

# **PUBLIC DISCLOSURE**

March 11, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Security Home Bank  
Certificate Number: 14639

147 Center Avenue  
Malmo, Nebraska 68040

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.

Satisfactory performance under the Lending Test is the basis for the rating. Examiners did not identify evidence of discriminatory or other illegal credit practices. The following summarizes the bank's performance.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the small farm, small business, and home mortgage loans reviewed were located inside the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The assessment area does not include any low- or moderate-income census tracts. Therefore, examiners did not evaluate the geographic distribution of loans.
- The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the rating.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated February 19, 2013, to the current evaluation dated March 11, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's performance. These procedures include a Lending Test, which focuses on the following performance criterion.

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-related complaints

The bank did not have any affiliate lending activities to consider for this evaluation.

### **Assessment Area Reviewed**

Security Home Bank maintains a single assessment area in eastern Nebraska. Examiners conducted a full-scope review of the bank's performance in this area. Refer to the Description of Assessment Area section for additional information.

### **Loan Products Reviewed**

Examiners reviewed small farm, home mortgage, and small business loans to evaluate the bank's performance. They selected these products based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as consumer loans, represent a major product line. Therefore, examiners did not review any other loan products, as they would not provide any material support for conclusions or the rating. Bank records indicated that its lending focus and product mix remained consistent throughout the evaluation period.

Examiners reviewed all small farm, home mortgage, and small business loans originated in 2018 to evaluate the bank's Assessment Area Concentration performance. This consisted of 163 small farm loans totaling approximately \$17.8 million, 21 home mortgage loans totaling \$3.3 million, and 31 small business loans totaling \$986,000. Examiners then randomly sampled loans located inside the assessment area to evaluate the bank's Borrower Profile performance, except for home mortgage and small business loans where they reviewed all loans located inside the assessment area. Specifically, examiners reviewed 51 small farm loans totaling approximately \$4.9 million, 17 home mortgage loans totaling \$2.7 million, and 24 small business loans totaling \$715,000 to evaluate the bank's record of lending to farms and businesses of all sizes and borrowers of all income levels. The loans reviewed were representative of the bank's performance during the entire evaluation period. D&B data for 2018 provided a standard of comparison for the small farm and small business loans reviewed, while the Federal Financial Institutions Examination Council's (FFIEC's) median family income for the Omaha-Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area (MSA) provided a standard of comparison for the home mortgage loans reviewed. The following table details the loans reviewed.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Sample</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Farm	163	17,778	51	4,870
Home Mortgage	21	3,298	17	2,681
Small Business	31	986	24	715
<i>Source: Bank Records from 1/1/18 through 12/31/18</i>				

The bank's record of originating small farm loans contributed more weight to overall conclusions due to the larger loan volume when compared to home mortgage and small business loans. Further, examiners reviewed both the number and dollar volume of loans and presented both figures throughout the evaluation. Nonetheless, examiners emphasized performance by number of loans when conducting the Borrower Profile analysis since this figure is a better indicator of the bank's performance.

## DESCRIPTION OF INSTITUTION

### **Background**

Security Home Bank (Security Home) is a rural-based, community bank located in Malmo, Nebraska. Malmo Bancorp Inc., a one-bank holding company, owns the bank. Security Home operates from a single facility in Saunders County and does not have any affiliates or subsidiaries. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated February 19, 2013, based on Interagency Small Institution Examination Procedures.

### **Operations**

The bank offers traditional loan products including agricultural, commercial, home mortgage, and consumer loans, primarily focusing on agricultural lending. In addition, the institution offers basic deposit products including checking, savings, and certificate of deposit accounts. Alternative banking services include internet banking, mobile banking, and two bank-owned automated teller machines (ATMs). The bank did not open or close any branches, and no merger or acquisition activities occurred since the prior evaluation.

### **Ability and Capacity**

The bank's assets totaled approximately \$40.0 million as of December 31, 2018, and included total loans of \$34.4 million. Total deposits equaled \$24.5 million. Security Home's loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 12/31/18</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	285	0.8
Secured by Farmland	12,627	36.6
Secured by 1-4 Family Residential Properties	7,057	20.5
Secured by Multifamily (5 or more) Residential Properties	210	0.6
Secured by Nonfarm Nonresidential Properties	1,313	3.8
<b>Total Real Estate Loans</b>	<b>21,492</b>	<b>62.3</b>
Commercial and Industrial Loans	2,648	7.7
Agricultural Loans	8,958	26.0
Consumer Loans	1,239	3.6
Other Loans	126	0.4
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>34,463</b>	<b>100.0</b>
<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 the assessment area's credit needs.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Security Home designated Saunders County, Nebraska as its assessment area. Saunders County is one of eight counties in the Omaha-Council Bluffs, Nebraska-Iowa MSA. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

Saunders County is largely rural in nature and contains five census tracts. These census tracts are all middle-income geographies according to the 2015 American Community Survey (ACS). The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	20,913	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	9,331	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	6,303	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,752	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,276	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,433	0.0	0.0	100.0	0.0	0.0
Farms by Geography	304	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	5,629	16.2	18.4	26.8	38.6	0.0
Household Distribution by Income Level	8,055	20.9	16.4	20.6	42.2	0.0
Median Family Income MSA - 36540 Omaha-Council Bluffs, NE- IA MSA		\$73,632	Median Housing Value			\$150,647
			Median Gross Rent			\$711
			Families Below Poverty Level			5.9%
<small>Source: 2015 ACS Census and 2018 D&amp;B Data            Due to rounding, totals may not equal 100.0            (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

As illustrated above, Saunders County's population was 20,913 according to the 2015 ACS. This represents a 0.6 percent increase from the 2010 census, when the assessment area's population was 20,780. The assessment area's largest communities are Wahoo (population 4,491), Ashland (population 2,430), and Yutan (population 1,014). Saunders County's remaining communities all have populations under 1,000.

According to 2018 D&B data, the assessment area contains 304 farms. Gross annual revenues for the farms are below.

- 98.4 percent have \$1 million or less.
- 1.0 percent has more than \$1 million.
- 0.6 percent have unknown revenues.

Further, 2018 D&B data indicates the assessment area contains 1,433 businesses. Gross annual revenues are below.

- 81.3 percent have \$1 million or less.
- 5.2 percent has more than \$1 million.
- 13.5 percent have unknown revenues.

The distribution of small farm and small business loans under the Borrower Profile criterion compares the distribution of farms and businesses by gross annual revenue level.

Services represent the largest portion of businesses and farms at 32.5 percent; followed by agriculture, forestry, and fishing (17.5 percent); and retail trade (9.9 percent). In addition, 2018 D&B data indicates that 75.4 percent of the assessment area’s businesses and farms employ less than five people and 89.5 percent operate from a single location. The largest employers are school districts and local governments. Further, many local residents commute to nearby Omaha and Lincoln for work.

Examiners used the FFIEC’s estimated 2018 median family income for the Omaha-Council Bluffs, Nebraska-Iowa MSA (\$81,300) to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Omaha-Council Bluffs, NE-IA MSA Median Family Income (36540)</b>				
2018	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
<i>Source: FFIEC</i>				

The assessment area contains are 9,331 housing units. Of these, 67.5 percent are owner-occupied, 18.8 percent are occupied rental units, and 13.7 percent are vacant.

The assessment area’s economy is generally healthy, as reflected by its low unemployment rate. Saunders County’s unemployment rate is comparable to the state of Nebraska, but much lower than the national average. The following table details Saunders County’s recent unemployment rates and compares them to the state of Nebraska and nation as a whole.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>December 2018</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Saunders County	3.1	3.1	2.8	2.3
Nebraska	3.0	3.1	2.9	2.6
National Average	5.3	4.9	4.4	3.7
<i>Source: Bureau of Labor Statistics</i>				

### **Competition**

The assessment area contains a moderate level of banking competition. According to the 2018 FDIC Deposit Market Share report, the assessment area contains 15 financial institutions operating from 20 offices. Of these institutions, Security Home ranked 10<sup>th</sup> with a 4.1 percent deposit market share.

### **Community Contact**

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

Examiners contacted a representative of an economic development organization in the assessment area. The contact stated the area is heavily dependent on agriculture and agricultural-related businesses, which have been negatively impacted by low commodity prices. The individual noted that with exception to the agricultural sector, the local economy is thriving. Many new job opportunities have been coming to the area, including jobs to support a new local poultry plant. However, the job market growth has strained the housing market. The contact stated that the area needs additional affordable housing to facilitate further expansion.

### **Credit Needs and Opportunities**

Considering information from the community contact, bank management, demographic, and economic data, examiners determined that small farm loans represent the assessment area's primary credit need. Home mortgage and small business loans are considered secondary needs.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Security Home demonstrated reasonable performance under the Lending Test. The bank's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria supports this conclusion.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The loan-to-deposit ratio, calculated from Call Report data, averaged 130.1 percent over the past 24 calendar quarters from March 31, 2013, to December 31, 2018. The ratio ranged from a low of 100.9 percent as of March 31, 2013, to a high of 145.7 percent as of December 31, 2017. The bank's loan-to-deposit ratio generally increased throughout the evaluation period.

Examiners compared the bank's average net loan-to-deposit ratio to four similarly-situated financial institutions to help evaluate its reasonableness. Similarly-situated financial institutions are defined as institutions operating in and around the assessment area with similar asset bases and product lines. Security Home's average net loan-to-deposit ratio greatly exceeded the ratios held by similarly-situated financial institutions. The following table provides details.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2018 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Security Home Bank, Malmo, NE</b>	<b>40,014</b>	<b>130.1</b>
Bank of Mead, Mead, NE	26,923	56.5
Bank of Prague, Prague, NE	27,850	83.9
CerescoBank, Ceresco, NE	49,451	74.8
Oak Creek Valley Bank, Valparaiso, NE	85,466	79.2

*Source: Reports of Condition and Income 3/31/2013 through 12/31/2018*

### Assessment Area Concentration

A majority of small farm, home mortgage, and small business loans reviewed, by number and dollar volume, were located within assessment area, reflecting satisfactory performance. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	151	92.6	12	7.4	163	16,162	90.9	1,616	9.1	17,778
Home Mortgage	17	81.0	4	19.0	21	2,681	81.3	617	18.7	3,298
Small Business	24	77.4	7	22.6	31	715	72.5	271	27.5	986
<b>Total</b>	<b>192</b>	<b>89.3</b>	<b>23</b>	<b>10.7</b>	<b>215</b>	<b>19,558</b>	<b>88.7</b>	<b>2,504</b>	<b>11.3</b>	<b>22,062</b>

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

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Examiners focused on the bank’s record of lending to farms and businesses with gross annual revenues of \$1 million or less. They also focused on the bank’s record of extending home mortgage loans to low- and moderate-income borrowers. Only loans located within the assessment area were considered.

#### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among farms of all sizes. Specifically, the bank’s record of lending to farms with gross annual revenues of \$1 million or less is reasonably consistent with the demographic data. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.4	46	90.2	3,920	80.5
>1,000,000	1.0	5	9.8	950	19.5
Revenue Not Available	0.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>4,870</b>	<b>100.0</b>

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

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

The distribution of home mortgage loans reflects reasonable penetration among individuals of all income levels. Specifically, the bank’s record of lending to low-income borrowers is very comparable to the percentage of low-income families in the assessment area. The bank’s record of lending to moderate-income borrowers lags the comparable demographic data, but is still reasonable considering the number of sampled loans. Further, it is important to mention that 29.4 percent of the home mortgage loans were rental property loans where the bank did not collect borrower income information, which negatively skews the analysis. Excluding these loans, 16.6 percent of the mortgage loans were to moderate-income borrowers, which approximates the demographic data. The following table provides details.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	16.2	3	17.6	374	14.0
Moderate	18.4	2	11.8	323	12.0
Middle	26.8	1	5.9	116	4.3
Upper	38.6	6	35.3	1,451	54.1
Not Available	0.0	5	29.4	417	15.6
<b>Total</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>2,681</b>	<b>100.0</b>

*Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data  
Due to rounding, totals may not equal 100.0*

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

The distribution of small business loans reflects reasonable penetration among businesses of all sizes. Specifically, the bank's record of lending to businesses with gross annual revenues of \$1 million or less is reasonably consistent with the demographic data. The following table provides details.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	81.3	22	91.7	515	72.0
>1,000,000	5.2	2	8.3	200	28.0
Revenue Not Available	13.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>715</b>	<b>100.0</b>

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

### **Geographic Distribution**

The bank's assessment area does not include any low- or moderate-income census tracts; therefore, examiners did not evaluate this criterion.

### **Response to Complaints**

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

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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