

PUBLIC DISCLOSURE

June 3, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Andover Bank
RSSD #27614

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Andover, OH 44003

Federal Reserve Bank of Cleveland

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The Lending Test is rated: "Satisfactory"

The Community Development Test is rated: "Satisfactory"

The major factors and criteria contributing to this rating include:

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs;
- A substantial majority of loans and other lending-related activities in the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas;
- The distributions of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income); and,
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The bank was rated "Satisfactory" at the previous CRA evaluation dated March 21, 2011.

SCOPE OF EXAMINATION

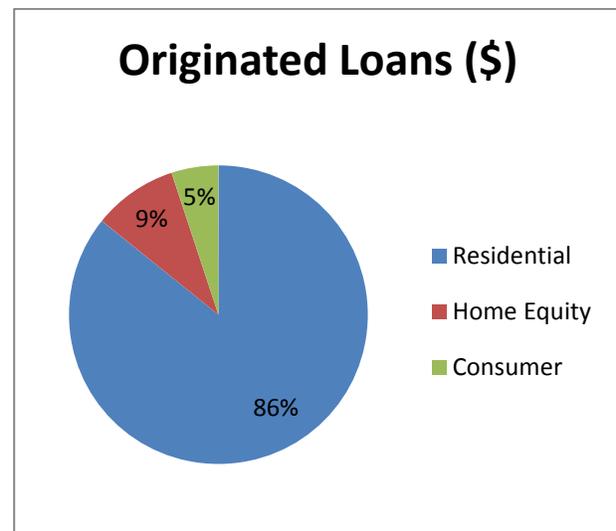
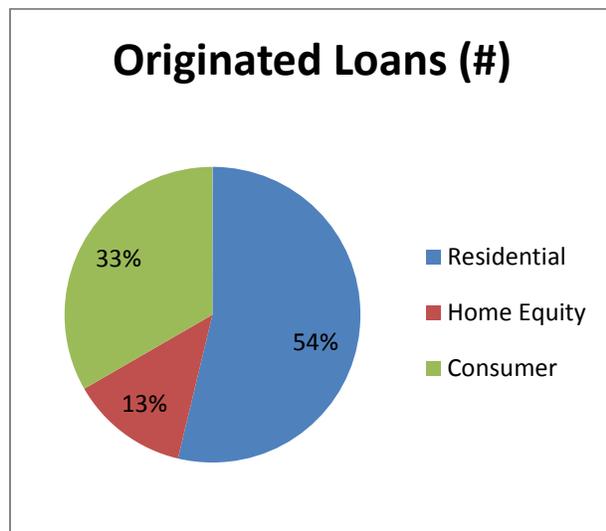
The Andover Bank’s (Andover) Community Reinvestment Act (CRA) performance was evaluated using the interagency intermediate small bank examination procedures under Regulation BB.

Andover’s CRA performance was evaluated based on lending data for the period of January 1, 2012 through December 31, 2012. The loan products evaluated included loans reported under the Home Mortgage Act (HMDA) and consumer loans. HMDA loans are comprised of home purchase, refinance, and home improvement. Home equity loans were evaluated with the HMDA loans and include home equity loans and lines of credit. Consumer loans are comprised of motor vehicle, other secured, and unsecured loans. There were not enough commercial or agriculture loans originated during the evaluation period for a meaningful analysis.

Community development activities for the period between March 21, 2011 and June 3, 2013 were included in this evaluation. Community development loans, investments, and services occurring since the previous examination were reviewed.

The following table and charts illustrate the volume and distribution of loans originated within Andover’s assessment area during the evaluation period.

Loan Type	Number of Loans	Dollar Amount of Loans (000s)
Refinance	191	\$18,704
Purchase	65	\$5,477
Home Improvement	52	\$3,245
Consumer	191	\$1,621
Home Equity	74	\$2,923
Total Loans	573	\$31,970



Based on the total loan volume by number and dollar amount, residential lending including home equity loans, received greater weight than consumer loans. The non-metropolitan assessment area received greater weight than the Cleveland MSA because a substantial majority of loans were made in the non-metropolitan area and most of the offices are located in this area.

Borrower distribution received somewhat greater weight than geographic distribution because there were a greater percentage of low- and moderate-income individuals in the assessment area compared to the percentage of low- and moderate-income tracts.

DESCRIPTION OF INSTITUTION

Andover is the banking subsidiary of Andover Bancorp, Inc. Andover Bank Insurance Agency Inc. is a subsidiary of the bank. Both the bank and the holding company are located in Andover, Ohio.

As of March 31, 2013, Andover had total assets of \$328.3 million. Total assets have grown by 11.3% since the previous CRA evaluation.

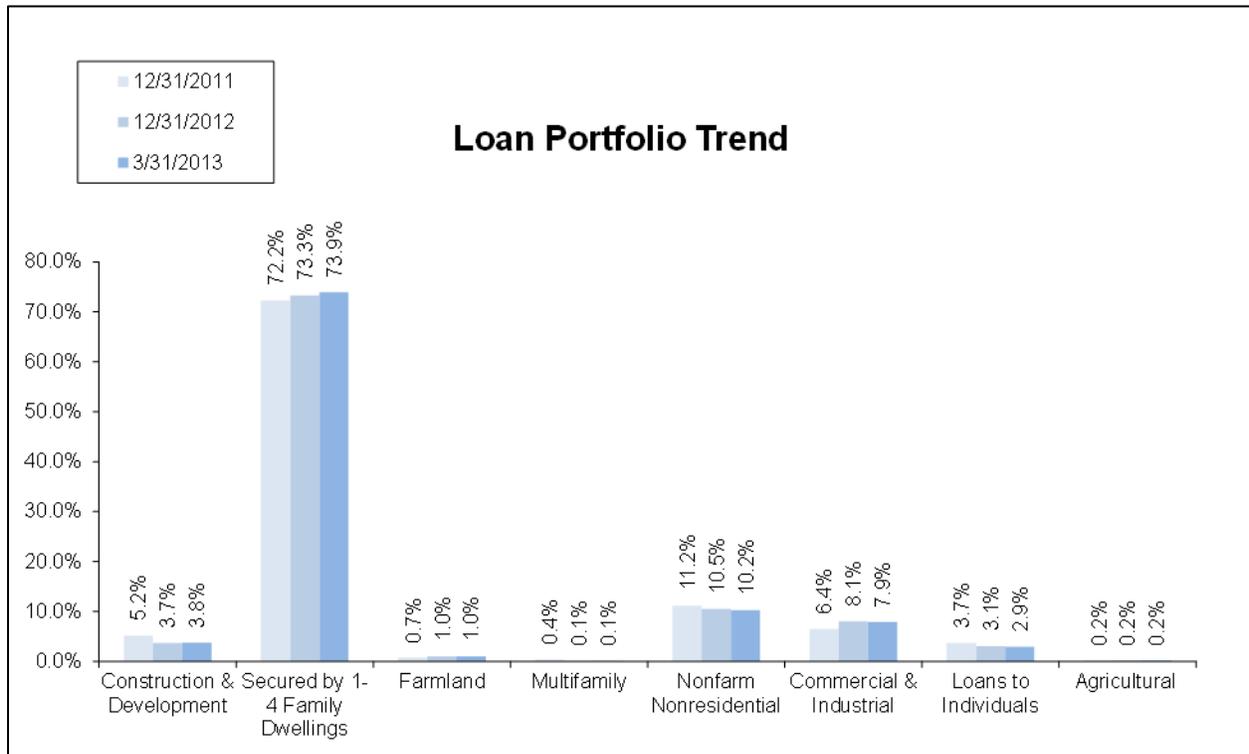
Andover has eight offices in northeastern Ohio. In Ashtabula County, there are seven offices, all of which have full-service ATMs. The offices are located in Andover, Ashtabula, Austinburg, Conneaut, Geneva, and two in Jefferson. The bank also has a cash-only ATM in Andover. In Lake County, there is one office with a full-service ATM in Madison.

Andover is a full-service retail bank offering deposit accounts, residential mortgage, consumer, commercial, and agriculture loans. In addition, Andover referred several individuals to the Save the Dream Ohio Initiative offered by the Ohio Housing Finance Agency, which helps borrowers avoid foreclosure.

As of March 31, 2013, net loans and leases represented 44.2% of total assets. The following charts display the loan portfolio composition and trend as of March 31, 2013.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2013		12/31/2012		12/31/2011	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	4,665	3.8%	4,666	3.7%	6,890	5.2%
Secured by One- to Four- Family Dwellings	91,485	73.9%	91,674	73.3%	95,810	72.2%
Other Real Estate: Farmland	1,266	1.0%	1,280	1.0%	938	0.7%
Multifamily	131	0.1%	134	0.1%	507	0.4%
Nonfarm nonresidential	12,696	10.2%	13,148	10.5%	14,846	11.2%
Commercial and Industrial	9,760	7.9%	10,070	8.1%	8,554	6.4%
Loans to Individuals	3,616	2.9%	3,827	3.1%	4,861	3.7%
Agricultural Loans	245	0.2%	248	0.2%	231	0.2%
Total	\$123,864	100.00%	\$125,047	100.00%	\$132,637	100.00%

*This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



Andover’s investment portfolio as of March 31, 2013 was \$157.5 million, which represented 47.9% of total assets. Investments in U.S. Treasuries and Agencies accounted for 49.7% of investments, while municipal securities constituted 39.4% of securities. Interest-bearing bank balances comprised 9.8% of the bank’s total investments.

There are no legal or financial constraints preventing Andover from meeting the credit needs of its assessment area in a manner consistent with its asset size, business strategy, resources and local economy.

DESCRIPTION OF ASSESSMENT AREA

Andover has two assessment areas within Ohio: Non-Metropolitan Ohio, which consists of the entirety of Ashtabula County and Cleveland-Elyria-Mentor Metropolitan Statistical Area 17460, which is comprised of portions of Lake and Geauga Counties.

The Cleveland MSA is being reviewed for the first time during this evaluation. The Madison branch was open for a short period of time during the previous evaluation and was not included in the previous report.

In total, both assessment areas are comprised of 36 census tracts, none of which are distressed or underserved. There are two low-income tracts, three moderate-income tracts, 25 middle-income tracts, and six upper-income tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

Andover's performance under the lending test is considered satisfactory. The loan-to-deposit ratio is reasonable and the bank made a substantial majority of loans in its assessment area. Both the geographic and borrower distribution is reasonable overall and is reasonable for each assessment area.

Loan-to Deposit Ratio

A financial institution's loan to deposit ratio (LTD) compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is derived by adding the quarterly LTD ratios and dividing by the total number of quarters. The table below illustrates Andover's LTD ratio compared to both the bank's aggregate peer group, consisting of all insured commercial banks having assets between \$300 million and \$1 billion, and three local peer banks.

Loan-to-Deposit Ratios							
ANDOVER BK					MIDDLEFIELD BKG CO	GEAUGA SVG BK	CORTLAND SVG & BKG CO
As of Date	Net Loans \$(000s)	Total Deposits \$(000s)	Bank Ratio	Aggregate Ratio	Peer 1 Ratio	Peer 2 Ratio	Peer 3 Ratio
March 31, 2013	145,262	279,099	52.1	73.2	65.5	76.0	70.3
December 31, 2012	147,022	275,727	53.3	74.0	65.3	81.7	70.9
September 30, 2012	149,758	286,630	52.3	74.5	66.4	83.3	69.6
June 30, 2012	144,156	277,480	52.0	74.3	68.2	82.8	71.3
March 31, 2012	147,573	280,905	52.5	73.3	66.8	83.1	68.6
December 31, 2011	151,680	277,023	54.8	75.1	66.2	82.1	67.8
September 30, 2011	156,160	272,859	57.2	75.9	62.5	85.8	64.7
June 30, 2011	156,512	271,802	57.6	76.6	63.8	88.4	65.4
March 31, 2011	155,857	268,046	58.2	72.1	62.8	93.4	66.3
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation			54.4	74.3	65.3	84.1	68.3

Andover's average LTD ratio was 54.4% since the previous evaluation, which is below the aggregate peer group's average ratio of 74.3%. Over the prior nine quarters, Andover's LTD ratio has decreased from a high of 58.2% as of March 31, 2011 to a low of 52.0% as of June 30, 2012. When discussing the LTD ratio with bank management, two factors were identified as major drivers for the relatively low ratio. The recent economic recession and sluggish recovery has depressed loan demand, as evidenced by the decline in the volume of home purchase, home refinance, and consumer loans since the previous evaluation. The other significant reason is because the bank continues to sell a relatively high amount of residential loans in the secondary market.

Andover's LTD was compared to the following local peer banks: The Middlefield Banking Company (Middlefield), Middlefield, Ohio; Geauga Savings Bank (Gauga Savings), Newbury, Ohio; and The Cortland Savings and Banking Company (Cortland), Cortland, Ohio. Middlefield has five offices with a deposit market share of 5.1% in Ashtabula, Lake, and Geauga Counties. Geauga Savings has one office with 3.3% deposit market share, while Cortland has two offices and a 0.2% deposit market share.

Considering the banks' lending related activity, size, financial condition, and assessment area credit needs, Andover's LTD ratio is considered reasonable.

Lending in the Assessment Area

The bank's mortgage and consumer loans were analyzed to determine the volume of lending inside and outside the bank's assessment area. Of the total loans, 92.1% by volume and 92.7% by dollar amount were made inside the assessment area.

The following table shows the distribution of loans made inside and outside the banks assessment area.

Lending Inside and Outside the Assessment Area										
Exam: Andover 2013										
Loan Type – Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
HE - Home Equity	69	93.2	2,791	95.5	5	6.8	132	4.5	74	2,923
XX - Consumer Loans	170	89.0	1,480	91.3	21	11.0	141	8.7	191	1,621
Total Consumer related	239	90.2	4,271	94.0	26	9.8	273	6.0	265	4,544
CV - Home Purchase – Conventional	62	95.4	5,350	97.7	3	4.6	127	2.3	65	5,477
HI - Home Improvement	49	94.2	3,152	97.1	3	5.8	93	2.9	52	3,245
RF – Refinancing	178	93.2	16,863	90.2	13	6.8	1,841	9.8	191	18,704
Total HMDA related	289	93.8	25,365	92.5	19	6.2	2,061	7.5	308	27,426
TOTAL LOANS	528	92.1	29,636	92.7	45	7.9	2,334	7.3	573	31,970

A substantial majority of the bank's loans by both volume and dollar amount were made inside its assessment area.

Geographic Distribution of Lending

Andover's geographic distribution of lending is reasonable. The bank made loans in all but one of its census tracts and the dispersion of loans among the different tract income categories is adequate. The respective analysis is included within each assessment area evaluation later in this report.

Borrower Distribution of Lending

Andover's lending to borrowers of different income levels is reasonable. The bank's lending performance was good for all lending categories reviewed. The respective analysis is included within each assessment area evaluation later in this report.

Response to Consumer Complaints

The bank has not received any CRA-related complaints since the previous examination.

Community Development Test

The community development test is satisfactory. Andover's community development performance demonstrates an adequate responsiveness to the needs of its assessment area through community development loans, qualified investments, and services considering the bank's capacity and the need and availability of opportunities in the bank's assessment area.

All of Andover's community development activities were conducted in the Ashtabula County assessment area. Refer to the performance test conclusions for this assessment area later in the report for details about the bank's community development loans, investments and services.

Fair Lending Or Other Illegal Credit Practices Review

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

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN NON-METROPOLITAN OHIO (Full-Scope Review)

The non-metropolitan Ohio assessment area consists of the entirety of Ashtabula County. This assessment area is comprised of 25 total census tracts, of which two are designated as low-income (8.0%), two are moderate-income (8.0%), 19 are middle-income (76.0%), and two are upper-income (8.0%). None of the middle-income census tracts are designated as distressed or underserved. The bank's main office and six offices are located in this assessment area.

According to the June 30, 2012 FDIC Deposit Market Share Report,¹ Andover ranked first out of nine institutions with a market share of 26.3%. The next three largest institutions by deposit share are larger regional financial institutions: KeyBank National Association (21.9%), Firstmerit Bank National Association (15.6%) and The Huntington National Bank (14.7%).

One community contact interview was conducted to provide additional information regarding the credit needs of the local community. The contact was made to a government agency that supports housing needs of residents in the area. According to the contact, economic conditions have somewhat improved and housing prices have increased slightly. The contact stated that people are now more willing to purchase homes and make more improvements to their homes.

According to the contact, banks have been very active with programs in place that are benefiting the community, such as the Community Housing Improvement Program (CHIP) and working with a local economic development agency. However, the contact would like to see banks consider additional lending opportunities to borrowers with less-than-satisfactory credit.

Population Characteristics

According to the 2010 U.S. Census, the total population in this county was 101,497. Of the population in the county, 7.1% of the residents lived in low-income tracts, 3.5% in moderate-income, 80.6% in middle-income tracts, and 8.9% in upper-income tracts. In addition, 76.3% of the population was 18 years of age or older, which is the legal age to enter into a contract.

The estimated population in Ashtabula County as of July, 1, 2012 was 100,389,² a decrease of 1.1%. The largest city in the county is Ashtabula, with a 2010 population of 19,124.

Income Characteristics

According to 2010 U.S. Census Data, the median family income for the assessment area was \$50,227, which was lower than Ohio's median family income of \$59,680. Based on 2012 HUD Data, the median family income increased to \$53,600.³

¹ FDIC Summary of Deposits: www.fdic.gov

² American FactFinder: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml###>

³ Department of Housing and Urban Development: www.huduser.org/portal/datasets/il.html

The assessment area contains 38,911 households, of which 26,473 (68%) were designated as families. Low- and moderate-income families represented 20.9% and 18.6% of all families in this assessment area, with 11.8% of families below the poverty level compared to Ohio's rate of 10.3%. According to the 2011 data from the Economic Research Service of the United States Department of Agriculture (USDA), 20.3% of Ashtabula County's population was in poverty, which was higher than the poverty rate in 1999 of 12.1%.⁴ This relatively high poverty rate could indicate that individuals, especially those that are low-income or moderate-income, may have difficulty in having enough financial resources to obtain loans.

Labor, Employment and Economic Characteristics

According to the Ohio Office of Policy, Research, and Strategic Planning, the largest industries by average employment are manufacturing; education and health services; and trade, transportation, and utilities. The highest weekly wages by industry are state government (\$922), federal government (\$919), and construction (\$895). Some of the major employers in the county are Masco/KraftMaid Cabinetry, Millennium Inorganic Chemicals, Ashtabula Area City Schools and the Ashtabula County Medical Center.⁵

The following table shows the 2011 and 2012 average annual unemployment rate for Ashtabula County and the State of Ohio. The unemployment rate for the county was higher than Ohio's for both years. Both Ohio and Ashtabula County experienced declines in the rate between the two years, but the county's increase was slightly lower than the overall state's rate.

Unemployment Rates
Assessment Area: Non MSA OH

Area	Years - Annualized	
	2011	2012
Ashtabula Co.	10.0	9.0 (P)
Ohio	8.6 (D)	7.2 (D)

Not Seasonally Adjusted

D : Reflects revised population controls and model reestimation.

P: Preliminary

⁴ U.S. Department of Agriculture: www.ers.usda.gov/data/povertyrates

⁵ Ohio County Profiles, Ohio Office of Policy, Research and Strategic Planning: http://development.ohio.gov/reports/reports_countytrends_map.htm

Housing Characteristics

There were 46,054 housing units in this assessment area based on the 2010 U.S. Census. Within this assessment area, 61.5% of the units were owner-occupied, 23.0% were rental units, and 15.5% were vacant. From an income perspective, only 7.6% of all owner-occupied housing units were located in low- and moderate-income census tracts, suggesting limited opportunity for mortgage credit in these geographies. Furthermore, the owner occupancy rate in low-income tracts was 33.5% and 44.6% in moderate-income tracts. The county's owner occupancy rate was similar to Ohio's rate of 61.7%.

The median age of the housing stock was 52 years, with the oldest housing stock in low-income tracts (61). The age of the housing stock was notably older than the statewide median age of 44 years and indicates an opportunity for home improvement lending.

The median housing value in the assessment area is \$118,500, with an affordability ratio of 35.6%. The higher the affordability ratio, the more affordable a home is considered. The housing affordability ratio is calculated by dividing median family income by the median housing value. The housing stock in the assessment area is slightly more affordable than Ohio's (34.7%). Further, based on the 2010 median family income for non-metropolitan Ohio (\$53,600), approximately 38.1% of the homes valued up to \$98,235 in the assessment area would be considered affordable for low-income individuals and 68.2% of the homes valued up to \$157,180 would be considered affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.0% fixed rate, 30-year loan.

According to RealtyTrac, one in every 557 properties in Ashtabula County were in foreclosure in May 2013. This was lower than Ohio's ratio of one in every 584 properties.⁶

According to Sperling's Best Places, the median home cost in Ashtabula as of 2012 was \$43,100, which represents an appreciation of 0.1% since the prior year. Compared to Ashtabula, home costs in Andover were significantly higher at \$74,400.⁷

The median gross rent in the assessment area was \$607, with 28.3% of the rents under \$500 a month, according to the 2010 Census. The median gross rent in the county was substantially lower than the State of Ohio (\$678).

The following chart illustrates the demographics of the non-metropolitan Ohio assessment area.

⁶ RealtyTrac: <http://www.realtytrac.com/>

⁷ Sperling's Best Places: <http://bestplaces.net/>

Combined Demographics Report

Assessment Area(s): Non MSA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	2	8.0	1,586	6.0	615	38.8	5,524	20.9	
Moderate-income	2	8.0	1,018	3.8	249	24.5	4,921	18.6	
Middle-income	19	76.0	21,222	80.2	2,144	10.1	6,014	22.7	
Upper-income	2	8.0	2,647	10.0	117	4.4	10,014	37.8	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	25	100.0	26,473	100.0	3,125	11.8	26,473	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	3,230	1,082	3.8	33.5	1,698	52.6	450	13.9	
Moderate-income	2,411	1,075	3.8	44.6	645	26.8	691	28.7	
Middle-income	36,259	23,135	81.7	63.8	7,811	21.5	5,313	14.7	
Upper-income	4,154	3,019	10.7	72.7	446	10.7	689	16.6	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	46,054	28,311	100.0	61.5	10,600	23.0	7,143	15.5	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	254	5.1	231	5.1	15	6.5	8	3.8	
Moderate-income	162	3.2	145	3.2	6	2.6	11	5.2	
Middle-income	4,084	81.5	3,716	81.3	195	84.8	173	81.2	
Upper-income	511	10.2	476	10.4	14	6.1	21	9.9	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	5,011	100.0	4,568	100.0	230	100.0	213	100.0	
Percentage of Total Businesses:				91.2		4.6		4.3	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	1	0.3	1	0.3	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	290	83.1	287	83.2	3	75.0	0	0.0	
Upper-income	58	16.6	57	16.5	1	25.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	349	100.0	345	100.0	4	100.0	0	.0	
Percentage of Total Farms:				98.9		1.1		.0	

Based on 2012 D&B information according to 2010 ACS Boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-METROPOLITAN OHIO

Lending Test

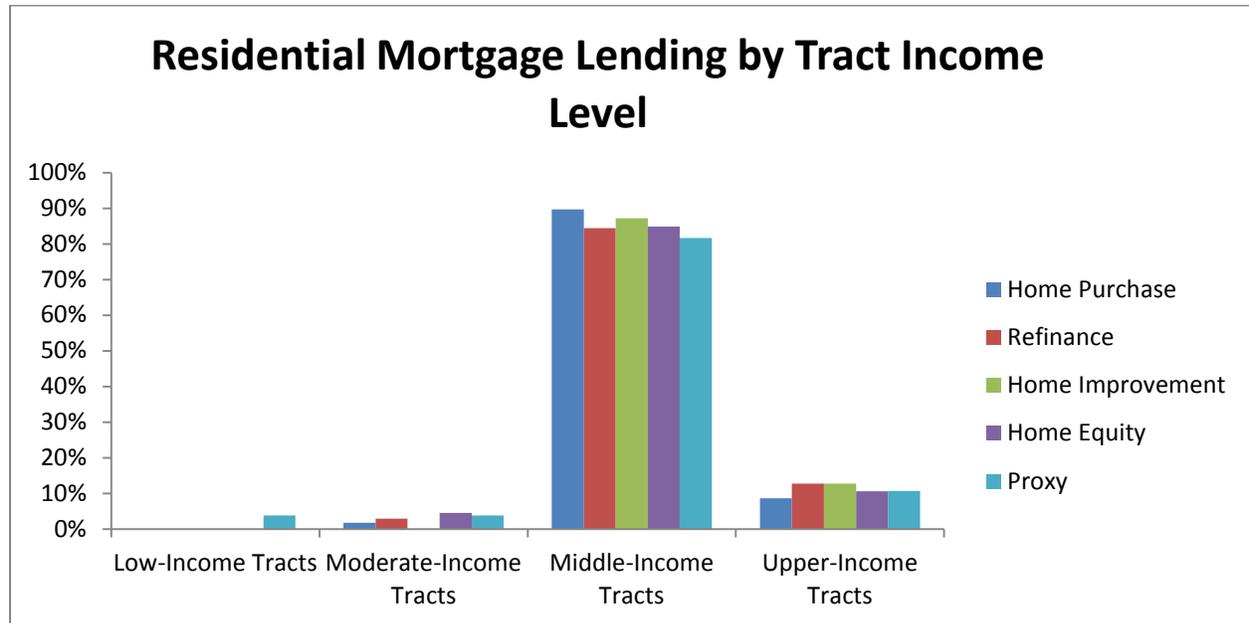
The lending performance in the non-metropolitan Ohio assessment area is reasonable. Both the geographic and borrower distribution of lending is reasonable.

Geographic Distribution of Lending

The geographic distribution in this assessment area is reasonable due to the bank's adequate performance for HMDA and home equity loans and a good performance for consumer loans. Further, Andover made loans in all of its tracts in this assessment area during the evaluation period.

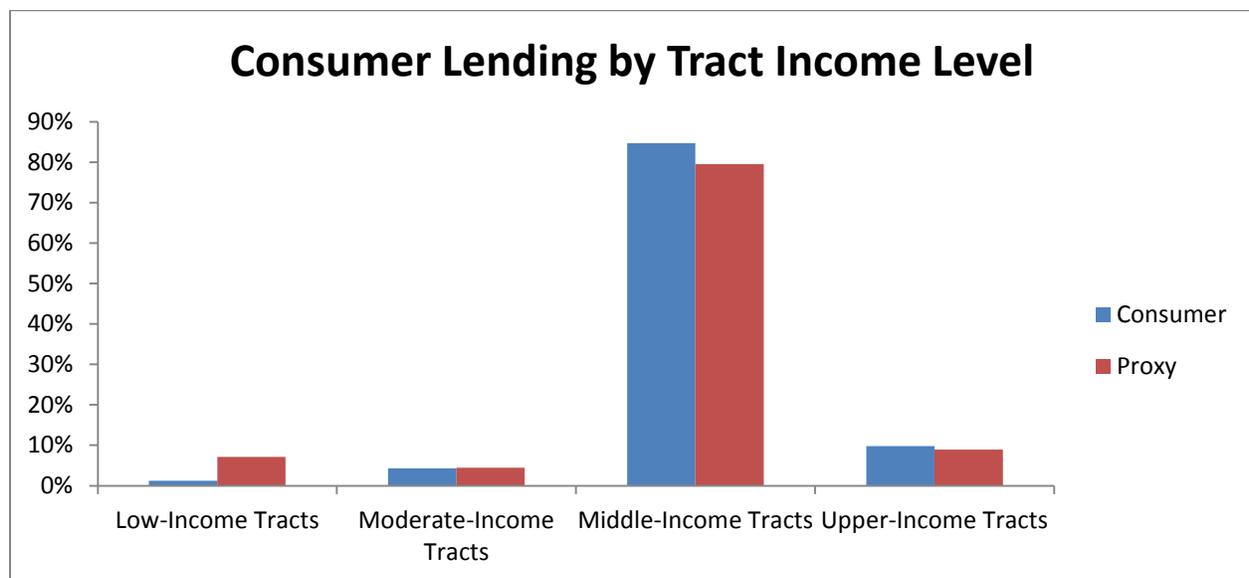
Residential Mortgage Lending

As shown in the graph below, Andover did not make any HMDA or home equity loans in the two low-income tracts nor were any home improvement loans made in moderate-income tracts. The percentage of home purchase and refinance loans made in moderate-income tracts was less than the percentage of owner-occupied units in these tracts. Andover's percentage of home equity loans in the moderate-income tracts was higher than the proxy. The bank made a higher percentage of HMDA and home equity loans in the middle-income tracts compared to the proxy. Andover originated a higher percentage of refinance and home improvement loans in upper-income tracts than the proxy, while it made about the same percentage of home equity loans and a smaller percentage of home purchase loans in upper-income geographies compared to the proxy. Due to the bank's performance in the moderate-income tracts and the high poverty level (38.8% of families in low-income tracts were below the poverty level in 2010), the geographic distribution of residential and home equity loans is adequate.



Consumer Lending

As depicted in the following graph, the bank made a substantially lower percentage of consumer loans in the low-income tracts compared to the percentage of households in these tracts. Andover made about the same percentage of loans in the moderate-income tracts as the proxy. The bank's percentage of loans in middle- and upper-income tracts was higher than the proxy. Although the bank's performance in low-income tracts was poor, the percentage of loans in the moderate-income tracts was comparable to the proxy. Thus, the geographic distribution of consumer lending was good.

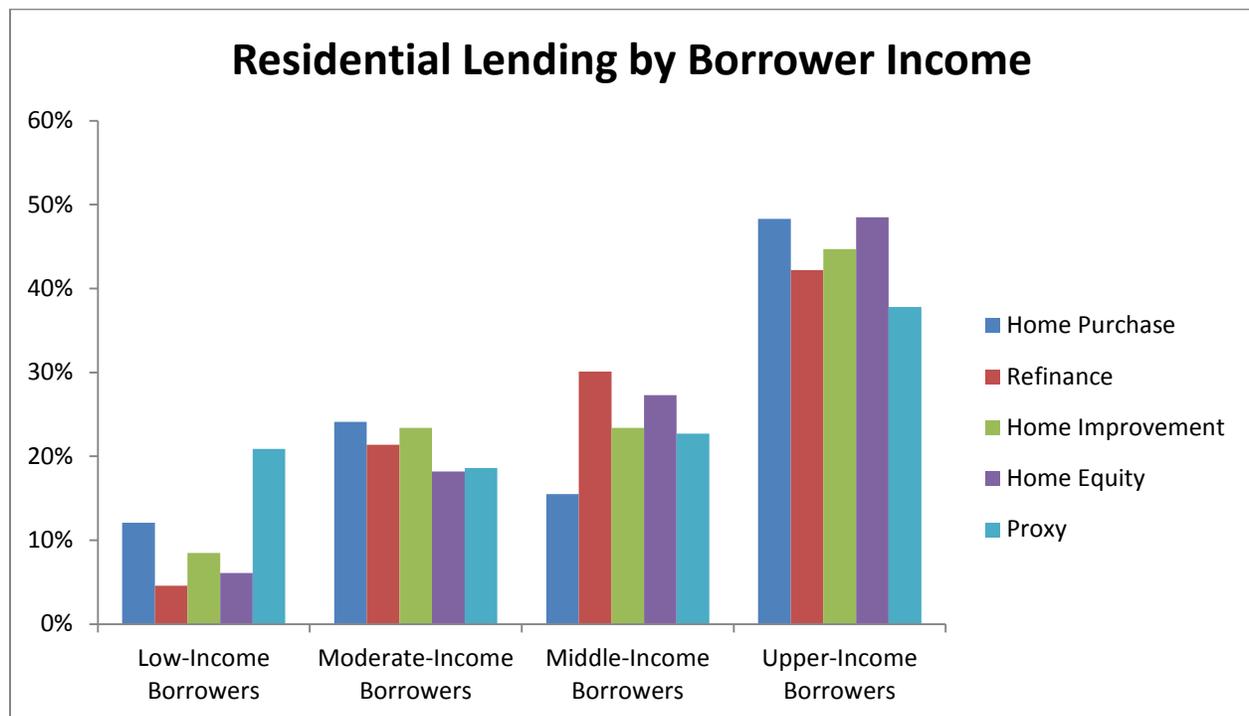


Borrower Distribution of Lending

The borrower distribution in this assessment area is reasonable. The borrower distribution of HMDA and home equity loans is good, while the borrower distribution of consumer loans is excellent.

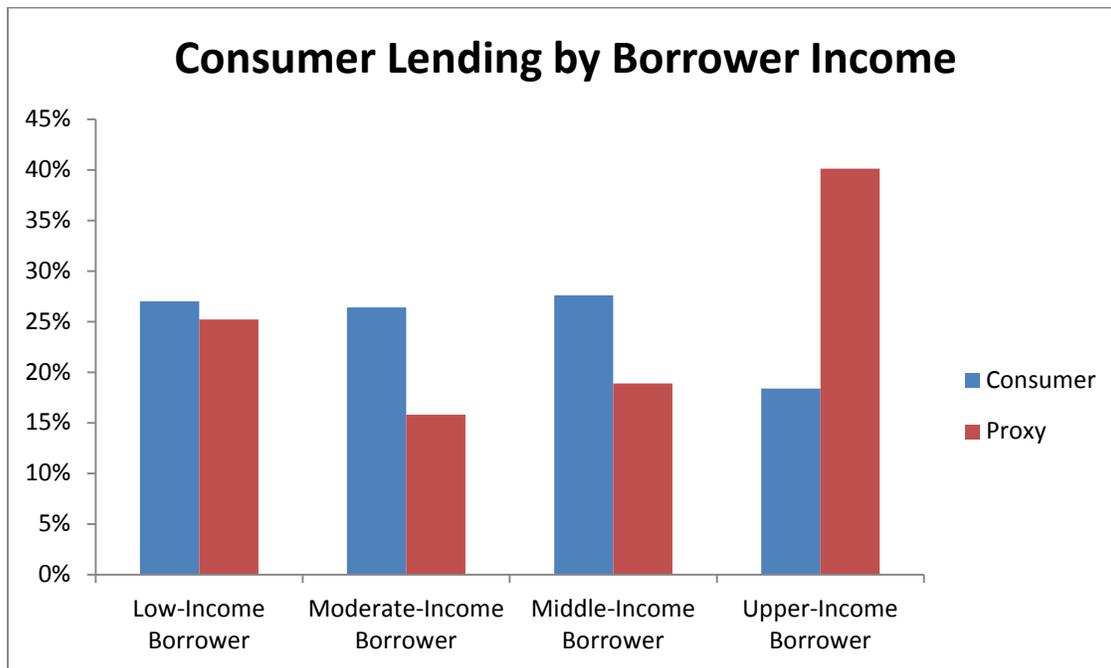
Residential Lending

As shown in the following table, Andover made a smaller percentage of home purchase loans and a substantially smaller percentage of refinance, home improvement, and home equity loans than the percentage of low-income families in the assessment area. Andover originated a higher percentage of home purchase, refinance, and home improvement loans to moderate-income borrowers than the proxy and made a comparable percentage of home equity loans than the proxy. The bank made a higher percentage of refinance, home improvement, and home equity loans to middle-income borrowers than the proxy, while the percentage of home purchase loans made to middle-income borrowers was less than the proxy. Andover’s percentage of loans to upper-income borrowers exceeded the proxy for all loan categories. Although lending to low-income borrowers was poor, the bank’s lending performance to moderate-income borrowers was excellent. Considering this fact and the relatively high percentage of families in poverty (11.8%), the borrower distribution of HMDA and home equity loans is good. In addition, the bank has made a number of home improvement loans to low- and moderate-income borrowers, which is consistent with the community contact’s statement that the need for home improvement loans is being met.



Consumer Lending

As depicted in the following graph, the bank made a higher percentage of consumer loans to low-income borrowers compared to the percentage of low-income households. Andover made a substantially higher percentage of loans to moderate-income borrowers compared to the proxy. The bank originated a substantially higher percentage of loans to middle-income borrowers compared to the proxy; however, the percentage of loans to upper-income borrowers was less than the proxy. The borrower distribution of consumer lending is excellent.



Community Development Test

Andover demonstrated an adequate level of responsiveness as it relates to community development lending, investments, and services considering the bank's capacity and the need and availability of such opportunities in this assessment area.

Community Development Loans

Andover originated four community development loans totaling \$1.8 million in this assessment area during the evaluation period. One loan in the amount of \$46,000 was made to an organization providing services to low- and moderate-income individuals. Another loan in the amount of \$455,000 was made to purchase a multi-family apartment complex, in which the rents are considered affordable for low- and moderate-income individuals. Two loans totaling \$1.3 million were to improve the water works and library in one of the municipalities located in Ashtabula County. Both of these loans serve to help revitalize and stabilize a moderate-income tract in this municipality. Thus, Andover had a good level of community development loans.

Community Development Investments

The bank made three donations totaling \$7,000 during the evaluation period. All three investments were made to organizations that primarily serve low- and moderate-income individuals. Therefore, the bank made an adequate amount of community development investments.

Community Development Services

Andover provided four qualified community development services in this assessment area during this evaluation period:

- One employee serves on an advisory committee that includes offering financial expertise to an organization that provides funding to local governments for the improvement of affordable housing for low- and moderate-income individuals. The community contact noted that local financial institutions support agencies that help local residents.
- Another employee serves as a board member for an agency that provides various services targeted to low- and moderate-income individuals.
- An employee presented financial topics to a local service organization that mostly serves low- and moderate-income individuals.
- An employee taught a financial literacy class at a local middle school where the majority of students are eligible for free or reduced lunches.

The bank’s level of community development services is adequate.

As shown in the table below, none of the offices or deposit-taking ATMs in this assessment area are in low- or moderate-income tracts, although 16.0% of the tracts are low or moderate-income and 9.8% of families live in these tracts. The distribution of offices and ATMs in the middle- and upper-income tracts is somewhat similar to the percentage of these tracts in the assessment area and the percentage of families living in these geographies. Despite the fact that there are no offices or ATMs in low- and moderate-income tracts, the Ashtabula office is located next to a low- and a moderate-income tract and the Geneva office is also in close proximity to a moderate-income tract. Thus the bank’s distribution of branches and ATMs is considered adequate.

Branch and ATM Distribution						
Geography	# of Offices	Percent	# of ATM's	Percent	Percentage of tracts by tract income	Percent of families by tract income
Low-Income	0	0.0%	0	0.0%	8.0%	6.0%
Moderate-Income	0	0.0%	0	0.0%	8.0%	3.8%
Middle-Income	6	85.7%	6	85.7%	76.0%	80.2%
Upper-Income	1	14.3%	1	14.3%	8.0%	10.0%
Total	7	100.0%	7	100.0%	100.0%	100.0%

**METROPOLITAN ASSESSMENT AREA
(Limited Scope Review)**

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN
CLEVELAND-ELYRIA-MENTOR, OHIO MSA 17460**

The Cleveland MSA is comprised of the following five counties: Cuyahoga, Geauga, Lake, Lorain, and Medina. However, Andover's assessment area is only comprised of the easternmost portions of Geauga and Lake Counties. This assessment area consists of 11 census tracts, of which one is moderate-income, six are middle-income and four upper-income tracts. Andover operates one office with a full-service ATM in this assessment area in Madison, located in Lake County.

According to the June 30, 2012 FDIC Deposit Market Share Report, Andover's market share was 0.2% which ranked 18th out of 21 institutions in Lake County. The top three institutions in the market are JPMorgan Chase Bank, National Association; RBS Citizens, National Association; and The Huntington National Bank. Combined, these three institutions represented 39.6% of the deposits, operating 31 offices.

The table on the following page shows the demographics for this assessment area using data from the 2010 U.S. Census.

Combined Demographics Report

Assessment Area(s): Cleveland MSA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,618	17.7
Moderate-income	1	9.1	1,339	14.6	184	13.7	1,476	16.1
Middle-income	6	54.5	5,365	58.6	377	7.0	2,285	25.0
Upper-income	4	36.4	2,454	26.8	83	3.4	3,779	41.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	9,158	100.0	644	7.0	9,158	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	2,111	1,436	13.8	68.0	544	25.8	131	6.2
Middle-income	8,066	6,010	57.7	74.5	1,338	16.6	718	8.9
Upper-income	3,275	2,975	28.5	90.8	199	6.1	101	3.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	13,452	10,421	100.0	77.5	2,081	15.5	950	7.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	258	14.6	242	14.8	7	11.3	9	14.8
Middle-income	1,007	57.1	928	56.6	42	67.7	37	60.7
Upper-income	498	28.2	470	28.7	13	21.0	15	24.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,763	100.0	1,640	100.0	62	100.0	61	100.0
Percentage of Total Businesses:				93.0		3.5		3.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	3	3.5	3	3.6	0	0.0	0	0.0
Middle-income	49	57.0	48	57.1	1	50.0	0	0.0
Upper-income	34	39.5	33	39.3	1	50.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	86	100.0	84	100.0	2	100.0	0	.0
Percentage of Total Farms:				97.7		2.3		.0

Based on 2012 D&B information according to 2010 ACS Boundaries.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN
CLEVELAND-ELYRIA-MENTOR, OHIO
MSA 17460**

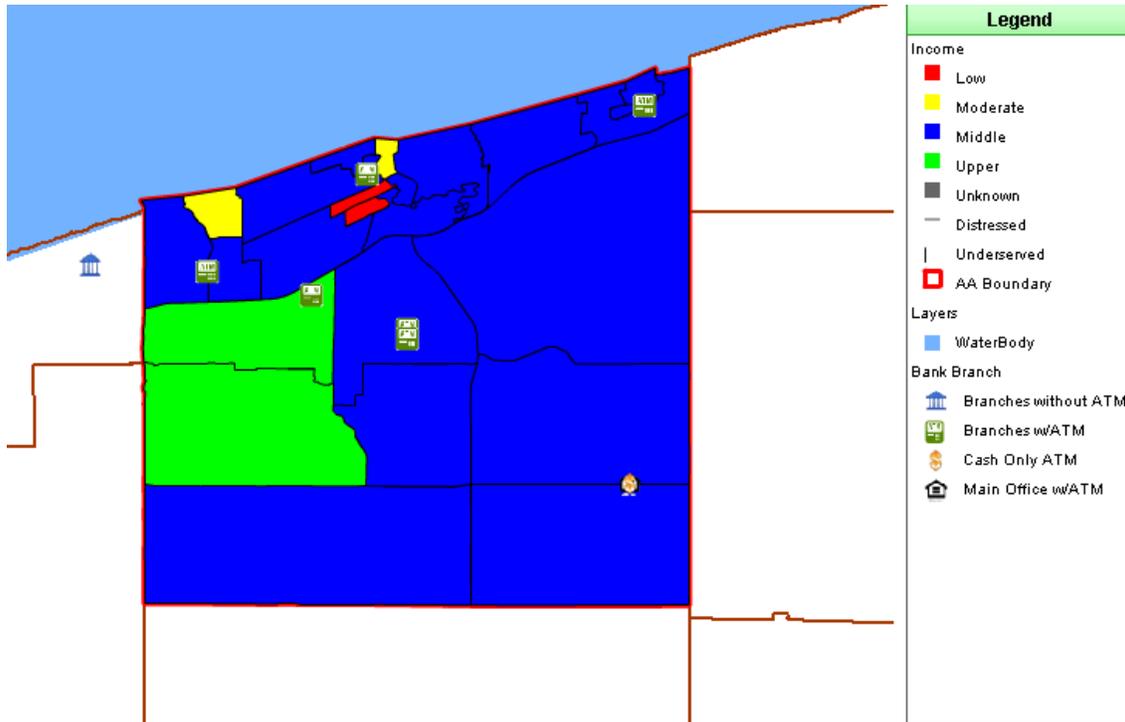
The bank's lending performance in this assessment area is consistent with the bank's overall lending performance.

The community development test was below the performance in the bank's overall assessment area. The bank did not make any community development loans or investments and did not provide any community development services in this assessment area.

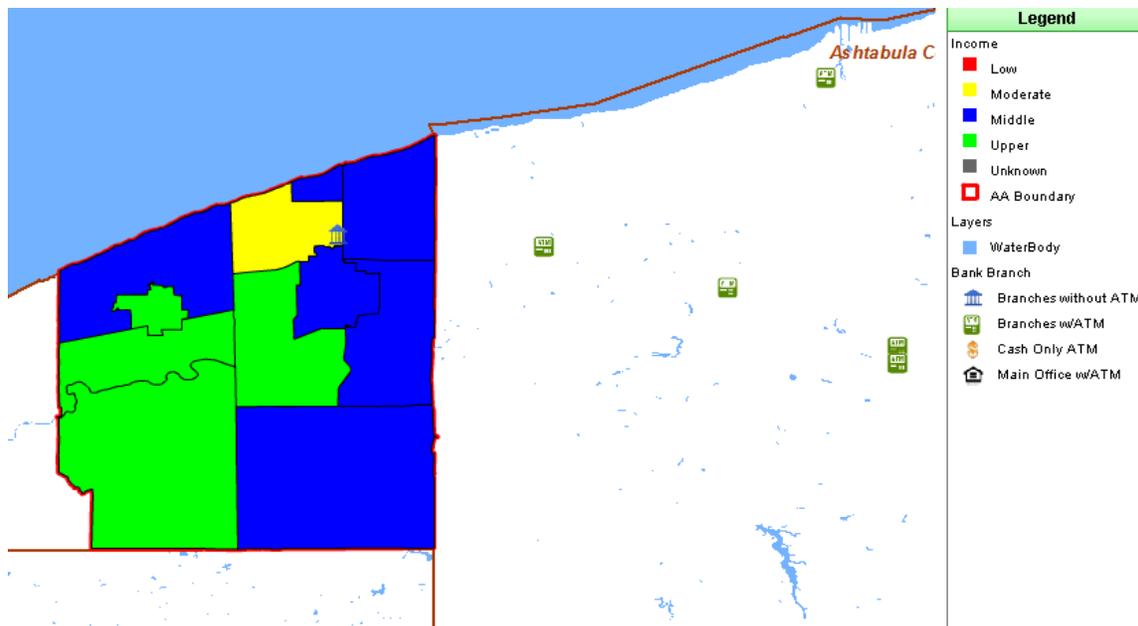
APPENDIX A

ASSESSMENT AREA MAP

Assessment Area: Non-metropolitan Ohio



Assessment Area: Cleveland MSA



APPENDIX B
LENDING TABLES

HMDA Loan Distribution Table

Exam: Andover 2013

Assessment Area/Group :Non MSA 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	7	12.1%	270	5.4%
Moderate	1	1.7%	188	3.8%	14	24.1%	740	14.9%
Low/Moderate Total	1	1.7%	188	3.8%	21	36.2%	1,010	20.4%
Middle	52	89.7%	4,444	89.7%	9	15.5%	737	14.9%
Upper	5	8.6%	323	6.5%	28	48.3%	3,208	64.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	58	100.0%	4,955	100.0%	58	100.0%	4,955	100.0%
Refinance								
Low	0	0.0%	0	0.0%	8	4.6%	490	3.1%
Moderate	5	2.9%	329	2.1%	37	21.4%	2,880	18.1%
Low/Moderate Total	5	2.9%	329	2.1%	45	26.0%	3,370	21.2%
Middle	146	84.4%	13,439	84.4%	52	30.1%	4,524	28.4%
Upper	22	12.7%	2,156	13.5%	73	42.2%	7,852	49.3%
Unknown	0	0.0%	0	0.0%	3	1.7%	178	1.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	173	100.0%	15,924	100.0%	173	100.0%	15,924	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	4	8.5%	83	2.9%
Moderate	0	0.0%	0	0.0%	11	23.4%	464	16.2%
Low/Moderate Total	0	0.0%	0	0.0%	15	31.9%	547	19.1%
Middle	41	87.2%	2,098	73.3%	11	23.4%	699	24.4%
Upper	6	12.8%	765	26.7%	21	44.7%	1,617	56.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	47	100.0%	2,863	100.0%	47	100.0%	2,863	100.0%
Multi-Family								
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%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	19	6.8%	843	3.6%
Moderate	6	2.2%	517	2.2%	62	22.3%	4,084	17.2%
Low/Moderate Total	6	2.2%	517	2.2%	81	29.1%	4,927	20.8%
Middle	239	86.0%	19,981	84.2%	72	25.9%	5,960	25.1%
Upper	33	11.9%	3,244	13.7%	122	43.9%	12,677	53.4%
Unknown	0	0.0%	0	0.0%	3	1.1%	178	0.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	278	100.0%	23,742	100.0%	278	100.0%	23,742	100.0%

*Information based on 2010 ACS data

HMDA Loan Distribution Table

Exam: Andover 2013

Assessment Area/Group :Cleveland MSA 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	25.0%	95	24.1%	0	0.0%	0	0.0%
Low/Moderate Total	1	25.0%	95	24.1%	0	0.0%	0	0.0%
Middle	2	50.0%	148	37.5%	2	50.0%	148	37.5%
Upper	1	25.0%	152	38.5%	2	50.0%	247	62.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	4	100.0%	395	100.0%	4	100.0%	395	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	1	20.0%	122	13.0%
Low/Moderate Total	0	0.0%	0	0.0%	1	20.0%	122	13.0%
Middle	4	80.0%	770	82.0%	0	0.0%	0	0.0%
Upper	1	20.0%	169	18.0%	4	80.0%	817	87.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	5	100.0%	939	100.0%	5	100.0%	939	100.0%
	Home Improvement							
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%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	2	100.0%	289	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	2	100.0%	289	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	289	100.0%	2	100.0%	289	100.0%
	Multi-Family							
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%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	9.1%	95	5.9%	1	9.1%	122	7.5%
Low/Moderate Total	1	9.1%	95	5.9%	1	9.1%	122	7.5%
Middle	8	72.7%	1,207	74.4%	2	18.2%	148	9.1%
Upper	2	18.2%	321	19.8%	8	72.7%	1,353	83.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	11	100.0%	1,623	100.0%	11	100.0%	1,623	100.0%

*Information based on 2010 ACS data

Consumer Loan Distribution Table

Exam: Andover 2013

Assessment Area/Group :Non MSA 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Consumer Loans							
Low	2	1.2%	6	0.5%	44	27.0%	225	18.2%
Moderate	7	4.3%	28	2.3%	43	26.4%	209	17.0%
Low/Moderate Total	9	5.5%	34	2.8%	87	53.4%	434	35.2%
Middle	138	84.7%	1,123	91.1%	45	27.6%	357	29.0%
Upper	16	9.8%	76	6.2%	30	18.4%	441	35.8%
Unknown	0	0.0%	0	0.0%	1	0.6%	1	0.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	163	100.0%	1,233	100.0%	163	100.0%	1,233	100.0%
	Home Equity							
Low	0	0.0%	0	0.0%	4	6.1%	59	2.2%
Moderate	3	4.5%	128	4.8%	12	18.2%	394	14.8%
Low/Moderate Total	3	4.5%	128	4.8%	16	24.2%	453	17.0%
Middle	56	84.8%	2,180	81.8%	18	27.3%	597	22.4%
Upper	7	10.6%	356	13.4%	32	48.5%	1,614	60.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	66	100.0%	2,664	100.0%	66	100.0%	2,664	100.0%
	Consumer Loan Totals							
Low	2	0.9%	6	0.2%	48	21.0%	284	7.3%
Moderate	10	4.4%	156	4.0%	55	24.0%	603	15.5%
Low/Moderate Total	12	5.2%	162	4.2%	103	45.0%	887	22.8%
Middle	194	84.7%	3,303	84.8%	63	27.5%	954	24.5%
Upper	23	10.0%	432	11.1%	62	27.1%	2,055	52.7%
Unknown	0	0.0%	0	0.0%	1	0.4%	1	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	229	100.0%	3,897	100.0%	229	100.0%	3,897	100.0%

Consumer Loan Distribution Table

Exam: Andover 2013

Assessment Area/Group : Cleveland MSA 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Consumer Loans							
Low	0	0.0%	0	0.0%	2	28.6%	6	2.4%
Moderate	2	28.6%	7	2.8%	0	0.0%	0	0.0%
Low/Moderate Total	2	28.6%	7	2.8%	2	28.6%	6	2.4%
Middle	4	57.1%	213	86.2%	2	28.6%	7	2.8%
Upper	1	14.3%	27	10.9%	2	28.6%	227	91.9%
Unknown	0	0.0%	0	0.0%	1	14.3%	7	2.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	247	100.0%	7	100.0%	247	100.0%
	Home Equity							
Low	0	0.0%	0	0.0%	1	33.3%	24	18.9%
Moderate	0	0.0%	0	0.0%	1	33.3%	78	61.4%
Low/Moderate Total	0	0.0%	0	0.0%	2	66.7%	102	80.3%
Middle	2	66.7%	49	38.6%	0	0.0%	0	0.0%
Upper	1	33.3%	78	61.4%	1	33.3%	25	19.7%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	127	100.0%	3	100.0%	127	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	3	30.0%	30	8.0%
Moderate	2	20.0%	7	1.9%	1	10.0%	78	20.9%
Low/Moderate Total	2	20.0%	7	1.9%	4	40.0%	108	28.9%
Middle	6	60.0%	262	70.1%	2	20.0%	7	1.9%
Upper	2	20.0%	105	28.1%	3	30.0%	252	67.4%
Unknown	0	0.0%	0	0.0%	1	10.0%	7	1.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	10	100.0%	374	100.0%	10	100.0%	374	100.0%

APPENDIX C

GLOSSARY OF TERMS

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

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

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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 definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or,
- (iii) Distressed or underserved non-metropolitan 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, and 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 needs, including needs of low- and moderate-income individuals.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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 householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

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

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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