

PUBLIC DISCLOSURE

October 28, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Templeton Savings Bank
RSSD# 366247

103 S Main St.
Templeton, Iowa 51463

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

Templeton Savings Bank is rated: **Satisfactory**

Templeton Savings Bank is meeting the credit needs of its community based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated in the assessment area. The geographic distribution of the loans reflects reasonable dispersion throughout the assessment area. Additionally, borrower distribution reflects reasonable penetration among individuals of different income (including low- and moderate-income) and businesses and farms of different sizes. Neither Templeton Savings Bank nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints during the review period.

SCOPE OF EXAMINATION

Templeton Savings Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. The evaluation considered information about the bank such as asset size, financial condition and competition, and the economic and demographic characteristics of the assessment area. The evaluation included a full-scope review of the bank's single Non-Metropolitan Statistical Area (MSA) IA assessment area and reviewed residential real estate, small business, and small farm lending performance based on a sample of those loans originated from January 14, 2019, through December 31, 2023.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 23-quarter average loan-to-deposit ratio ending June 30, 2024, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's home mortgage, small business, and small farm loans originated from January 14, 2019, through December 31, 2023, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's home mortgage, small business, and small farm loans originated within the assessment area, from January 14, 2019, through December 31, 2023, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank's home mortgage, small business, and small farm loans originated in the assessment area, from January 14, 2019, through December 31, 2023, were reviewed to determine the distribution among borrowers of different income levels, particularly those

considered low- or moderate-income, and to businesses and farms with different revenue sizes.

- **Response to Substantiated Complaints** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, two community representatives were contacted in connection with this evaluation to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and affordable housing.

DESCRIPTION OF INSTITUTION

Templeton Savings Bank is an intrastate bank headquartered in Templeton, Iowa, serving non-metropolitan portions of West-Central Iowa. The bank maintains two locations in Carroll County, including a main office in Templeton, Iowa, and a branch office in Manning, Iowa. Both locations have 24-hour cash-only Automated Teller Machines (ATMs), and the Manning, Iowa, location also maintains a drive-up facility. The bank delineates one assessment area that includes all of Carroll County and contiguous portions of three counties: Audubon, Crawford, and Shelby Counties. The bank has made no changes to the geographic delineation of the assessment area since the prior evaluation. According to the Uniform Bank Performance Report (UBPR), Templeton Savings Bank reported total assets of \$157.6 million as of June 30, 2024. There have been no acquisitions, branch openings or closures since the previous evaluation.

As detailed in the following table, the bank’s loan portfolio is comprised primarily of agriculture and commercial loans, as together they represent 74.7 percent of the bank’s outstanding loans. In addition, the bank extends residential real estate portfolio and consumer open-end and closed-end loans.

Details of the allocation of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of June 30, 2024		
Type	\$(000s)	%
Agriculture	51,324	49.6
Commercial	26,042	25.1
Consumer	3,470	3.4
Residential	22,652	21.9
Other	77	0.0
Total	103,565	100.0

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

Deposit products include checking and savings accounts, and certificate of deposit products. According to the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Templeton Savings Bank ranked 8th of 18 FDIC-insured institutions operating in the bank's assessment area. The bank held approximately \$139.0 million in deposits, representing a market share of 5.0 percent. The market leaders were United Bank of Iowa and The Shelby County State Bank, with 15.2 and 11.7 percent of the market share, respectively. Online and mobile banking applications are also offered by the bank. The bank's website is located at www.templetonsavingsbank.com.

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on January 14, 2019.

DESCRIPTION OF ASSESSMENT AREA¹

Templeton Savings Bank's single assessment area is comprised of 10 contiguous census tracts in Non-Metropolitan Statistical Area (MSA) Audubon, Carroll, Crawford, and Shelby Counties. The assessment area is geographically unchanged from the previous performance evaluation of January 14, 2019; however, it was affected by the changes in the 2020 Decennial Census and the American Community Survey (ACS) for the period of 2016-2020. These changes resulted in a different distribution of income levels among the census tracts utilized in the evaluation to determine census tract income and borrower income distributions. The previous performance evaluation's census tract income levels were based on 2011-2015 ACS income data.

The bank's assessment area includes the entirety of Carroll County, two census tracts from Audubon County, and one census tract each from Crawford and Shelby Counties. Nine of the ten census tracts making up the assessment area are designated as middle-income, with the remaining census tract designated as upper-income. Since the previous evaluation, the aforementioned census tract, located within Carroll County, changed income designations from middle-income to upper-income. Eight of the nine middle-income census tracts within the bank's assessment area have been designated as underserved due to their remote rural designation. In addition to being designated as underserved, both census tracts in Audubon County within the bank's assessment area are also designated distressed due to population loss.

As shown in the following table, the net result of ACS changes was a reduction in the number of middle-income census tracts by one tract, and an increase of upper-income census tracts by one.

¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes ² American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	0	0	-
Middle	10	9	-1
Upper	0	1	+1
Unknown	0	0	-
Total	10	10	-
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

Demographic information about the bank's assessment area is provided in the following chart, followed by a summary of key economic characteristics of the assessment area.

² The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

2023 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,320	16.9
Moderate	0	0.0	0	0.0	0	0.0	1,513	19.3
Middle	9	90.0	6,251	79.8	374	6.0	1,645	21.0
Upper	1	10.0	1,581	20.2	69	4.4	3,354	42.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	7,832	100.0	443	5.7	7,832	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	11,037	7,567	78.9	68.6	2,240	20.3	1,230	11.1
Upper	2,836	2,029	21.1	71.5	666	23.5	141	5.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	13,873	9,596	100.0	69.2	2,906	20.9	1,371	9.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,634	87.5	1,457	87.3	141	88.7	36	90.0
Upper	234	12.5	212	12.7	18	11.3	4	10.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,868	100.0	1,669	100.0	159	100.0	40	100.0
Percentage of Total Businesses:				89.3		8.5		2.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	507	94.1	504	94.0	3	100.0	0	0.0
Upper	32	5.9	32	6.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	539	100.0	536	100.0	3	100.0	0	0.0
Percentage of Total Farms:				99.4		0.6		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

The following table presents the population trends for the counties that make up the bank's assessment area, the entire Non-MSA Iowa, and the state of Iowa from 2015 to 2020. Carroll County and Crawford County have the largest populations among counties within the assessment area, at 20,760 and 16,525, respectively according to the 2020 U.S. Census. Carroll County experienced a slight increase in population from 2015 to 2020 while all other counties making up the assessment area experienced moderate decreases in population. The assessment area, and the counties that comprise the assessment area, have seen population growth significantly less than the state of Iowa, which experienced growth of 3.1 percent. Community representatives noted that growth in Carroll County could be attributed to additional business and job opportunities, while the decline in the surrounding counties that make up the assessment area can primarily be attributed to the rural nature of the area. The community representatives noted that a portion of young adults leave the area to pursue additional education. Additionally, representatives noted that the makeup of the population in the area is older, thus, population loss can occur naturally over time.

Population Change			
Area	2015 Population	2020 Population	Percentage Change
Assessment Area	29,766	29,554	-0.7%
Audubon County, IA	5,869	5,674	-3.3%
Carroll County, IA	20,629	20,760	0.6%
Crawford County, IA	17,252	16,525	-4.2%
Shelby County, IA	11,992	11,746	-2.1%
Non-MSA, IA	1,250,756	1,232,642	-1.4%
Iowa	3,098,526	3,190,369	3.1%
Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2020 U.S. Census Bureau: American Community Survey Data: 2011-2015			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 7,832 families, with 16.9 percent of families designated as low-income, 19.3 percent moderate-income, 21.0 percent middle-income, and 42.8 percent of families upper-income. Median family income levels vary substantially within the assessment area counties, from a low of \$59,702 in Audubon County to a high of \$80,807 in Carroll County. Median family income growth within the assessment area from 2015 to 2020 was 14.1 percent, which was significantly higher than the percentage growth for the state of Iowa overall during the same period, which was 7.4 percent. One community representative noted that educational attainment has increased in Carroll County, which in turn has increased wages and benefits offerings required to employ these individuals. Another representative noted that the increased number of businesses and job opportunities in the area has helped income growth.

Similarly, there are significant differences in poverty levels among counties that make up the assessment area. As a whole, the assessment area has 5.7 percent of families with income levels below the poverty line. However, Audubon, Crawford, and Shelby Counties have 8.7 percent, 15.3 percent, and 9.5 percent of families with income levels below the poverty line, respectively, which are significantly higher than the assessment area as a whole. Conversely, Carroll County has 4.9 percent of families with income levels below the poverty line, which is lower than the assessment area overall.

The following table compares the median family income (MFI) for the counties that make up the assessment area, the entire Non-MSA Iowa, and the state of Iowa.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percentage Change
Assessment Area	\$66,860	\$76,294	14.1%
Audubon County, IA	\$66,892	\$59,702	-10.7%
Carroll County, IA	\$73,679	\$80,807	9.7%
Crawford County, IA	\$61,884	\$66,804	8.0%
Shelby County, IA	\$70,779	\$76,793	8.5%
Non-MSA, IA	\$67,391	\$71,763	6.5%
Iowa	\$73,712	\$79,186	7.4%
<i>Source: 2011 – 2015 U.S. Census Bureau American Community Survey 2016 – 2020 U.S. Census Bureau American Community Survey Media Family Incomes have been inflation-adjusted and are expressed in 2020 dollars</i>			

Housing Characteristics

The assessment area's median housing value and median gross rent equaled \$125,955 and \$611, respectively, based on 2023 FFIEC Census Data. Audubon County has substantially lower housing values than other assessment area counties at \$84,300. In contrast, Carroll County had a substantially higher median housing value of \$138,700, further illustrating a difference in economic opportunity and wealth across the assessment area counties. Median housing value in the assessment area and all counties that comprise the assessment area are below the state of Iowa, which has a median housing value of \$153,900.

As shown in the following table, high levels of low-income renters and owners are housing cost burdened. Housing cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. Low-income renters have housing cost burdens that are substantially higher than those of all renters. Moderate-income renters have housing cost burdens that are slightly below those of all renters, for Carroll County and Crawford County. In contrast, the opposite is true for moderate-income owners where higher levels of moderate-income owners are cost burdened than all owners. Additionally, Audubon County's moderate-income renters saw lower levels of housing cost

burden, as 5.3 percent of renters are housing cost burdened, while Shelby County's moderate-income renters saw higher levels of housing cost burden, as 40.4 percent of renters are cost burdened. When compared to the rest of the assessment area counties looking at moderate-income renters, Audubon County experienced the lowest levels of cost burden, as opposed to Shelby County which experienced the highest levels of housing cost burden.

Community representatives indicated that Audubon County has lower housing costs, which they attributed to a significant drop off in population from 2010-2020, resulting in the price of housing decreasing. Additionally, community representatives indicated that homeowners in Carroll County are less likely to be burdened due to homes being passed down through generations and not having a mortgage payment, or many homeowners have longstanding ownership and thus, have low interest rates.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	61.1%	20.7%	34.2%	41.7%	18.1%	11.1%
Audubon County, IA	70.5%	5.3%	33.1%	33.0%	13.9%	11.0%
Carroll County, IA	63.8%	13.2%	37.1%	40.5%	16.9%	10.7%
Crawford County, IA	58.5%	22.7%	30.4%	39.2%	18.4%	10.5%
Shelby County, IA	55.0%	40.4%	36.0%	52.2%	23.6%	12.6%
Non-MSA, IA	64.5%	13.8%	32.5%	53.4%	18.1%	14.1%
Iowa	71.1%	18.6%	37.6%	56.9%	22.0%	14.8%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents the unemployment trends for the counties that make up the assessment area, the entire Non-MSA Iowa, and the state of Iowa from 2018-2022. Unemployment throughout the assessment area has generally returned to pre-COVID-19 levels after spiking in 2020 during the pandemic. There are however differences in unemployment rates among the assessment area counties, with Crawford County having the highest unemployment rate in all periods, with the highest unemployment reaching 5.1 percent in 2020. Since then, the unemployment rate in Crawford County has decreased to 4.0 percent in 2022. Discussions with a community representative indicated that the high unemployment in Crawford County may be related to seasonal work as agriculture makes up a large portion of the employment in the area. As such, unemployment increases in the winter as some individuals cannot find other work between seasons. The remaining assessment area counties have unemployment rates under 2.8 percent as of 2022.

Bureau of Labor Statistics data indicated that employment in the counties that make of the assessment area is concentrated in the areas of manufacturing, retail trade, and the government sectors. Community representatives indicated that many new businesses have seen significant growth in the area, which is positively impacting the community, including offering more job opportunities. Meanwhile there also have not been any major employer closures or relocations, according to the community representatives.

Unemployment Rates					
Area	2018	2019	2020	2021	2022
Assessment Area	2.4%	2.4%	4.1%	3.4%	2.6%
Audubon County, IA	2.5%	2.4%	3.4%	2.9%	2.3%
Carroll County, IA	1.9%	1.9%	3.9%	2.8%	2.0%
Crawford County, IA	3.5%	3.4%	5.1%	4.7%	4.0%
Shelby County, IA	2.0%	2.1%	3.5%	2.9%	2.2%
Non-MSA, IA	2.7%	2.7%	4.8%	3.7%	2.8%
Iowa	2.6%	2.7%	5.2%	3.8%	2.7%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Community Representatives

The performance evaluation included discussions with representatives of two community organizations with specialization in assisting small businesses, and economic and community development in the assessment area. Both representatives indicated that population loss in the area is a significant concern. Additionally, one community representative noted that the health of the population was a concern for their organization as they have identified increased levels of mental distress and obesity in their data. Another representative indicated that continued funding and programs for business growth is a concern. Representatives noted that local banks are supportive and provide some programs that aid housing, businesses, and farmers in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Templeton Savings Bank's performance relative to the lending test is rated Satisfactory based on a reasonable loan-to-deposit ratio, a majority of lending occurring within the bank's assessment area, a reasonable distribution of residential real estate, small business, and small farm lending throughout the assessment area, and a reasonable penetration of lending among low- and moderate-income borrowers and businesses and farms of different sizes. No CRA-related complaints were received by the bank or the Reserve Bank during the evaluation period.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is considered reasonable, given the bank's size, financial condition, and

the credit needs of its assessment area. In the 23-quarter period from December 31, 2018, through June 30, 2024, Templeton Savings Bank's loan-to-deposit ratio averaged 74.2 percent, compared to the 84.9 percent average of the bank's local competitors. This level of lending in relation to deposits indicates the bank is actively meeting the credit needs of its assessment area. The following table compares the bank's loan-to-deposit ratio to its local competitors. Similarly situated competitors were selected based on their asset size, branch network, and market share within the bank's assessment area.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	23 – Quarter Average
Templeton Savings Bank	74.2
Peer Avg - Local	84.9
Competitors	
Audubon State Bank	83.5
Breda Savings Bank	78.4
Exchange State Bank	97.3
Farmers Trust & Savings Bank	68.3
Westside State Bank	96.8

Assessment Area Concentration

Templeton Savings Bank originated a majority of its loans and other lending-related activities in the assessment area. Based on the bank's lending activities from January 14, 2019, through December 31, 2023, 86.9 percent of the bank's residential real estate, small business, and small farm loans by number and 85.5 percent of residential real estate, small business, and small farm loans by dollar were originated within the assessment area. The percentage of loans originated within the assessment area indicates the bank is actively serving the credit needs of the local community.

The following table summarizes the bank's lending inside and outside its assessment area broken down by number and dollar of residential real estate, small business, and small farm loans originated during the review period.

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	80	89.9	\$11,851	87.7	9	10.1	\$1,666	12.3
Small Business	69	86.3	\$5,727	80.8	11	13.8	\$1,365	19.2
Small Farm	83	84.7	\$2,232	87.5	15	15.3	\$320	12.5
Total Loans	232	86.9	\$19,809	85.5	35	13.1	\$3,351	14.5

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data³. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The assessment area is comprised only of middle- and upper-income census tracts and therefore a meaningful analysis could not be performed. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no conspicuous unexplained lending gaps in the bank's delineated assessment area.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals⁴. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Templeton Savings Bank's loan distribution reflects reasonable penetration of lending among individuals of different income levels, (including low- and moderate-income individuals) and businesses and farms of different sizes.

Residential Lending

Residential real estate lending reflects a reasonable penetration among borrowers of different income levels. In 2023, Templeton Savings Bank originated 10.5 percent of residential real estate loans to low-income borrowers, which was below the assessment area's demographic of 16.9 percent within the assessment area. Among moderate-income borrowers, the bank originated 31.6 percent of residential real estate loans, which exceeded the 19.3 percent of moderate-income families within the assessment area. The bank originated 15.8 percent of its residential real estate loans to middle-income borrowers, which is less than the percentage of middle-income families within the assessment area at 21.0 percent. Finally, the bank originated 42.1 percent of its residential real estate loans to upper-income borrowers, which is comparable to the percentage of families within the assessment area that are upper-income at 42.8 percent. In the year prior, 2022,

³ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

⁴ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

the bank originated no residential real estate loans to low-income borrowers and 17.6 percent to moderate-income borrowers, which is below the percentage of low- and moderate-income families in the assessment area. Additionally, 41.2 percent of residential loans were originated for middle-income borrowers, and the same percentage of loans were originated to families who are upper-income. Overall, these figures indicate the bank is appropriately serving the credit needs of low- and moderate-income borrowers within the assessment area.

The following table summarizes the bank's 2022 and 2023 residential real estate lending in the assessment area. In addition to 2022 and 2023, 2019 through 2021 performance was also evaluated, and overall performance in the aforementioned years was comparable to 2023 performance. See Appendix C for lending tables for 2019 through 2021.

Distribution of 2022 and 2023 Residential Lending By Borrower Income Level									
Assessment Area: IA Non MSA									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2022				2023				
	#	№%	\$(000)	\$%	#	№%	\$(000)	\$%	
Low	0	0.0	0	0.0	2	10.5	186	4.4	16.9
Moderate	3	17.6	103	4.0	6	31.6	715	17.0	19.3
Middle	7	41.2	908	34.9	3	15.8	457	10.9	21.0
Upper	7	41.2	1,588	61.1	8	42.1	2,840	67.7	42.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	17	100.0	2,599	100.0	19	100.0	4,198	100.0	100.0
Source: 2023 FFIEC Census Data									
2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Small Business Lending

Templeton Savings Bank's small business lending reflects a reasonable penetration among businesses of different sizes. In 2023, 95.7 percent of small business loans by number were originated to businesses with gross revenues equal to or less than \$1 million. The bank's performance was above the presence of total small businesses operating in the assessment area at 89.3 percent. Additionally, 77.3 percent of the bank's loans were originated to businesses with annual revenues of \$1 million or less in the amounts of \$100,00 or less. These loans are considered the most beneficial to small businesses and demonstrate the bank's willingness to meet the credit needs of small businesses. Similarly, in 2022, 95.2 percent of small business loans by number were originated to businesses with gross revenues equal to or less than \$1 million, and 90.0 percent of those loans were for \$100,000 or less.

The following table summarizes the bank's 2022 and 2023 small business lending in the assessment area. In addition to 2022 and 2023, 2019 through 2021 performance was also evaluated, and overall performance in the aforementioned years was comparable to 2023 performance. See Appendix C for lending tables for 2019 through 2021.

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	20	95.2	865	80.3	22	95.7	1,693	97.9	89.3
Over \$1 Million	1	4.8	212	19.7	1	4.3	36	2.1	8.5
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	2.1
Total	21	100.0	1,077	100.0	23	100.0	1,729	100.0	100.0
By Loan Size									
\$100,000 or Less	18	85.7	585	54.3	18	78.3	660	38.2	
\$100,001 - \$250,000	3	14.3	492	45.7	4	17.4	694	40.1	
\$250,001 - \$1 Million	0	0.0	0	0.0	1	4.3	375	21.7	
Total	21	100.0	1,077	100.0	23	100.0	1,729	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	18	90.0	585	67.6	17	77.3	624	36.9	
\$100,001 - \$250,000	2	10.0	280	32.4	4	18.2	694	41.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	1	4.5	375	22.2	
Total	20	100.0	865	100.0	22	100.0	1,693	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Small Farm Lending

Templeton Savings Bank's small farm lending reflects reasonable penetration among farms of different sizes. The bank's 2023 small farm lending was concentrated in farms with gross annual revenues of \$1 million or less. These loans comprised of 97.8 percent by the number of loans, in comparison to the demographic measure of 99.4 percent of assessment area farms. All of the bank's small farm loans were also made in dollar amounts of \$100,000 or less, which is considered to be most beneficial to small farms and demonstrates the bank's willingness to meet the credit needs of small farms. In 2022, 100.0 Percent of small farm loans were originated to farms with revenues of \$1 million or less, which is higher than 2023 performance. In addition, 100.0 percent of the 15 small farm loans originated in 2022 were for amounts of \$100,000 or less, which is in alignment with 2023 performance.

The following table summarizes the bank's 2022 and 2023 small farm lending in the assessment area. In addition to 2023, 2019 through 2022 performance was also evaluated, and overall performance in the aforementioned years was comparable to 2023 performance. See Appendix C for lending tables for 2019 through 2021.

Distribution of 2022 and 2023 Small Farm Lending By Revenue Size of Farms									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Farms %
	2022				2023				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	15	100.0	295	100.0	44	97.8	1,216	97.6	99.4
Over \$1 Million	0	0.0	0	0.0	1	2.2	30	2.4	0.6
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	15	100.0	295	100.0	45	100.0	1,246	100.0	100.0
By Loan Size									
\$100,000 or Less	15	100.0	295	100.0	45	100.0	1,246	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	0	0.0	0	0.0	
Total	15	100.0	295	100.0	45	100.0	1,246	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	15	100.0	295	100.0	44	100.0	1,216	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	0	0.0	0	0.0	
Total	15	100.0	295	100.0	44	100.0	1,216	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Templeton Savings Bank 366247
IA Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Residential real estate, small business, and small farm loans originated from January 14, 2019, through December 31, 2023. Loan-to-deposit ratio from December 31, 2018, through June 30, 2024.	
FINANCIAL INSTITUTION Templeton Savings Bank Templeton, Iowa			PRODUCTS REVIEWED Residential real estate loans Small business loans Small farm loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
The single assessment area consists of contiguous non-MSA Audubon, Carroll, Crawford, and Shelby counties. The bank delineates all of Carroll County and a portion of Audubon, Crawford, and Shelby counties.	Full scope review	None	N/A

Appendix C – Additional Lending Tables

Residential Lending

Distribution of 2019 Residential Lending By Borrower Income Level					
Assessment Area: IA Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	1	6.7	45	2.3	17.3
Moderate	5	33.3	478	24.4	17.3
Middle	4	26.7	220	11.2	20.9
Upper	5	33.3	1,216	62.0	44.4
Unknown	0	0.0	0	0.0	0.0
Total	15	100.0	1,960	100.0	100.0
Source: 2019 FFIEC Census Data					
2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2020 and 2021 Residential Lending By Borrower Income Level									
Assessment Area: IA Non MSA									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2020				2021				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	1	7.7	53	4.3	0	0.0	0	0.0	17.3
Moderate	2	15.4	108	8.8	4	25.0	367	19.7	17.3
Middle	3	23.1	269	21.8	5	31.3	534	28.7	20.9
Upper	7	53.8	804	65.2	7	43.8	960	51.6	44.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	13	100.0	1,234	100.0	16	100.0	1,861	100.0	100.0
Source: 2021 FFIEC Census Data									
2011-2015 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Small Business

Distribution of 2019 Small Business Lending By Revenue Size of Businesses					
Assessment Area: IA Non MSA					
	Bank Loans				Total Businesses
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	3	100.0	251	100.0	89.3
Over \$1 Million	0	0.0	0	0.0	8.9
Revenue Unknown	0	0.0	0	0.0	1.8
Total	3	100.0	251	100.0	100.0
By Loan Size					
\$100,000 or Less	2	66.7	101	40.2	
\$100,001 - \$250,000	1	33.3	150	59.8	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	3	100.0	251	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	2	66.7	101	40.2	
\$100,001 - \$250,000	1	33.3	150	59.8	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	3	100.0	251	100.0	
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	##%	\$(000)	%	#	##%	\$(000)	%	
By Revenue									
\$1 Million or Less	10	90.9	787	70.8	11	100.0	1,558	100.0	89.3
Over \$1 Million	1	9.1	325	29.2	0	0.0	0	0.0	8.7
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	2.0
Total	11	100.0	1,112	100.0	11	100.0	1,558	100.0	100.0
By Loan Size									
\$100,000 or Less	7	63.6	167	15.0	9	81.8	450	28.9	
\$100,001 - \$250,000	2	18.2	295	26.5	1	9.1	123	7.9	
\$250,001 - \$1 Million	2	18.2	650	58.5	1	9.1	985	63.2	
Total	11	100.0	1,112	100.0	11	100.0	1,558	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	7	70.0	167	21.2	9	81.8	450	28.9	
\$100,001 - \$250,000	2	20.0	295	37.5	1	9.1	123	7.9	
\$250,001 - \$1 Million	1	10.0	325	41.3	1	9.1	985	63.2	
Total	10	100.0	787	100.0	11	100.0	1,558	100.0	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Small Farm

Distribution of 2019 Small Farm Lending By Revenue Size of Farms					
Assessment Area: IA Non MSA					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	2	100.0	63	100.0	99.1
Over \$1 Million	0	0.0	0	0.0	0.9
Revenue Unknown	0	0.0	0	0.0	0.0
Total	2	100.0	63	100.0	100.0
By Loan Size					
\$100,000 or Less	2	100.0	63	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	2	100.0	63	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	2	100.0	63	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	2	100.0	63	100.0	
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2020 and 2021 Small Farm Lending By Revenue Size of Farms									
Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Farms %
	2020				2021				
	#	%	\$(000)	%	#	%	\$(000)	%	
By Revenue									
\$1 Million or Less	11	91.7	331	91.7	9	100.0	266	100.0	99.3
Over \$1 Million	1	8.3	30	8.3	0	0.0	0	0.0	0.7
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	12	100.0	361	100.0	9	100.0	266	100.0	100.0
By Loan Size									
\$100,000 or Less	12	100.0	361	100.0	9	100.0	266	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	0	0.0	0	0.0	
Total	12	100.0	361	100.0	9	100.0	266	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	11	100.0	331	100.0	9	100.0	266	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	0	0.0	0	0.0	
Total	11	100.0	331	100.0	9	100.0	266	100.0	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.⁵

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

⁵ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non-metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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.

Income Level: Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).