PUBLIC DISCLOSURE

September 23, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples Bank of Deer Lodge
Certificate Number: 26941

430 Main St
Deer Lodge, Montana 59722

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

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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 RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following points summarize the bank's performance under the Lending Test.

- The loan-to-deposit (LTD) ratio is reasonable, given the institution's size, financial condition, and AA credit needs.
- The bank made a majority of its home mortgage, small business, and small farm loans within the AA.
- The AA does not contain any low- and moderate-income census tracts; therefore, a review of the Geographic Distribution criterion would not result in meaningful conclusions and was not evaluated.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration of loans among individuals of different income levels and businesses and farms of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Peoples Bank of Deer Lodge (PBDL) is a $44.1 million bank headquartered in Deer Lodge, Montana (Powell County). The bank is a wholly owned subsidiary of Sandquist Corporation, a one bank holding company also headquartered in Deer Lodge, Montana. PBDL does not have any affiliates or subsidiaries that offer credit products or services. The bank received an "Outstanding" rating at its previous FDIC CRA Performance Evaluation dated September 17, 2018, based on Interagency Small Institution CRA Examination Procedures. PBDL was not involved in any merger or acquisition activity during the evaluation period.

In addition to the sole and main office, the bank owns and operates an automated teller machine (ATM), which is located outside of the main banking facility. The ATM is available 24 hours a day and allows customers to withdraw cash and transfer funds between accounts. Additionally, a local business allows PBDL debit card holders to use their on-site ATM for withdrawals free of charge.

The bank offers a variety of consumer and business deposit products including checking, savings, money market, individual retirement accounts, and certificates of deposit. Loan products include residential real estate, commercial, consumer, and agricultural to fulfill numerous lending needs. Alternative banking services include safe deposit boxes, online and mobile banking, bill payment, mobile deposit, credit cards, debit cards, and prepaid cards.

As reported in the June 30, 2024 Consolidated Report of Condition and Income (Call Report), the bank had total loans of $36.6 million, total deposits of $40.1 million, and total securities of $4.5 million. The bank's total asset size increased by approximately $7.7 million, or 21.2 percent, since the previous evaluation. PBDL's primary business focus is agricultural, commercial, and residential lending. The following table provides a breakdown of the bank's loan portfolio composition.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	2,932	8.0
Secured by Farmland	6,536	17.9
Secured by 1-4 Family Residential Properties	9,537	26.0
Secured by Multifamily (5 or more) Residential Properties	1,824	5.0
Secured by Nonfarm Nonresidential Properties	3,124	8.5
Total Real Estate Loans	**23,953**	**65.4**
Commercial and Industrial Loans	5,277	14.4
Agricultural Production and Other Loans to Farmers	5,775	15.8
Consumer Loans	1,610	4.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**36,615**	**100.0**
Source: Reports of Condition and Income		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. PBDL delineated a single, contiguous AA that includes the entirety of Powell County, which is not located within a Metropolitan Statistical Area (MSA). The bank has not made any changes to its AA since the previous evaluation. Examiners relied on bank records, public financial information, demographic data from the 2020 U.S. Census, 2022 and 2023 Dun & Bradstreet (D&B) Data, and information obtained from one community contact.

The bank's AA conforms to CRA requirements, consists of whole geographies in which the bank has offices and operates, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income geographies.

<u>Economic and Demographic Data</u>

Based on 2020 U.S. Census data, the bank's AA consists of two census tracts that are both designated as middle-income. This marks a difference from the previous evaluation when examiners used 2011-2015 American Community Survey (ACS) demographic data estimates, which are refreshed every five years, to evaluate the bank's 2016 and 2017 performance. According to 2015 ACS data, the AA previously consisted of one moderate-income tract and one middle-income tract. As the 2020 U.S. Census revised the income levels for the AA, examiners used the updated data to evaluate performance in this evaluation. The following table details the most recent economic and demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	6,946	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,248	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,557	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	958	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	733	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	904	0.0	0.0	100.0	0.0	0.0
Farms by Geography	99	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,610	25.3	16.0	26.3	32.4	0.0
Household Distribution by Income Level	2,515	31.4	14.6	18.4	35.6	0.0
Median Family Income Non-MSAs - MT		$70,967	Median Housing Value			$169,878
			Median Gross Rent			$649
			Families Below Poverty Level			7.2%

Source: 2020 U.S. Census and 2023 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.

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by gross annual revenue (GAR) level. According to 2023 D&B data, there were 904 businesses in the AA with the following GARs:

- 90.3 percent have $1 million or less
- 2.3 percent have greater than $1 million
- 7.4 percent have unknown revenues

The 2023 D&B data also shows there were 99 farms with the following GARs:

- 98.2 percent have $1 million or less
- 0.9 percent have greater than $1 million
- 0.9 percent have unknown revenues

According to 2020 U.S. Census data, the AA contains 3,248 housing units. Of those, 47.9 percent are owner-occupied, 29.5 percent are rental units, and 22.6 percent are vacant. The median housing value of $169,878 represents a 26.8 percent increase from the 2015 ACS. Over the same period, the median family income level experienced a 17.3 percent increase, with a corresponding 2.2 percent decline in families below the poverty level.

D&B data from 2023 shows the largest industries in the AA are services (31.4 percent); non-classifiable establishments (15.3 percent); agriculture, forestry, and fishing (10.7 percent); retail trade (9.8 percent); and construction (8.5 percent). In addition, 94.0 percent of businesses operate from a single location, and 71.6 percent have four or fewer employees.

Major employers in the AA include Sun Mountain Lumber, Deer Lodge Medical Center, Fickler Oil Company, McDonald's, Sun Mountain Logging, Valley Foods, Montana State Prison, and Safeway.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AA. Data obtained from the U.S. Bureau of Labor Statistics, as illustrated in the following table, shows that AA unemployment rates slightly increased from 2021 to July 2024. Unemployment rates in the AA were generally consistent with state levels. Additionally, AA and state unemployment rates fell below the national average during the evaluation period.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**July 2024**
	%	**%**	**%**	**%**
Powell County	2.6	2.7	3.0	3.1
State of Montana	3.4	2.7	2.9	3.1
National Average	5.3	3.6	3.6	4.3
Source: Bureau of Labor Statistics				

Examiners analyze mortgage lending to borrowers of different income levels using FFIEC-estimated median family income levels for the year in which the loan is originated. The following table presents the low-, moderate-, middle-, and upper-income ranges for the AA.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
MT NA Median Family Income (99999)				
2023 ($85,100)	<$42,550	$42,550 to <$68,080	$68,080 to <$102,120	≥$102,120
Source: FFIEC				

Competition

PBDL operates in a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, three financial institutions operate three offices in the AA, with $159.9 million in deposits. PBDL ranked third in market share with 25.0 percent of total deposits. The top institution accounted for 46.4 percent of the deposit market share.

There is also a moderate level of competition in the AA for small business and small farm loans. PBDL is not required to collect or report its small business and small farm lending data and has not elected to do so. Therefore, the analysis of small business and small farm lending does not include comparisons to aggregate lending data. The aggregate lending data, however, reflects the level of competition for small business and small farm loans. Aggregate data for 2022 show 26 lenders originated or purchased a total of 119 small business loans within the AA. Aggregate data for 2022 also shows seven lenders originated or purchased a total of 21 small farm loans within the AA.

There is a moderate level of competition in the AA for home mortgage loans among various banks, credit unions, and non-depository mortgage lenders. In 2023, 31 lenders reported a total of 51 home mortgage loans originated or purchased in the AA. Although PBDL is not subject to the Home Mortgage Disclosure Act (HMDA) and is, therefore, not included in this data, it is an indicator of the competition for originating home mortgage loans in the AA. The analysis of home mortgage loans does not include comparisons to aggregate lending data.

Community Contact

As part of the evaluation process, examiners utilize third-party resources knowledgeable of the AA to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to those needs. It also shows what opportunities are available.

Examiners contacted the regional director of a local non-profit economic development organization to assist in identifying credit and community development needs and opportunities. The contact noted the availability of local housing stock is a challenge and is inadequate to meet demand. The contact also noted residents are having to move further away in an effort to secure adequate housing. The contact stated that ranching heavily influences the local economy and is currently stable. Lastly, the contact stated local small businesses continue to need working capital.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, commercial, and agricultural lending represent the primary credit needs of the community.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation as of September 17, 2018, to the current evaluation dated September 23, 2024. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate PBDL's CRA performance. These procedures include the CRA Small Institution Lending Test. The first appendix contains a detailed description on the Lending Test criteria.

Activities Reviewed

Examiners determined the bank's main product lines are agricultural, commercial, and residential real estate loans. This conclusion considered the bank's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period.

PBDL's loan portfolio is primarily composed of agricultural (33.6 percent), residential real estate (26.1 percent), and commercial (22.9 percent) loans. No other loan types, such as consumer loans, represent a major product line. The loan portfolio composition is relatively consistent with the previous evaluation. Examiners used and reviewed all of the bank's small farm, small business, and home mortgage loans in the analysis. Based upon the bank's loan portfolio composition and the number and dollar volume of loans originated, examiners placed the most weight and consideration on small farm loans, followed by small business loans and then home mortgage loans in the overall conclusions. Examiners analyzed 2022 and 2023 loan data; however, only presented 2023 as it is indicative of the bank's lending performance throughout the entire evaluation period.

As noted earlier, PBDL is not required to report small farm or small business loan data under CRA regulations or home mortgage loan data under HMDA. Therefore, examiners used bank records to identify and analyze small farm, small business, and home mortgage loans originated in 2023, which was comprised of 32 small farm loans totaling $4.5 million, 30 small business loans totaling $2.1 million, and eight home mortgage loans totaling $1.9 million. D&B data for 2023 provided a standard of comparison for the small farm and small business loans reviewed and the 2020 U.S. Census

While this evaluation includes the number and dollar volume of loans, examiners emphasized performance by number of loans, because it is a better indicator of the number of farms, businesses, and individuals served. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluated loans extended within the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, PBDL demonstrated reasonable performance under the Lending Test. The bank's performance under the LTD Ratio, AA Concentration, and Borrower Profile criteria primarily supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The net LTD ratio, calculated from Call Report data, averaged 74.7 percent over the past 24 calendar quarters from September 30, 2018, to June 30, 2024. The ratio fluctuated, ranging from a high of 93.1 percent on June 30, 2023, to a low of 63.1 percent on December 31, 2018. The average net LTD ratio increased from the prior evaluation when it was 57.6 percent, and the most recent five calendar quarters averaged nearly 88.0 percent. Examiners selected comparable institutions based on their asset size, lending focus, and geographic locations. PBDL's ratio significantly exceeded one institution and trailed the other institution.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 6/30/2024 ($000s)**	**Average Net LTD Ratio (%)**
Peoples Bank of Deer Lodge	**44,087**	**74.7**
Similarly-Situated Institution #1	42,048	35.2
Similarly-Situated Institution #2	90,678	92.0
Source: Reports of Condition and Income 9/30/2018 - 6/30/2024		

Assessment Area Concentration

As shown in the following table, the bank made a majority of its home mortgage, small business, and small farm loans by number and dollar volume within the AA. While the majority of all loan types were made within the AA, examiners noted a decline from the previous evaluation when 93.3 percent of home mortgage loans, 87.1 percent of small business loans, and 72.7 percent of small farm loans were made within the AA, respectively. The overall percentage of loans made inside the AA dropped from 86.0 percent at the previous evaluation to the current 67.3 percent.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$**
Home Mortgage										
2022	9	81.8	2	18.2	11	1,785,652	65.2	952,237	34.8	2,737,889
2023	5	62.5	3	37.5	8	1,152,043	60.9	738,905	39.1	1,890,948
Subtotal	**14**	**73.7**	**5**	**26.3**	**19**	**2,937,695**	**63.5**	**1,691,142**	**36.5**	**4,628,837**
Small Business										
2022	23	69.7	10	30.3	33	2,288	57.4	1,696	42.6	3,984
2023	21	70.0	9	30.0	30	1,661	80.8	394	19.2	2,055
Subtotal	**44**	**69.8**	**19**	**30.2**	**63**	**3,949**	**65.4**	**2,090**	**34.6**	**6,039**
Small Farm										
2022	24	66.7	12	33.3	36	4,485	76.0	1,420	24.0	5,905
2023	19	59.4	13	40.6	32	3,160	70.3	1,335	29.7	4,495
Subtotal	**43**	**63.2**	**25**	**36.8**	**68**	**7,645**	**73.5**	**2,755**	**26.5**	**10,400**
Total	**101**	**67.3**	**49**	**32.7**	**150**	**2,949,289**	**69.0**	**1,695,987**	**31.0**	**4,645,276**
Source: Bank Data *Due to rounding, totals may not equal 100.0%.*										

Geographic Distribution

The AA does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of loans reflects reasonable penetration among farms and businesses of different sizes, and borrowers of different income levels.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As shown in the following table, PBDL's lending to farms with GARs of $1 million or less slightly trailed the percentage of farms.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Farms**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	97.0	18	94.7	2,760	87.3
>$1,000,000					
2023	2.0	1	5.3	400	12.7
Revenue Not Available					
2023	1.0	0	0.0	0	0.0
Totals					
2023	**100.0**	**19**	**100.0**	**3,160**	**100.0**
Source: 2023 D&B Data; Bank Data; "--" data not available. *Due to rounding, totals may not equal 100.0%.*					

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. As shown in the following table, PBDL's lending to businesses with GARs of $1 million or less exceeded the percentage of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	89.9	20	95.2	1,498	90.2
>$1,000,000					
2023	2.3	1	4.8	163	9.8
Revenue Not Available					
2023	7.7	0	0.0	0	0.0
Totals					
2023	**100.0**	**21**	**100.0**	**1,661**	**100.0**
Source: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.					

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. As shown in the following table, PBDL did not originate any home mortgage loans to low- or moderate-income borrowers and the bank's lending trailed the percentage of families in the AA. While PBDL did not make any home mortgage loans to low- or moderate-income borrowers, the bank makes few home mortgage loans overall and even one loan to a low- and moderate-income borrower would have made the bank's performance more comparable to the percentage of families in the AA. Additionally, 7.2 percent of AA families have incomes below the poverty level. Families at that income level likely face difficulties qualifying for or servicing debts in amounts necessary to finance homes in the AA. Further, 29.5 percent of the housing units in the AA are rentals and 22.6 percent are vacant, which limits the amount of available housing stock for potential borrowers. Lastly, the community contact noted the demand for housing exceeds the available housing options in the AA. For the reasons above, performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low					
2023	25.3	0	0.0	0	0.0
Moderate					
2023	16.0	0	0.0	0	0.0
Middle					
2023	26.3	0	0.0	0	0.0
Upper					
2023	32.4	5	100.0	1,152	100.0
Not Available					
2023	0.0	0	0.0	0	0.0
Totals					
2023	**100.0**	**5**	**100.0**	**1,152**	**100.0**
Source: 2020 U.S. Census; Bank Data, "--" data not available. *Due to rounding, totals may not equal 100.0%.*					

<u>Response to Complaints</u>

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.