

PUBLIC DISCLOSURE

January 13, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Vantage Bank
Certificate Number: 9733

202 Main Street
Kent, Minnesota 56553

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.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and the credit needs of the assessment areas.
- The bank made a majority of its home mortgage and small business loans within its assessment areas.
- The assessment areas do not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects reasonable penetration among home mortgage borrowers of different income levels and businesses of different sizes.
- The institution has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation. Therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Vantage Bank is controlled by MinnDak Bancshares, Inc., a one-bank holding company located in Alexandria, Minnesota. Vantage Bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated February 3, 2014, based on Interagency Small Institution Examination Procedures.

Vantage Bank operates its main office in Kent, Minnesota, and opened a full-service branch in Alexandria, Minnesota on April 1, 2015 that replaced the loan production office the bank operated in Alexandria since the previous CRA evaluation period. In addition, the bank relocated the Alexandria branch on April 22, 2019, to a building near the old location to provide the ability to offer additional services, including drive-thru and ATM services. The opening and relocation of the branch has not adversely affected the accessibility of the bank's delivery systems, particularly in low- and moderate-income areas.

The bank offers a variety of loan products, including home mortgage, commercial, and agricultural loans. The primary lending focus is home mortgage lending followed by commercial loans. This is a change from the last evaluation, when the bank's primary lending focus was agricultural lending and is the result of the bank opening the full-service branch in Alexandria. The bank offers loan programs from the Small Business Administration, Federal Housing Administration, and Farm Service Agency. The institution provides a variety of deposit services, including checking, savings,

and certificates of deposit. Alternative banking services include internet and mobile banking, digital wallet payments, electronic periodic statements, and an ATM.

As of September 30, 2019, Vantage Bank reported total assets of \$32,446,000; total loans of \$27,438,000; and total deposits of \$28,146,000. This represents total asset growth of 183.7 percent, net loan growth of 214.8 percent, and total deposit growth of 195.7 percent since March 31, 2014. The bank’s growth is attributed to entrance into the Alexandria, Minnesota market. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs. The following table illustrates the bank’s loan portfolio as of September 30, 2019.

Loan Portfolio Distribution as of September 30, 2019		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,144	11.4
Secured by Farmland	1,123	4.1
Secured by 1-4 Family Residential Properties	11,732	42.8
Secured by Multifamily (5 or more) Residential Properties	110	0.4
Secured by Nonfarm Nonresidential Properties	5,420	19.8
Total Real Estate Loans	21,529	78.5
Commercial and Industrial Loans	2,385	8.7
Agricultural Production and Other Loans to Farmers	1,528	5.5
Consumer Loans	1,995	7.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	27,438	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The bank has designated two assessment areas. The first assessment area is referred to as the Alexandria Assessment Area and includes all of Douglas County in central Minnesota. This assessment area is new since the last evaluation and includes the bank’s new branch office in Alexandria. The second assessment area includes the bank’s main office in Kent, Minnesota, and is referred to as the Kent Assessment Area. This assessment area is located in west central Minnesota and southeastern North Dakota and includes all of Wilkin County, Minnesota, and the northern half of Richland County, North Dakota.

A full-scope review was conducted for both assessment areas as the bank’s main office is located in the Kent Assessment Area and the Alexandria Assessment Area is new since the prior evaluation. However, examiners placed more weight on the bank’s performance in the Alexandria Assessment Area when reaching overall conclusions as that is where a substantial majority of the bank’s lending activity occurs. Data from the 2015 American Community Survey (ACS) served as the source for demographic data. Refer to the individual discussions of the assessment areas for further information.

SCOPE OF EVALUATION

General Information

This evaluation covers the time period from the prior evaluation dated February 3, 2014, to the current evaluation dated January 13, 2020. Examiners used Interagency Small Institution Examination Procedures to evaluate Vantage Bank's CRA performance.

Activities Reviewed

Bank records indicated that the lending focus changed during the evaluation period. This change is a result of the bank entering the Alexandria market through the establishment of a loan production office during the last evaluation period, which transitioned to a full-service branch in 2015. At the last evaluation, the bank's primary lending focus was agricultural credit. Since then, the bank's primary lending focus has transitioned to home mortgage and commercial credit. Examiners did not review small farm loans, as they are no longer a lending focus of the bank.

Examiners analyzed all home mortgage and small business loans originated, extended, or renewed during 2018 for the Assessment Area Concentration criterion. During this timeframe, Vantage Bank originated, extended, or renewed 93 home mortgage loans totaling approximately \$17,643,000, and 57 small business loans totaling approximately \$4,661,000. Further, for the Borrower Profile criterion, examiners reviewed a sample of 41 home mortgage loans totaling approximately \$7,682,000, and 36 small business loans totaling approximately \$2,739,000, originated, extended, or renewed within the assessment area. Sampling was conducted due to the unavailability of income and revenue data. The sample selected was considered representative of the bank's performance during the entire evaluation period.

The bank's home mortgage lending performance contributed more weight to overall conclusions as it is the bank's primary lending focus. ACS data from 2015 provided a standard of comparison for home mortgage loans, while 2018 D&B data provided a standard of comparison for small business loans. Further, while both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number home mortgage borrowers and small businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Vantage Bank demonstrated satisfactory performance under the Lending Test. The bank’s Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs. As shown in the following table, Vantage Bank’s net loan-to-deposit ratio averaged 104.2 percent over the 23 calendar quarters, which exceeds two of the three comparable institutions. Examiners selected comparable institutions based on their asset size, branching structure, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2019 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Vantage Bank, Kent, MN	32,446	104.2
Lowry State Bank, Lowry, MN	54,757	110.5
The First National Bank of Osakis, Osakis, MN	66,413	74.4
Farmers State Bank of Underwood, Underwood, MN	72,012	82.2
<i>Source: Reports of Condition and Income 3/31/2014 - 9/30/2019</i>		

Assessment Area Concentration

As detailed in the table below, the bank made a majority of its home mortgage and small business loans within its assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	77	82.8	16	17.2	93	14,577	82.6	3,066	17.4	17,643
Small Business	55	96.5	2	3.5	57	4,211	90.3	450	9.7	4,661
<i>Source: 2018 Bank Data. Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The bank's assessment areas do not include any low- and moderate-income geographies, and a review of Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of loans to home mortgage borrowers of different income levels and businesses of different sizes demonstrates reasonable penetration when compared to 2015 ACS and 2018 D&B data, respectively. This overall conclusion was reached due to the emphasis placed on the bank's home mortgage lending performance in the Alexandria Assessment Area. Examiners focused on the performance by number of loans to low- and moderate-income borrowers for home mortgage loans and to businesses with gross annual revenues of \$1 million or less.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

ALEXANDRIA ASSESSMENT AREA (Full-Scope Review)

DESCRIPTION OF INSTITUTIONS OPERATIONS in the ALEXANDRIA ASSESSMENT AREA

The Alexandria Assessment Area includes all of Douglas County in central Minnesota. This assessment area is new since the last evaluation and includes the bank’s new branch office in Alexandria. Examiners placed more weight on the bank’s performance in the Alexandria Assessment Area when reaching overall conclusions as that is where a substantial majority of the bank’s lending activity occurs.

Economic and Demographic Data

The assessment area is largely rural with a diverse economy that includes manufacturing, healthcare, agriculture, and tourism. A community contact indicated that the agriculture industry is struggling, but the diversity of the economy has allowed it to do well overall. 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)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	36,620	0.0	0.0	90.8	9.2	0.0
Housing Units by Geography	20,396	0.0	0.0	90.2	9.8	0.0
Owner-Occupied Units by Geography	11,872	0.0	0.0	89.5	10.5	0.0
Occupied Rental Units by Geography	3,687	0.0	0.0	97.7	2.3	0.0
Vacant Units by Geography	4,837	0.0	0.0	86.3	13.7	0.0
Businesses by Geography	3,199	0.0	0.0	93.1	6.9	0.0
Farms by Geography	267	0.0	0.0	89.5	10.5	0.0
Family Distribution by Income Level	10,267	14.7	18.2	24.6	42.5	0.0
Household Distribution by Income Level	15,559	21.3	14.7	19.2	44.8	0.0
Median Family Income: Nonmetropolitan Minnesota		\$63,182	Median Housing Value			\$192,543
			Median Gross Rent			\$730
			Families Below Poverty Level			4.8%
<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>						

Competition

Vantage Bank operates in a competitive banking market. According to 2018 Reports of Condition and Income, 16 financial institutions operate 20 offices within the assessment area. Of these institutions, Vantage Bank ranked 15th with a deposit market share of 1.0 percent. Bremer Bank, National Association, had the largest deposit market share at 27.3 percent.

Community Contacts

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 available credit opportunities and local financial institutions' responsive to those needs.

Examiners reviewed two previously conducted community contact interviews with a representative from an economic development organization and an individual knowledgeable of housing needs throughout the assessment area. The contacts indicated that the economy is doing well and its diversity allows it to weather industry-specific declines. The contacts noted that major industries include tourism, manufacturing, agriculture, and healthcare. The contacts also stated that local financial institutions are meeting the area's credit needs. Further, the contacts stated that the assessment area's primary credit needs are home mortgage and commercial credit.

Credit Needs

Considering information from the community contacts, bank management, and demographic and economic data, home mortgage and commercial lending represent the primary credit needs in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA in the ALEXANDRIA ASSESSMENT AREA

LENDING TEST

Vantage Bank demonstrated satisfactory performance under the Lending Test in the Alexandria Assessment Area. Borrower Profile performance supports this conclusion. As previously mentioned, Geographic Distribution performance was not evaluated.

Borrower Profile

The distribution of loans to home mortgage borrowers of different income levels and businesses of different sizes demonstrates reasonable penetration when compared to 2015 ACS and 2018 D&B data, respectively. This overall conclusion was reached due to the emphasis placed on the bank's home mortgage lending performance. Examiners focused on the performance by number of loans to low- and moderate-income borrowers for home mortgage loans and to businesses with gross annual revenues of \$1 million or less.

Home Mortgage Loans

As depicted in the following table, the distribution of home mortgage borrowers reflects reasonable penetration among low- and moderate-income borrowers when compared to 2015 ACS data. The bank's lending to low-income borrowers is below the comparable demographic data. However, the bank's low-income borrower lending performance is mitigated as it is likely that many low-income families would not qualify for home mortgage credit. Furthermore, the assessment area's median

housing value of \$192,543 makes purchasing a home unaffordable for most low-income borrowers. Conversely, the bank’s performance exceeded the comparable demographics for moderate-income borrowers. As a result, the bank’s performance is deemed reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	14.7	0	0.0	0	0.0
Moderate	18.2	9	22.0	1,277	16.6
Middle	24.6	10	24.4	1,943	25.3
Upper	42.5	16	39.0	3,501	45.6
Not Available	0.0	6	14.6	961	12.5
Total	100.0	41	100.0	7,682	100.0

Source: 2015 ACS Census; 2018 Bank Data. Due to rounding, totals may not equal 100.0

Small Business Loans

The following table depicts the bank’s excellent penetration of lending to small businesses. Specifically, the bank’s performance of lending to businesses with gross annual revenues of \$1 million or less exceeds the comparable 2018 D&B data by over 10 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.0	31	93.9	2,483	94.8
>\$1,000,000	5.9	2	6.1	137	5.2
Revenue Not Available	11.0	0	0.0	0	0.0
Totals	100.0	33	100.0	2,620	100.0

Source: 2018 D&B Data; 2018 Bank Data. Due to rounding, totals may not equal 100.0

KENT ASSESSMENT AREA (Full-Scope Review)

DESCRIPTION OF INSTITUTIONS OPERATIONS in the KENT ASSESSMENT AREA

The Kent Assessment Area includes the bank’s main office in Kent, Minnesota. This assessment area is located in west central Minnesota and southeastern North Dakota and includes all of Wilkin County, Minnesota, and the northern half of Richland County, North Dakota.

Economic and Demographic Data

The assessment area is rural and primarily dependent on agriculture and related industries. Bank management stated that the economy has been impacted by a depressed agricultural sector, which is facing low commodity prices, high input costs, and unfavorable weather. 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)	6	0.0	0.0	83.3	16.7	0.0
Population by Geography	18,506	0.0	0.0	89.5	10.5	0.0
Housing Units by Geography	8,584	0.0	0.0	89.8	10.2	0.0
Owner-Occupied Units by Geography	5,361	0.0	0.0	87.4	12.6	0.0
Occupied Rental Units by Geography	2,238	0.0	0.0	97.0	3.0	0.0
Vacant Units by Geography	985	0.0	0.0	86.0	14.0	0.0
Businesses by Geography	1,410	0.0	0.0	88.7	11.3	0.0
Farms by Geography	333	0.0	0.0	84.7	15.3	0.0
Family Distribution by Income Level	4,733	16.6	17.6	24.9	40.9	0.0
Household Distribution by Income Level	7,599	23.5	16.2	19.5	40.8	0.0
Median Family Income: Nonmetropolitan Minnesota		\$63,182	Median Housing Value			\$118,765
Median Family Income: Nonmetropolitan North Dakota		\$72,620	Median Gross Rent			\$522
			Families Below Poverty Level			6.6%

*Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.*

Competition

Vantage Bank operates in a highly competitive banking market, especially when considering the area’s rural nature, as multiple national and regional banks operate in the assessment area. According to 2018 Reports of Condition and Income, 11 financial institutions operate 14 offices within the assessment area. Of these institutions, Vantage Bank ranked 10th with a deposit market share of 2.2 percent. Bremer Bank, National Association; Bank of the West; and Wells Fargo Bank,

National Association, had the largest deposit market shares at 24.1, 17.8, and 17.4 percent, respectively.

Credit Needs

Considering information from bank management and demographic and economic data, there is limited loan demand in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA in the KENT ASSESSMENT AREA

LENDING TEST

Vantage Bank demonstrated satisfactory performance under the Lending Test in the Kent Assessment Area. Borrower Profile performance supports this conclusion. As previously mentioned, Geographic Distribution performance was not evaluated. Performance in this assessment area received less weight when reaching overall conclusions due to the limited lending activity. However, the limited level of lending in the Kent Assessment Area did not affect the overall rating given the limited loan demand in the assessment area. Bank management attributed the limited loan demand to the rural nature of the area. In addition, a large percentage of local residents commute to larger communities nearby for employment, which provides them other options for financial services. Furthermore, examiners noted that the bank's level of lending in this assessment area has only decreased slightly from the previous evaluation.

Borrower Profile

The bank originated 3 small business loans in the Kent Assessment Area in 2018. While this is a limited volume of lending, the distribution of loans to businesses of different sizes demonstrates reasonable performance for this criterion since 2 of the 3 loans were to businesses with gross annual revenues of \$1 million or less. The bank did not originate any home mortgage loans in the Kent Assessment Area in 2018.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

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

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

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

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

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

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

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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