	Percent Change
Madison County, NE	34,876	35,111	0.7
State of Nebraska	1,826,341	1,869,365	2.4

*Source: 2010 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey*

- The AA population has remained stable, with the main population centers in the AA being Norfolk (24,210 residents), Madison (2,438 residents), and Battle Creek (1,207 residents).

TABLE 3 MEDIAN FAMILY INCOME CHANGE			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Madison County, NE	57,819	61,591	6.5
State of Nebraska	61,888	67,225	8.6

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- According to the 2015 American Community Survey, the percentage of AA households living below the poverty line, at 15.0 percent, was higher than other nonmetropolitan areas of the state at 12.0 percent.

TABLE 4 HOUSING COSTS CHANGE						
Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Madison County, NE	100,500	118,300	17.7	523	616	17.8
State of Nebraska	123,900	133,200	7.5	648	726	12.0

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- The AA had a lower affordability ratio⁵ at 42.5 percent compared to the other nonmetropolitan areas of the state at 48.0 percent, suggesting that housing is less affordable in the AA.
- In 2015, the median housing value in the AA, at \$118,300, was higher than other nonmetropolitan areas of the state, at \$101,530.

⁵ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

TABLE 5 UNEMPLOYMENT RATES					
Region	2015	2016	2017	2018	2019
Madison County, NE	2.8	2.9	2.6	2.5	2.8
State of Nebraska	3.0	3.2	2.9	2.8	3.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Major industries in the AA that provide employment include health services, food processing centers, education, grocery distribution, manufacturing, and agriculture. However, a community member stated that the agricultural industry is the main driver of the economy.
- A member of the community noted the local agricultural economy has been stable to slightly declining. Farmers in the AA supplement their income through additional employment opportunities in Norfolk. Additionally, they indicated that small farm credit needs are being met in the AA, with many national and regional financial institutions operating in Norfolk.
- According to the 2017 Census of Agriculture, the numbers of farms in the AA have decreased by 12.0 percent, while the average size of farms by acres has increased by 15.0 percent since 2012.
- A community member noted financial institutions in Madison County are active in supporting and meeting the credit needs of small businesses, with Norfolk serving as a primary location for small businesses seeking credit.

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, and areas where they operate within the bank’s AA or surrounding area. The bank’s NLTD ratio is reasonable, as it is above one institution and comparable to the remaining three.

TABLE 6 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			19-Quarter Average
Battle Creek State Bank	Battle Creek, NE	38,066	89.7
Genoa Community Bank	Genoa, NE	62,194	89.2
Bank of Hartington	Hartington, NE	111,855	85.0
Commercial State Bank	Wausa, NE	151,349	93.9
Bank of Orchard	Orchard, NE	27,437	34.8

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank’s loans, by number and dollar, are originated outside the AA. The low percentage of total lending within the AA is due to the bank’s strategic focus on nationwide aircraft lending that serves a much broader market than its designated AA. This is reflected in a substantial majority of small business loans by number and by dollar percent being originated outside of the AA. Funding for the airplane lending is comprised of listing service deposits through QuickRate, deposits originating from outside the AA. Conversely, a majority of small farm loans by number and dollar volume are originated inside of the AA.

The bank has undertaken its strategic focus on nationwide aircraft lending, in part, due to low credit demand in the area surrounding the bank location and strong loan competition from other regional and national banks with branch locations in and around Norfolk, the largest community in the county. As noted above, community contacts confirmed that credit needs in the AA are met and that banks in the county actively support community members’ needs.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Small Business Loans	5	237	7.8	2.0	59	11,792	92.2	98.0
Small Farm Loans	31	3,665	68.9	75.9	14	1,164	31.1	24.1
Total Loans	36	3,902	33.0	23.1	73	12,956	67.0	76.9

Note: Percentages may not add to 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. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts within the AA.

Small Farm Lending

The geographic distribution of small farm lending is reasonable. Although the bank did not originate any loans in the moderate-income census tracts, there is limited lending opportunity with only 4.4 percent of all farms in the AA located in those tracts. Additionally, the bank is located approximately 10 miles southwest of the moderate-income census tracts, which are located in and north of the town of Norfolk. Several large regional and national financial institutions operate in Norfolk, increasing competition and further limiting lending opportunities in this area. A gap in lending dispersion is noted in the northeast corner of the AA near the town of Norfolk. However, this gap is acceptable given the location of the bank and the strong market competition in the area.

The bank’s level of small farm lending in 2016 was consistent with 2017-2019 lending performance, with no loans originated in the moderate-income census tracts.

TABLE 8 DISTRIBUTION OF 2017-2019 SMALL FARM LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	4.4
Middle	28	3,364	96.6	99.7	82.5
Upper	1	9	3.4	0.3	13.1
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Lending to Farms of Different Sizes

This performance criterion evaluates the bank’s lending to farms of different revenue sizes. The bank’s lending has a reasonable penetration among farms of different sizes.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank’s lending to farms with gross annual revenues less than or equal to \$1 million was below the percentage of small farms operating in the AA by number and dollar percent. A review of aggregate lending performance revealed aggregate lending by number was 80.5 percent, and 87.6 percent by dollar, which was also below the demographic figure by both number and dollar percent. While institutions included in the aggregate lending data are not a direct comparison as the bank is not a CRA reporter, the aggregate lending levels provide insight into the overall demand for credit from small farms in the AA. Additionally, a community member noted that small farm credit needs in the AA are

being met. Given these factors and the bank’s stronger performance as compared to aggregate lenders, the bank’s performance is considered reasonable.

The bank’s level of small farm lending to farms with gross annual revenues less than or equal to \$1 million in 2016 was stronger when compared to 2017-2019 performance.

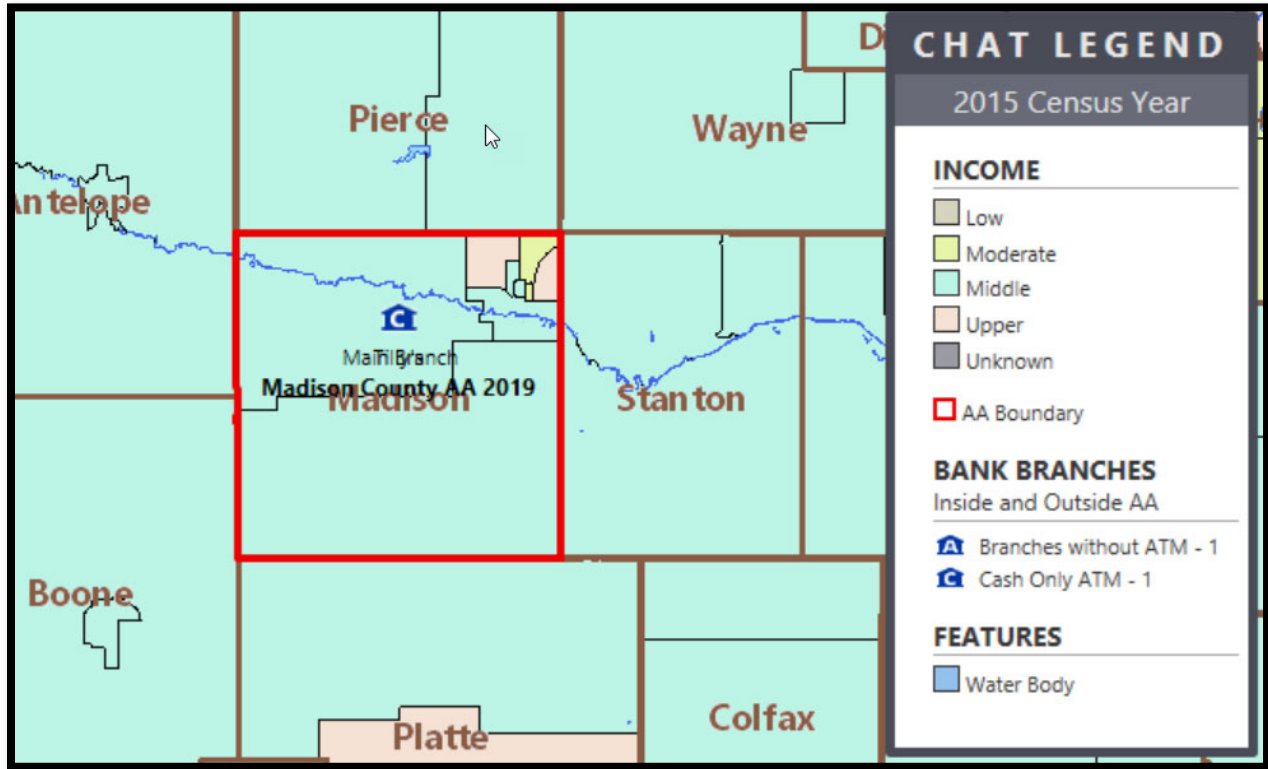
TABLE 9 DISTRIBUTION OF 2017-2019 SMALL FARM LENDING BY REVENUE SIZE OF FARMS					
	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	27	3,073	93.1	91.1	99.4
Over \$1 Million	2	300	6.9	8.9	0.6
Not Known	0	0	0.0	0.0	0.0
Total	29	3,373	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	17	660	58.6	19.6	
\$100,001 – \$250,000	8	1,351	27.6	40.1	
\$250,001 – \$500,000	4	1,362	13.8	40.4	
Total	29	3,373	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	17	660	63.0	21.5	
\$100,001 – \$250,000	6	1,051	22.2	34.2	
\$250,001 – \$500,000	4	1,362	14.8	44.3	
Total	27	3,073	100.0	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i> <i>NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

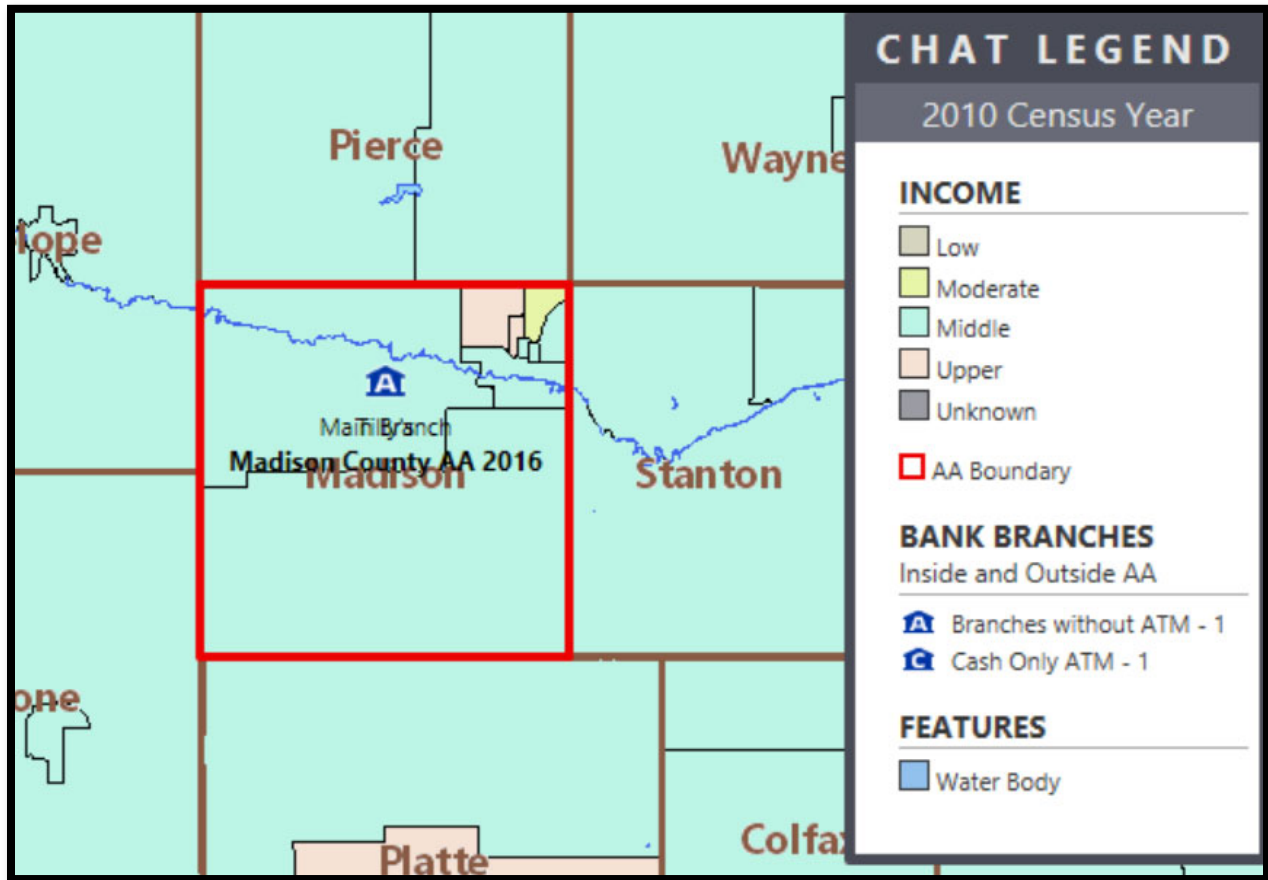
An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAPS OF THE ASSESSMENT AREA

2017-2019



2016



APPENDIX B – DEMOGRAPHIC INFORMATION

**TABLE B-1
2017-2019 MADISON COUNTY 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	1,838	20.1
Moderate	2	22.2	1,551	17.0	275	17.7	1,546	16.9
Middle	5	55.6	5,390	58.9	536	9.9	2,190	23.9
Upper	2	22.2	2,204	24.1	84	3.8	3,571	39.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	9,145	100.0	895	9.8	9,145	100.0
	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	3,049	1,197	13.2	39.3	1,592	52.2	260	8.5
Middle	8,429	5,450	59.9	64.7	2,283	27.1	696	8.3
Upper	3,592	2,446	26.9	68.1	1,039	28.9	107	3.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	15,070	9,093	100.0	60.3	4,914	32.6	1,063	7.1
	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	430	24.9	373	24.7	55	28.5	2	9.5
Middle	904	52.4	785	51.9	103	53.4	16	76.2
Upper	392	22.7	354	23.4	35	18.1	3	14.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,726	100.0	1,512	100.0	193	100.0	21	100.0
Percentage of Total Businesses:				87.6		11.2		1.2
	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	7	4.4	7	4.4	0	0.0	0	0.0
Middle	132	82.5	131	82.4	1	100.0	0	0.0
Upper	21	13.1	21	13.2	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	160	100.0	159	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.4		0.6		0.0
<p>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

**TABLE B-2
2016 MADISON COUNTY 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	1,358	15.8
Moderate	1	11.1	707	8.2	136	19.2	1,507	17.5
Middle	6	66.7	5,760	66.8	443	7.7	2,006	23.3
Upper	2	22.2	2,151	25	28	1.3	3,747	43.5
Unknown	0	0	0	0	0	0	0	0
Total AA	9	100.0	8,618	100.0	607	7.0	8,618	100.0
	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
Moderate	1,670	606	6.5	36.3	873	52.3	191	11.4
Middle	10,085	6,413	69.1	63.6	2,650	26.3	1,022	10.1
Upper	3,232	2,263	24.4	70	858	26.5	111	3.4
Unknown	0	0	0	0	0	0	0	0
Total AA	14,987	9,282	100.0	61.9	4,381	29.2	1,324	8.8
	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
Moderate	181	10.4	158	10.3	22	11.6	1	3.8
Middle	1,192	68.2	1,032	67.4	139	73.5	21	80.8
Upper	374	21.4	342	22.3	28	14.8	4	15.4
Unknown	0	0	0	0	0	0	0	0
Total AA	1,747	100.0	1,532	100.0	189	100.0	26	100.0
Percentage of Total Businesses:				87.7		10.8		1.5
	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
Moderate	11	5.1	11	5.1	0	0	0	0
Middle	189	87.5	188	87.4	1	100	0	0
Upper	16	7.4	16	7.4	0	0	0	0
Unknown	0	0	0	0	0	0	0	0
Total AA	216	100.0	215	100.0	1	100.0	0	.0
Percentage of Total Farms:				99.5		0.5		0.0
Source: 2016 FFIEC Census Data 2016 Dun & Bradstreet Data 2006-2010 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

TABLE B-3
DISTRIBUTION OF 2016 SMALL FARM LENDING
BY INCOME LEVEL OF GEOGRAPHY

Census Tract Income Level	Bank Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	5.1
Middle	2	292	100.0	100.0	87.5
Upper	0	0	0.0	0.0	7.4
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2016 FFIEC Census Data
 2016 Dun & Bradstreet Data
 2006-2010 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

TABLE B-4
DISTRIBUTION OF 2016 SMALL FARM LENDING
BY REVENUE SIZE OF FARMS

	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	2	292	100.0	100.0	99.5
Over \$1 Million	0	0	0.0	0.0	0.5
Not Known	0	0	0.0	0.0	0.0
Total	2	292	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	0	0	0.0	0.0	
\$100,001 – \$250,000	2	292	100.0	100.0	
\$250,001 – \$500,000	0	0	0.0	0.0	
Total	2	292	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	0	0	0.0	0.0	
\$100,001 – \$250,000	2	292	100.0	100.0	
\$250,001 – \$500,000	0	0	0.0	0.0	
Total	2	292	100.0	100.0	

Source: 2016 FFIEC Census Data
 2016 Dun & Bradstreet Data
 2006-2010 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

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, home equity 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.

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 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, 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.