

# **PUBLIC DISCLOSURE**

July 8, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Waldo State Bank  
Certificate Number: 8700

119 North Depot Street  
Waldo, Wisconsin 53093

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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 .....	4
Description of Assessment Area .....	6
Conclusions on Performance Criteria .....	9
Discriminatory or Other Illegal Credit Practices Review .....	15
Glossary .....	16

## 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.

The bank'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 Lending Test.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous evaluation dated September 23, 2013, to the current evaluation date of July 8, 2019.

Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include one test, the CRA Small Bank Lending Test. The institution's previous CRA Performance Evaluation was also based on Interagency Small Institution Evaluation Procedures.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio,
- Assessment area concentration,
- Geographic distribution of loans,
- Borrower profile, and
- Response to CRA-related complaints.

Examiners relied upon records provided by the bank, 2015 American Community Survey (ACS) five-year estimates data, D&B demographic data, and loan information reported under the Home Mortgage Disclosure Act (HMDA). The CRA performance of the bank was analyzed in relation to the bank's performance context, which includes (but is not limited to) bank size and structure, financial condition, loan mix, resources and limitations, assessment area demographics, economic factors, competition, loan demand, and available opportunities.

### Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. The major product offerings have not changed since the previous evaluation. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, small farm and consumer loans provide no material support for conclusions or the rating, and examiners did not include them in this evaluation. Examiners gave more weight to home mortgage loans when arriving at overall performance conclusions based on the volume of activity.

Bank records indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period. Examiners considered all small business lending activity for the evaluation period. However, examiners only presented data and analyses for the one-year period in the Lending Test section of this report. D&B data for 2018 provided a standard of comparison for the 2018 small business loans reviewed.

The bank originated 79 small business loans totaling \$9.7 million during 2018. Examiners reviewed all of these loans for the assessment area concentration and geographic distribution tests. The bank is not required to and does not collect or report data on gross annual revenues for its small business loans. As a result, examiners selected a random sample of small business

loans in the bank's assessment area for 2018, gathered gross annual revenue information for this sample, and reviewed this sample for the borrower profile test. Examiners sampled the small business loans using a 90 percent confidence level with 10 percent precision level, resulting in a sample of 36 small business loans for \$3.6 million in 2018.

In addition, this evaluation considered all originated home mortgage loans reported on the bank's 2017 and 2018 HMDA Loan Application Registers, including 80 loans totaling \$9.2 million in 2017 and 77 loans totaling \$8.2 million in 2018. This performance evaluation also presents aggregate lender information for 2017, the most recent aggregate data available, for comparison purposes regarding the bank's home mortgage lending performance in 2017.

Under the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

## DESCRIPTION OF INSTITUTION

### **Background**

The bank is a full-service commercial bank headquartered in Waldo, Wisconsin in Sheboygan County. Based on common owner shareholdings, the bank is affiliated to TSB Bank in Lomira, Wisconsin. Waldo State Bank received a "Satisfactory" rating at its previous September 23, 2013, FDIC Performance Evaluation based on Interagency Small Institution Evaluation Procedures.

### **Operations**

The bank operates one full-service office in Waldo, Wisconsin in Sheboygan County, which is located in the Sheboygan Metropolitan Statistical Area (MSA). The bank's office location is in a middle-income census tract.

The bank offers a full line of loan and deposit products and services. Loan types include consumer loans (for personal, household, and family purposes), real estate (for residential, business, and construction purposes), agricultural, and commercial loans. Deposit products offered include checking, savings, certificates of deposit, and money market accounts, and a variety of other products and services.

### **Ability and Capacity**

Assets totaled \$81 million as of March 31, 2019, and included total loans of \$61 million and total securities of \$10 million. Total assets increased \$21 million, or 35.7 percent since June 30, 2013. Total loans increased by \$24 million, or 65.3 percent, over the same period, while total securities decreased by \$6 million, or 36.7 percent. The following table provides data about the loan portfolio.

<b>Loan Portfolio Distribution as of 3/31/19</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	6,220	10.3
Secured by Farmland	539	0.9
1-4 Family Residential	34,528	57.0
Multi-family (5 or more) Residential	1,648	2.7
Commercial Real Estate	6,456	10.7
<b>Total Real Estate Loans</b>	<b>49,391</b>	<b>81.6</b>
Commercial and Industrial	8,469	14.0
Agricultural	782	1.3
Consumer	1,566	2.6
Obligations of States & U.S. Political Subdivisions	351	0.6
Other	3	0.0
<b>Total Loans</b>	<b>60,562</b>	<b>100.0</b>
<i>Source: 3/31/2019 Call Report</i>		
<i>Due to rounding, total may not equal 100.0</i>		

As the above table reflects, 1-4 family residential real estate lending is 57.0 percent of the total loan portfolio while commercial lending is 24.7 percent. As at the previous evaluation, residential real estate loans remain the bank's largest product followed by commercial loans.

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. The bank has designated the Sheboygan MSA as its sole assessment area. At the last evaluation, the bank's assessment area did not include the city of Sheboygan. Since the last evaluation, bank management expanded the bank's assessment area to include the twelve census tracts of the city of Sheboygan. The bank's assessment area is contiguous and does not appear to arbitrarily exclude any low- and moderate-income areas. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

The assessment area has 27 census tracts in Sheboygan County. Four of the census tracts are moderate-income, 18 are middle-income, 4 are upper-income, and 1 does not have an income designation. The assessment area contains all or parts of the following communities: Sheboygan, Plymouth, Sheboygan Falls, Adell, Cascade, Cedar Grove, Elkhart Lake, Glenbeulah, Howards Grove, Kohler, Oostburg, Random Lake, and Waldo. The following table illustrates demographic information of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Waldo AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	0.0	14.8	66.7	14.8	3.7
Population by Geography	115,226	0.0	13.0	72.2	14.8	0.0
Housing Units by Geography	50,648	0.0	13.7	73.5	12.9	0.0
Owner-Occupied Units by Geography	33,009	0.0	7.7	76.3	15.9	0.0
Occupied Rental Units by Geography	13,692	0.0	26.2	67.2	6.7	0.0
Vacant Units by Geography	3,947	0.0	20.0	71.2	8.8	0.0
Businesses by Geography	5,319	0.0	16.6	68.3	15.2	0.0
Farms by Geography	307	0.0	2.6	74.3	23.1	0.0
Family Distribution by Income Level	30,905	17.7	18.4	25.6	38.3	0.0
Household Distribution by Income Level	46,701	22.1	16.9	20.8	40.2	0.0
Median Family Income MSA - 43100 Sheboygan, WI MSA		\$66,599	Median Housing Value			\$146,406
			Median Gross Rent			\$664
			Families Below Poverty Level			6.8%

*Source: 2015 ACS Census and 2018 D&B Data  
Due to rounding, totals may not equal 100.0  
(\* The NA category consists of geographies that have not been assigned an income classification.*



Examiners used the Federal Financial Institution Examination Council (FFIEC)-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The table below details the low-, moderate-, middle-, and upper-income categories based on the 2017 FFIEC-estimated median family income of \$69,000 and 2018 FFIEC-estimated median family income of \$74,700.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Sheboygan, WI MSA Median Family Income (43100)</b>				
2017 (\$69,000)	<\$34,500	\$34,500 to <\$55,200	\$55,200 to <\$82,800	≥\$82,800
2018 (\$74,700)	<\$37,350	\$37,350 to <\$59,760	\$59,760 to <\$89,640	≥\$89,640
<i>Source: FFIEC</i>				

There are 50,648 housing units in the assessment area. Of these, 65.2 percent are owner-occupied, 27.0 percent are occupied rental units, and 7.8 percent are vacant. The Geographic Distribution criterion compares home mortgage loans and the distribution of owner-occupied housing units.

For year-end 2017 and 2018, the Wisconsin Realtors Association reflects the home sales and median prices for Sheboygan County, which are noted below. Sales increased by 1.4 percent between 2017 and 2018 while median sales price increased 6.4 percent.

- 2017: 1,445 sales; \$141,000 median sales price
- 2018: 1,465 sales; \$150,000 median sales price

The following table reflects the unemployment rate in Sheboygan County, the State of Wisconsin, and the national average for 2017 and 2018.

Unemployment Rates (Not Seasonally Adjusted)		
Area	2017	2018
	%	%
Sheboygan County	2.8	2.5
State	3.3	3.0
National Average	4.4	3.9
<i>Source: Bureau of Labor Statistics</i>		

The unemployment rate for Sheboygan County has declined since the last evaluation, reflecting an improvement in the local economy. The unemployment rate for Sheboygan County has consistently been below the state and national unemployment rates. There are no unemployment anomalies apparent that would affect the demand for credit in the assessment area.

The County Economic Workforce Profile published in 2017 reflects that the manufacturing sector represents the largest source of employment in Sheboygan County, followed by education and health and trade, transportation, and utilities. According to the Sheboygan County Economic

Development Corporation, top employers in Sheboygan County include Kohler Co., Bemis Mfg. Co., Nemak, Aurora Medical Group Inc., Sargento Foods Inc., Acuity, Johnsonville Sausage, and Rockline Industries Inc.

According to D&B data, there were 5,319 businesses in the assessment area in 2018. Gross annual revenues for business in 2018 are: 77.1 percent reported \$1 million or less; 8.7 percent reported more than \$1 million; and 14.3 percent have unknown revenues. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. Services comprised the largest number of businesses followed by retail trade and non-classifiable establishments.

### **Competition**

The financial services industry within the assessment area is competitive. Per the 2018 FDIC Summary of Deposits Market Share data, there were 13 financial institutions in the assessment area operating 37 offices. Of these, the bank ranked 9<sup>th</sup> with a market share of 3.2 percent.

There is a high level of competition for home mortgage loans in the assessment area. In 2017, 228 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 4,739 mortgage loans originated or purchased in the assessment area. The bank ranked 18<sup>th</sup> in the assessment area with a market share of 1.7 percent.

The bank is not required to collect or report small business data, and it has elected not to do so. However, the aggregate data of those institutions that do report small business data is a good indicator of the level of demand for this product and is therefore included in the narrative in this section. Aggregate data for 2017 shows 48 entities reported 1,700 small business loans in the assessment area. It is important to note, however, that a number of institutions that do not report data also originate small business loans in the assessment area, suggesting that competition for these loans is greater than the aggregate data reflects.

### **Community Contact**

As part of the CRA evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners interviewed a representative of a local economic development organization that serves Sheboygan County. The contact indicated that the county has a low unemployment rate and that a lack of qualified employees has impeded business expansion. The contact stated that manufacturing contributes the most to the economy. Further, the contact noted that the area has a large elder and baby boomer population, and there is not enough housing for seniors. The contact stated that area financial institutions have been meeting the credit needs for the most part, but there is a need for equity financing for people who want to buy businesses from retiring business owners.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The bank demonstrated reasonable performance under the Lending Test. Performance for each Lending Test criteria follows.

#### Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 74.9 percent over the past 23 calendar quarters from September 30, 2013, to March 31, 2019. The ratio ranged from a low of 65.5 percent as of December 31, 2013, to a high of 88.4 percent as of September 30, 2018. The ratio steadily increased during the evaluation period. The bank maintained a ratio in line with LTD ratios of similarly situated institutions, as shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/19 \$(000s)	Average Net LTD Ratio (%)
<b>Waldo State Bank</b>	<b>81,132</b>	<b>74.9</b>
Cleveland State Bank	126,754	68.1
Oostburg State Bank	226,341	87.4
Collins State Bank	88,928	76.0
<i>Sources: Call Reports 9/30/13 through 3/31/19</i>		

#### Assessment Area Concentration

A substantial majority of home mortgage and small business loans by number and dollar volume are in the institution's assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
<b>Home Mortgage</b>										
2017	65	81.3	15	18.8	80	7,444	81.3	1,716	18.7	9,160
2018	66	85.7	11	14.3	77	7,131	87.0	1,062	13.0	8,193
<b>Subtotal</b>	<b>131</b>	<b>83.4</b>	<b>26</b>	<b>16.6</b>	<b>157</b>	<b>14,575</b>	<b>84.0</b>	<b>2,778</b>	<b>16.0</b>	<b>17,353</b>
<b>Small Business</b>										
2018	69	87.3	10	12.7	79	8,478	87.3	1,228	12.7	9,706
<i>Sources: 2018 Bank Data; 2017 and 2018 HMDA-Reported Data Due to rounding, totals may not equal 100.0</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners analyzed the lending performance in relation to office location, bank resources, opportunities, and competition, focusing on the percentage by number of loans in the moderate-income census tracts in the assessment area.

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

The geographic distribution of the bank's home mortgage lending reflects reasonable dispersion throughout the assessment area. The bank's lending performance is compared to the percentage of owner-occupied residential units (demographic) within the various income segments of the assessment area as well as 2017 aggregate lending performance.

The following table shows that by number, the bank's home mortgage lending performance in moderate-income census tracts exceeds aggregate by 2.6 percentage points and demographic by 3.1 percentage points in 2017 and is in line with demographic in 2018, reflecting reasonable dispersion throughout the assessment area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Waldo AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Moderate						
2017	7.7	8.2	7	10.8	271	3.6
2018	7.7	--	5	7.6	385	5.4
Middle						
2017	76.3	76.1	55	84.6	6,892	92.6
2018	76.3	--	55	83.3	5,999	84.1
Upper						
2017	15.9	15.8	3	4.6	281	3.8
2018	15.9	--	6	9.1	747	10.5
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>7,444</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>--</b>	<b>66</b>	<b>100.0</b>	<b>7,131</b>	<b>100.0</b>

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0*

### **Small Business Loans**

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The table below shows the distribution of small business loans throughout the assessment area. The percent of businesses (demographic) within each census tract income level category is provided for reference.

The percentage of small business loans originated within the 4 moderate-income census tracts is 13.7 percent below demographic. Despite the fact that the bank's lending performance trails the demographic, the location of the bank's office in relation to the moderate-income census tracts and other banks closer to these tracts mitigates the bank's performance. Specifically, all 4 moderate-income census tracts within the bank's assessment area are located in the city of Sheboygan, Wisconsin, and the closest moderate-income census tract is located approximately 14 miles from the bank. Additionally, 3 financial institutions, 2 of which are national banks, operate branches within these census tracts and comprise 100 percent of the market share. Further, there are 8 banks in total that operate 11 office locations in the 12 census tracts that comprise the city of Sheboygan. Based on the bank's location and the competition to lend to

borrowers operating out of moderate-income census tracts, the geographic distribution of the bank's small business loans is reasonable.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: Waldo AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2018	0.0	0	0.0	0	0.0
Moderate					
2018	16.6	2	2.9	38	0.4
Middle					
2018	68.3	59	85.5	7,299	86.1
Upper					
2018	15.2	8	11.6	1,141	13.5
Not Available					
2018	0.0	0	0.0	0	0.0
<b>Total</b>					
2018	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>8,478</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The bank's reasonable performance in home mortgage and small business lending supports this conclusion.

### ***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 below table, the bank's lending to low-income borrowers was in line with aggregate in 2017 and increased by 4.4 percentage points in 2018. The bank's performance among low-income borrowers for both years trails the percent of low-income families that reside within the assessment area. This disparity can be attributed, in part, to the 6.8 percent of families reporting income levels below the poverty level. Due to limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, thereby limiting the demand and opportunity for lending to low-income borrowers. Given these considerations, the bank's performance in lending to low-income borrowers is reasonable.

The bank's lending to moderate-income borrowers in 2017 was below aggregate by 10.4 percentage points and was below demographics by 7.6 percentage points. However, the bank's

performance improved by 10.4 percentage points in 2018 to exceed the demographic by 2.8 percentage points. As a result, the bank's overall performance in lending to moderate-income borrowers is reasonable.

Overall, given the bank's lending to low-income borrowers, particularly given the percentage of families below the poverty line, and lending to moderate-income borrowers, the distribution of home mortgage loans is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Waldo AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	17.7	8.6	5	7.7	467	6.3
2018	17.7	--	8	12.1	612	8.6
Moderate						
2017	18.4	21.2	7	10.8	550	7.4
2018	18.4	--	14	21.2	1,124	15.8
Middle						
2017	25.6	23.7	17	26.2	1,666	22.4
2018	25.6	--	18	27.3	1,548	21.7
Upper						
2017	38.3	34.6	23	35.4	2,875	38.6
2018	38.3	--	23	34.8	3,380	47.4
Not Available						
2017	0.0	11.9	13	20.0	1,886	25.3
2018	0.0	--	3	4.5	468	6.6
<b>Totals</b>						
2017	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>7,444</b>	<b>100.0</b>
2018	<b>100.0</b>	<b>--</b>	<b>66</b>	<b>100.0</b>	<b>7,131</b>	<b>100.0</b>

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*

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

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. Examiners based this conclusion on an analysis of demographic information, economic factors, bank size, loan mix, and competitive factors. The following table shows that in 2018, the bank's lending to businesses with GARs of \$1 million or less exceeded the demographic by 0.7 percentage points, evidencing the bank's willingness and commitment to lend to small businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Waldo AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2018	77.1	28	77.8	2,029	56.6
>\$1,000,000					
2018	8.7	8	22.2	1,556	43.4
Revenue Not Available					
2018	14.3	0	0.0	0	0.0
<b>Total</b>					
2018	100.0	36	100.0	3,585	100.0
<i>Source: 2018 D&amp;B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

**Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test 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 overall CRA rating.

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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

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

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

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

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

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

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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