

# **PUBLIC DISCLOSURE**

March 4, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Financial Bank in Winnebago  
Certificate Number: 5278

1 Main Street South  
Winnebago, Minnesota 56098

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut St, 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
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA .....	3
SCOPE OF EVALUATION .....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
APPENDICES .....	10
SMALL BANK PERFORMANCE CRITERIA.....	10
GLOSSARY .....	11

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

First Financial Bank in Winnebago's (FFBW) Satisfactory Community Reinvestment Act (CRA) performance under the applicable criteria supports the overall rating. The following points summarize FFBW's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the small farm, small business, and home mortgage loans reviewed were located inside the assessment area.
- The assessment area consists of all middle-income geographies; therefore, geographic distribution did not factor into the rating.
- The distribution by borrowers reflects an overall reasonable penetration of loans among farms and businesses of different revenue sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

FFBW is headquartered in Winnebago, MN and is wholly owned by Krause Financial, Inc., a one-bank holding company. FFBW operates its sole location in Winnebago, Minnesota. The institution received a “Satisfactory” rating at its June 26, 2018, FDIC Performance Evaluation based on Interagency Small Institution Examination Procedures.

The bank offers a variety of loan products including agricultural, commercial, home mortgage, and consumer loans designed to meet the needs of the communities it serves. Agricultural lending represents the bank’s primary business focus, followed by commercial lending to a lesser degree. FFBW provides a variety of deposit products including checking, savings, health savings, and money market accounts. Alternative banking services include internet and mobile banking, and one bank-owned cash-dispensing ATM, which is located at a grocery store in Winnebago, Minnesota. The bank did not open or close any branches and had no merger or acquisition activity since the previous evaluation.

As of the December 31, 2023, Reports of Condition and Income (Reports of Condition), the bank’s assets totaled approximately \$59.0 million, loans totaled approximately \$37.0 million, and deposits totaled \$48.6 million. The following table illustrates the bank’s loan portfolio distribution.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	591	1.6
Secured by Farmland	8,289	22.4
Secured by 1-4 Family Residential Properties	5,350	14.5
Secured by Multifamily (5 or more) Residential Properties	421	1.1
Secured by Nonfarm Nonresidential Properties	3,679	10.0
<b>Total Real Estate Loans</b>	<b>18,330</b>	<b>49.6</b>
Commercial and Industrial Loans	6,308	17.1
Agricultural Production and Other Loans to Farmers	10,264	27.8
Consumer Loans	1,371	3.7
Obligations of State and Political Subdivisions in the U.S.	691	1.9
Other Loans	2	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>36,966</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income December 31, 2023</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FFBW designated a single contiguous assessment area that consists of eight census tracts. Specifically, the assessment area includes portions of the following counties: Blue Earth County (census tract 1715), Faribault County (census tracts 4601-4604 and 4606), and Martin County (census tracts 7901 and 7902). Blue Earth County is part of the Mankato, Minnesota Metropolitan Statistical Area (MSA). Faribault and Martin counties are part of the non-metropolitan areas of Minnesota.

According to 2020 U.S. Census data, the assessment area is comprised of 8 middle-income census tracts, with the bank's sole office located in census tract 4602.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	8	0.0	0.0	100.0	0.0	0.0
Population by Geography	19,627	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	9,774	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	6,671	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,869	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,234	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	2,022	0.0	0.0	100.0	0.0	0.0
Farms by Geography	525	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	5,425	19.4	20.4	25.5	34.6	0.0
Household Distribution by Income Level	8,540	22.8	17.3	21.3	38.5	0.0
Median Family Income MSA - 31860 Mankato, MN MSA		\$83,590	Median Housing Value			\$106,376
Median Family Income Non-Metropolitan - MN		\$74,737	Median Gross Rent			\$635
			Families Below Poverty Level			7.3%
<i>Source: 2020 U.S. Census and 2023 D&amp;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>						

According to 2023 D&B data, service industries represent the largest portion of business operations at 26.6 percent; followed by agriculture, forestry, and fishing at 20.6 percent; and non-classifiable establishments at 13.6 percent. Additionally, 70.8 percent of assessment area businesses have four or fewer employees, and 90.0 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the 2023 low-, moderate-, middle-, and upper-income categories for the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Mankato, MN MSA Median Family Income (31860)</b>				
2023 (\$99,100)	<\$49,550	\$49,550 to <\$79,280	\$79,280 to <\$118,920	≥\$118,920
<b>MN NA Median Family Income (99999)</b>				
2023 (\$90,400)	<\$45,200	\$45,200 to <\$72,320	\$72,320 to <\$108,480	≥\$108,480
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is a competitive market for credit products and financial services. According to Reports of Condition data filed by financial institutions, there were 11 financial institutions operating 13 locations within the assessment area. These institutions range from small community banks to larger regional financial institutions. FFBW is ranked 7th with approximately 7.7 percent deposit market share.

FFBW is not required to collect or report small business or small farm CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank’s small business or small farm lending performance to aggregate CRA data within this evaluation. However, the aggregate CRA data provides an indication of the level of demand for small business and small farm loans and the level of competition within the assessment area. According to 2022 aggregate CRA data (most recent available), 60 CRA data reporters collectively reported 1,651 small business loans within the assessment area. The top 3 lenders by number accounted for 47.9 percent of the market share. These figures do not include loans originated by smaller institutions, such as FFBW, that are not required to report small business lending data, but that operate within the assessment area. Aggregate 2022 CRA data indicated that 21 CRA data reporters collectively reported 332 small farm loans within the assessment area. The top 3 lenders by number originated 71.4 percent of the small farm lending market share. These figures do not include loans originated by smaller or mid-sized institutions, such as FFBW, that are not required to report small farm lending data, but that operate within the assessment area. The overall volume of small business and small farm lending reflects highly competitive markets.

According to 2022 aggregate Home Mortgage Disclosure Act (HMDA), 88 HMDA data reporters collectively reported 377 home mortgage loans within the assessment area. These figures do not include home mortgage loans originated by institutions in the assessment area that are not required to report HMDA data, such as FFBW. The overall volume of home mortgage lending reflects a highly competitive market.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information also helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this performance evaluation, examiners reviewed two recently completed community contacts from community development organizations that serve the assessment area. The first contact noted that lending activity has cooled off significantly following the pandemic, which the contact attributed to borrowers having access to numerous funding resources brought on by the pandemic emergency. Additionally, the high interest rate environment has contributed to decreased loan demand given increased cost overruns. Further, the contact stated that the area is in continuing need of affordable housing, funding for quality childcare, and loans for start-up businesses. The second contact stated that the overall agricultural economy is good, given adequate crop yields in the past several years and various SBA and subsidized loan programs available to local farms and businesses, which helped save farmers and businesses money. Further, the contacted stated there is a need for farm real estate loans given increased land prices.

### **Credit Needs**

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that small farm and small business loans represent the primary credit needs of the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated June 26, 2018, to the current evaluation dated March 4, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate FFBW's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are small farm, small business, and home mortgage loans. This conclusion considered the bank's business strategy, the number and dollar volume of loans originated during the evaluation period, and a review of the bank's Report of Condition data. The December 31, 2023, Report of Condition and Income indicates that agricultural, commercial, and home mortgage loans represent 50.2, 27.1, and 15.6 percent of total loans, respectively. Small farm lending received the most weight when deriving overall conclusions, followed by small business lending receiving lesser weight, and the least weight given to home mortgage lending.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small farm, small business, and home mortgage loans originated or renewed in 2023, as this period was considered representative of the bank's performance during the entire evaluation period. D&B data for 2023 provided a standard of comparison for the bank's small farm and small business lending performance. The 2020 U.S Census data provided a standard of comparison for the bank's home mortgage lending performance.

Examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. Examiners reviewed a sample of all small farm and small business loans and all home mortgage loans originated inside the assessment area to evaluate the Borrower Profile criterion. The following table provides information on the number and dollar volume of loans reviewed.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Sampled/Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Farm	68	7,958	42	5,584
Small Business	51	5,648	36	3,751
Home Mortgage	18	1,055	17	1,040
<i>Source: 2023 Bank Data.</i>				

While the table depicts both the number and dollar volume of loans originated, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses and individuals served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FFBW demonstrated satisfactory performance under the Lending Test. The bank’s performance under the Loan-to-Deposit (LTD) Ratio, Assessment Area Concentration, and Borrower Profile criteria supports this conclusion.

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

The average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs in the assessment area. The bank’s net loan-to-deposit ratio, calculated from Report of Condition data, averaged 77.2 percent over the past 23 calendar quarters from June 30, 2018, through December 31, 2023. The ratio ranged from a high of 94.0 percent as of March 31, 2019, to a low of 60.5 percent as of March 31, 2023. The bank’s average net LTD ratio is the highest and reasonably compares to the ratios of similarly situated institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Financial Bank in Winnebago, Winnebago, MN</b>	<b>58,987</b>	<b>77.2</b>
Farmers State Bank of Trimont, Trimont, MN	83,867	62.6
Triumph State Bank, Trimont, MN	92,986	63.1
Welcome State Bank, Welcome, MN	42,529	76.9
<i>Source: Reports of Condition and Income 6/30/2018 through 12/31/2023</i>		



**Assessment Area Concentration**

FFBW originated a majority of small farm, small business, and home mortgage loans within its assessment area, as shown in the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Small Farm	57	83.8	11	16.2	68	6,787	85.3	1,171	14.7	7,958
Small Business	43	84.3	8	15.7	51	4,372	77.4	1,276	22.6	5,648
Home Mortgage	17	94.4	1	5.6	18	1,039	98.5	16	1.5	1,055

*Source: 2023 Bank Data. Due to rounding, totals may not equal 100.0%*

**Geographic Distribution**

The geographic distribution analysis shows the dispersion of loans in low-, moderate-, middle-, and upper-income census tracts. The assessment area does not include any low-and-moderate income geographies; therefore, a review of the geographic distribution criterion would not result in meaningful conclusions and this criterion was not evaluated.

**Borrower Profile**

The bank’s lending performance reflects reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes. The reasonable small farm, small business, and home mortgage lending performance support this conclusion. Examiners focused on the percentage of small farm and small business loans to operations with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income borrowers.

***Small Farm Loans***

The distribution of small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s lending performance to farms with gross annual revenues of \$1 million or less lags demographic data; however, it is considered comparable overall. According to the 2017 Agriculture and Farm Census Data (most recent available), examiners determined that of the 2,716 farms operating in the assessment area, 1,209 (44.5 percent) did not report interest expense. Therefore, these farms appear to have no credit needs. Additionally, management stated, and the community contact confirmed, that lending opportunities to small farms are limited based on funding resource availability from the pandemic and the high interest rate environment. Considering these factors, the bank’s distribution of lending reflects reasonable performance among farms of different revenue sizes.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	98.3	34	81.0	3,588	64.2
>\$1,000,000	0.8	8	19.0	1,996	35.8
Revenue Not Available	0.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>5,584</b>	<b>100.0</b>

*Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

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

The distribution of small business loans reflects reasonable lending penetration to businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s lending performance to businesses with gross annual revenues of \$1 million or less lags demographic data; however, it is considered comparable overall. Discussions with management revealed businesses within the assessment area have higher amounts of liquidity due to the availability of funding resources provided during the pandemic, which the community contact confirmed. Further, service industries represent the largest portion of business operations inside the assessment area. Management indicated a majority of these small businesses have limited credit needs or have alternative financing options. Considering these factors, the bank’s distribution of lending reflects reasonable performance among businesses of different revenue sizes.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	83.5	25	69.4	1,505	40.1
>\$1,000,000	4.0	11	30.6	2,246	59.9
Revenue Not Available	12.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,751</b>	<b>100.0</b>

*Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. As shown in the following table, the bank’s lending to low-income borrowers exceeds demographic data. Additionally, the bank’s lending to moderate-income borrowers reasonably compares to demographic data. Overall, the distribution of home mortgage lending to individuals of different income levels is reasonable.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	19.4	5	29.4	157	15.1
Moderate	20.4	3	17.6	219	21.0
Middle	25.5	4	23.5	268	25.7
Upper	34.6	5	29.4	396	38.1
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>1,040</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**Response to Complaints**

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

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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