

PUBLIC DISCLOSURE

August 12, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security State Bank, Wishek, North Dakota
Certificate Number: 8642

102 North Centennial Street
Wishek, North Dakota 58495

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Security State Bank, Wishek, North Dakota's (Security State Bank) Satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- The bank made a majority of its small farm and small business loans within its assessment area.
- The geographic distribution of small farm and small business loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the time period from the prior evaluation dated November 12, 2013, to the current evaluation dated August 12, 2019. Examiners used Interagency Small Institution Examination Procedures to evaluate Security State Bank's CRA performance. These procedures considered the institution's performance according to the following Lending Test criteria: loan-to-deposit ratio, assessment area concentration, geographic distribution, borrower profile, and response to CRA-related complaints. The institution's performance under each criterion is detailed in subsequent sections of this evaluation.

Loan Products Reviewed

Examiners determined that the bank's major product line is agricultural lending followed by commercial lending. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated, renewed, or extended during the evaluation period.

Agricultural loans comprise 70.3 percent of the bank's overall loan portfolio followed by commercial loans at 17.2 percent. As such, examiners reviewed small farm and small business loans in evaluating the bank's performance. No other loan types, such as home mortgage or consumer lending, represent a major product line for the bank. Therefore, they were not reviewed as they would not provide material support for conclusions or ratings.

Bank management indicated that the lending focus and product mix remained consistent throughout the evaluation period. Examiners reviewed all small farm and small business loans originated, renewed, or extended between January 1, 2018, and December 31, 2018. During this timeframe, the institution originated, renewed, or extended 57 small farm loans totaling approximately \$3,039,000 and 21 small business loans totaling approximately \$1,354,000.

Examiners analyzed the entire universe of loans to determine the number and dollar volume of loans made within the assessment area. Loans inside the assessment area were further analyzed to determine the distribution of lending in geographies of different income levels and the distribution of lending to farms and businesses of different sizes. The analysis did not include small farm or small business loans originated, renewed, or extended and subsequently paid off during this same time period as information on these loans was not readily available. This was considered representative of the bank's lending during the entire evaluation period. D&B demographic data for 2018 provided a standard of comparison for the small farm and small business loans reviewed.

Small farm loans received greater weight in drawing conclusions since these loans represent the primary lending focus of the institution and are a primary credit need in the assessment area. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of farms and businesses served.

DESCRIPTION OF INSTITUTION

Background

Security State Bank is owned by Wishek Bancorporation, Inc., a one-bank holding company located in Wishek, North Dakota. Security State Bank is affiliated with numerous entities through common ownership, including North Star Holding Company, Inc., which owns Unison Bank, Jamestown, North Dakota. This evaluation does not include any lending activity performed by affiliates. The bank received a Satisfactory rating at its previous CRA Performance Evaluation conducted by the FDIC as of November 12, 2013. The evaluation was conducted using Interagency Small Institution Examination Procedures.

Operations

Security State Bank operates its main office in Wishek. It also operates a full-service branch in Lehr, North Dakota, which is 11 miles to the east of Wishek, and a second full-service branch in Linton, North Dakota, which is 34 miles to the west of Wishek. The Lehr branch does not employ its own loan officer; however, a lender from the Wishek or Linton offices is available in Lehr by appointment. The institution did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation. The bank offers agricultural, commercial, and consumer-purpose loan products, including home mortgage loans. The bank continues to informally refer customers to the Bank of North Dakota (BND) for secondary market home mortgage loans. However, since the previous evaluation, the bank began offering home mortgage loans, which it had previously discontinued offering. Management stated that there was a need for small dollar home mortgage loans that do not qualify for secondary market financing.

The bank's primary business focus includes agricultural and commercial lending. Security State Bank also engages in various agricultural and commercial government-sponsored loan programs, including those from the Farm Service Agency (FSA), Small Business Administration (SBA), and BND. As of the evaluation date, the bank held 4 FSA loans with maximum credit amounts totaling approximately \$2.9 million and 17 participation loans with BND with original amounts of approximately \$23.2 million. No SBA loans were currently outstanding.

Security State Bank also provides a variety of deposit services including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay services, and a cash-dispensing automated teller machine (ATM) at the hotel in Wishek.

Ability and Capacity

As of March 31, 2019, Security State Bank reported total assets of \$70,276,000, net loans of \$27,180,000, and total deposits of \$59,129,000. Since December 31, 2013, total assets have increased by 1.0 percent, while net loans and total deposits have both decreased by 1.3 percent. The bank's loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of March 31, 2019		
Loan Category	\$(000s)	%
Construction and Land Development	211	0.8
Secured by Farmland	2,105	7.5
Secured by 1-4 Family Residential Properties	815	2.9
Secured by Multifamily (5 or more) Residential Properties	425	1.5
Secured by Nonfarm Nonresidential Properties	321	1.1
Total Real Estate Loans	3,877	13.8
Commercial and Industrial Loans	4,496	16.1
Agricultural Loans	17,576	62.8
Consumer Loans	1,984	7.1
Other Loans	46	0.2
Less: Unearned Income	0	0.0
Total Loans	27,979	100.0
<i>Source: Reports of Condition and Income.</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance is evaluated. Security State Bank has designated a single nonmetropolitan assessment area in the south central part of North Dakota.

Economic and Demographic Data

Security State Bank’s assessment area is comprised of three census tracts that comprise Emmons, Logan, and McIntosh counties. The bank has not changed the boundaries of its designated assessment area since the previous evaluation; however, demographics of the area have changed slightly. Specifically, the assessment area included two moderate-income and one middle-income census tracts based on 2010 U.S. Census data. However, with the release of the 2015 American Community Survey (ACS) data, income designations changed. As such, the current income designations for the assessment area, based on 2015 ACS data, consist of one moderate-income and two middle-income census tracts. The bank’s Linton office is located in a moderate-income census tract, while the Lehr and Wishek offices are located in middle-income census tracts. The institution’s ATM is also located in a middle-income census tract. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	8,167	0.0	42.4	57.6	0.0	0.0
Housing Units by Geography	5,116	0.0	41.2	58.8	0.0	0.0
Owner-Occupied Units by Geography	3,081	0.0	41.8	58.2	0.0	0.0
Occupied Rental Units by Geography	685	0.0	45.3	54.7	0.0	0.0
Vacant Units by Geography	1,350	0.0	37.7	62.3	0.0	0.0
Businesses by Geography	778	0.0	38.2	61.8	0.0	0.0
Farms by Geography	272	0.0	41.9	58.1	0.0	0.0
Family Distribution by Income Level	2,363	26.5	21.5	21.2	30.8	0.0
Household Distribution by Income Level	3,766	33.0	18.6	18.2	30.2	0.0
Median Family Income: Nonmetropolitan North Dakota		\$72,620	Median Housing Value			\$71,694
Families Below Poverty Level		7.3%	Median Gross Rent			\$518
<i>Source: 2015 ACS Census and 2018 D&B Data; Due to rounding, totals may not equal 100.0.</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2015 ACS shows that the population declined by 182 individuals since the 2010 U.S. Census. The county with the greatest decline was Emmons County, in which the Linton branch operates. More significantly, D&B data shows that the number of farms decreased significantly since the previous evaluation. Specifically, 2013 D&B data shows that 517 farms operated in the assessment area, whereas 2018 D&B data reflects 272 farms operating in the assessment area. This data includes all farms in the assessment area that voluntarily respond to a survey request and is only an indicator of farm demographics. While all three counties in the bank's assessment area reflect a declining number of farms, the largest decline was in Emmons County.

The economy of the area continues to be heavily dependent on agriculture and agricultural-related businesses. Management stated that the agricultural economy is strained due to low commodity prices. Management indicated that there is one large dairy operation in the area that employs approximately 25 individuals but the other farm operations are primarily small grain or livestock operations that are heavily impacted by commodity prices. Management also stated that the younger generation of farmers generally requires off-farm employment income to supplement farm income and to obtain benefits, such as health insurance. More mature farmers may also have off-farm income, but this is by choice since they have more established operations.

In addition, management stated that the closures of Wishek Steel and Manufacturing in 2015 and Fargo Assembly in 2018 heavily affected the area. Together these companies employed approximately 70 people. Management stated that the loss of jobs for this number of individuals negatively affected the rural area in North Dakota. He added that there is a trickle-down effect with fewer dollars spent at other businesses in the area.

D&B data for 2018 indicates that services represent the largest industry at 27.7 percent followed by agriculture, forestry, and fishing at 25.9 percent. Major employers in the area include implement dealers, a dairy farm operation, the hospital, nursing home, and local school district. Data from the U.S. Bureau of Labor Statistics indicates that the April 2019 unemployment rates for the three counties in the assessment area, not seasonally adjusted, were as follows: Emmons at 5.0 percent, Logan at 2.3 percent, and McIntosh at 3.1 percent. Comparable figures for the state of North Dakota and the U.S. for the same time period were 2.5 percent and 3.3 percent, respectively. Overall, unemployment remained relatively stable since the previous evaluation.

Competition

The assessment area is highly competitive for financial services. According to June 30, 2018 FDIC Deposit Market Share data, there were 7 FDIC-insured financial institutions operating 10 offices within Emmons, Logan, and McIntosh counties. Of these institutions, Security State Bank ranked third with a deposit market share of 16.2 percent. McIntosh County Bank maintained the largest deposit market share at 20.1 percent, followed by BNC National Bank at 17.4 percent. Management stated that there are also non-bank entities, such as Farm Credit Services, that offer lending services to local farmers, which increases competition for agricultural loans in the area. Finally, he noted that First Community Credit Union, which is the largest credit union in North Dakota, also operates in Wishek.

Community Contact

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

Examiners conducted a community contact with a representative from an agricultural entity active throughout the area. The community contact indicated that the primary credit needs of the assessment area include agricultural lending followed by home mortgage and small business lending. The contact stated that the local economy is dependent on agriculture and agricultural-related businesses, such as implement dealers. The individual added that the farm economy is down due to commodity prices and added that local businesses suffer when the farm economy is down. The contact also noted that there are several lending institutions in the area, which gives individuals a choice. Finally, the contact felt that local financial institutions are doing a good job of meeting the credit needs of the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Security State Bank demonstrated satisfactory performance under the Lending Test. The Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports this conclusion.

Loan-to-Deposit Ratio

The net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Security State Bank's loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 44.5 percent over the past 22 calendar quarters from December 31, 2013, through March 31, 2019. This reflects a decrease of 6.3 percent since the previous evaluation, at which time the average net loan-to-deposit ratio averaged 50.8 percent. Management attributed the declining ratio to the deteriorating agricultural economy.

To further evaluate the reasonableness of this ratio, examiners compared the bank's average net loan-to-deposit ratio to those of comparable institutions, which were selected based on asset size, geographic location, and lending focus. The following table reflects the bank's ratio and those of the comparable institutions. Of the institutions listed in the table, three of the five entities' average net loan-to-deposit ratios decreased since the previous evaluation, with the largest decrease being 13.2 percent. Finally, Security State Bank's significant amount of participation lending decreases its loan-to-deposit ratio.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2019 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
McIntosh County Bank Ashley, North Dakota	87,185	77.4
Bank of Hazelton Hazelton, North Dakota	49,143	43.2
Stock Growers Bank Napoleon, North Dakota	65,311	57.1
Strasburg State Bank Strasburg, North Dakota	64,847	62.2
Security State Bank Wishek, North Dakota	70,276	44.5

Source: Reports of Condition and Income 12/31/13 through 3/31/19. Alphabetical based on location.

Assessment Area Concentration

As detailed in the following table, the bank originated, renewed, or extended a majority of its small farm and small business loans in 2018, by both number and dollar volume, within the assessment area. This demonstrates the institution's willingness to reinvest deposits into the local communities through loans.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Farm	51	89.5	6	10.5	57	2,572	84.6	467	15.4	3,039
Small Business	13	61.9	8	38.1	21	1,030	76.1	324	23.9	1,354

Source: 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent dispersion throughout the assessment area. Particular emphasis was placed on the bank's lending in the one moderate-income census tract in the bank's assessment area, which encompasses Emmons County and includes the Linton branch. However, this criterion contributed less weight to the overall performance of the institution since the assessment area includes only one moderate-income tract.

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. As illustrated in the following table, the bank's performance in originating small farm loans in its sole moderate-income census tract exceeded 2018 D&B demographic data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	41.9	25	49.0	1,415	55.0
Middle	58.1	26	51.0	1,157	45.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	51	100.0	2,572	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As reflected in the following table, the bank's performance in originating small business loans in its sole moderate-income census tract exceeded 2018 D&B demographic data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	38.2	6	46.2	409	39.7
Middle	61.8	7	53.8	621	60.3
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	13	100.0	1,030	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. Examiners focused on the percentage of small farm and small business loans to farms and businesses with gross annual revenues of \$1 million or less. Gross annual revenues were used as a determinant of size for farms and businesses.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration to farms with gross annual revenues of \$1 million or less. As reflected in the following table, the bank's performance in lending to operators with gross annual revenues of \$1 million or less is slightly lower than demographic data. A review of data from the 2017 Census of Agriculture, the most recent available, indicates that 43.2 percent of farmers in Emmons, Logan, and McIntosh counties report their primary occupation as something other than farming. As a result, these farms may be considered hobby farms that require little to no financing. Given this information, the bank's performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.9	47	92.2	2,272	88.3
>1,000,000	1.1	4	7.8	300	11.7
Revenue Not Available	0.0	0	0.0	0	0.0
Total	100.0	51	100.0	2,572	100.0

Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Small Business Loans

The distribution of borrowers reflects reasonable penetration to businesses with gross annual revenues of \$1 million or less. As reflected in the following table, the bank's performance in lending to businesses with gross annual revenues of \$1 million or less exceeded demographic data. Nevertheless, the bank's performance is still considered reasonable as the bank's lending by number only exceeded comparable data by one loan.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	77.1	11	84.6	860	83.5
>1,000,000	6.3	2	15.4	170	16.5
Revenue Not Available	16.6	0	0.0	0	0.0
Total	100.0	13	100.0	1,030	100.0

Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution's CRA rating.

GLOSSARY

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

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

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

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

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

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

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

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and

nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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