

PUBLIC DISCLOSURE

February 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pine Island Bank
Certificate Number: 12193

128 South Main Street
Pine Island, Minnesota 55963

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.

Pine Island Bank's satisfactory Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize 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 business and home mortgage loans reviewed were located inside the assessment area.
- The geographic distribution of small business and home mortgage loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Pine Island Bank is chartered in Pine Island, Minnesota, where it also operates its sole location. The institution is controlled by Zumbrota Agency, Inc., Zumbrota, Minnesota, a two-bank holding company that also owns Bank of Zumbrota in Zumbrota, Minnesota. Affiliate lending was not considered in this evaluation. Since the previous CRA evaluation, the bank has not opened or closed any offices, and no merger or acquisition activities have occurred. Pine Island Bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated April 6, 2015, which was based on Interagency Small Institution Examination Procedures.

The bank offers various loan products including commercial, home mortgage, agriculture, and consumer loans. Commercial loans continue to represent the bank’s primary business line followed by home mortgage lending. The bank offers loans through the Small Business Administration. The bank participated in the Paycheck Protection Program, originating 58 loans totaling \$3.2 million from April 2020, to July 2020. In addition, Pine Island Bank provides a variety of deposit account services including checking, savings, and certificates of deposit. In addition to traditional banking services, customers have access to ATMs; online banking, including periodic statements; and mobile banking, including mobile deposit.

As of September 30, 2020, assets totaled approximately \$117,062,000; loans totaled \$95,856,000; and deposits totaled \$94,751,000. The loan portfolio distribution is displayed in the following table.

Loan Portfolio Distribution as of September 30, 2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,199	3.3
Secured by Farmland	7,878	8.2
Secured by 1-4 Family Residential Properties	34,030	35.5
Secured by Multifamily (5 or more) Residential Properties	7,966	8.3
Secured by Nonfarm Nonresidential Properties	24,600	25.7
Total Real Estate Loans	77,673	81.0
Commercial and Industrial Loans	9,085	9.6
Agricultural Production and Other Loans to Farmers	1,002	1.0
Consumer Loans	1,367	1.4
Obligations of State and Political Subdivisions in the U.S.	6,729	7.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	95,856	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 its 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 CRA performance will be evaluated. Pine Island Bank designated a single assessment area in the State of Minnesota. The assessment area includes census tract 9501 in Dodge County, census tracts 808 and 809 in Goodhue County, census tracts 1, 5, 6, 13.01, 13.02, 14.01, 14.02, 15.01 – 15.03, 16.01, 16.02, 17.01-17.03 in Olmsted County, and census tract 4904 in Wabasha County. The bank added census tract 809 in Goodhue County in August 2020 due to increased lending in that area. Dodge, Olmsted, and Wabasha counties are part of the Rochester Metropolitan Statistical Area and Goodhue County is part of the nonmetropolitan area of Minnesota.

Economic and Demographic Data

According to 2015 American Community Survey (ACS) data, the assessment area is comprised of 8 moderate-income, 12 middle-income, and 12 upper-income census tracts. The assessment area does not contain any low-income census tracts. 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)	32	0.0	25.0	37.5	37.5	0.0
Population by Geography	142,376	0.0	24.4	32.5	43.0	0.0
Housing Units by Geography	59,278	0.0	25.6	34.3	40.2	0.0
Owner-Occupied Units by Geography	40,760	0.0	18.7	33.3	48.1	0.0
Occupied Rental Units by Geography	15,060	0.0	43.3	35.7	21.0	0.0
Vacant Units by Geography	3,458	0.0	29.6	39.7	30.7	0.0
Businesses by Geography	11,335	0.0	23.3	34.4	42.3	0.0
Farms by Geography	576	0.0	6.6	47.9	45.5	0.0
Family Distribution by Income Level	36,636	17.5	16.5	22.3	43.7	0.0
Household Distribution by Income Level	55,820	22.3	14.9	18.3	44.6	0.0
Median Family Income MSA - 40340 Rochester, MN MSA		\$81,036	Median Housing Value			\$188,885
Median Family Income Non-MSAs - MN		\$63,045	Median Gross Rent			\$854
			Families Below Poverty Level			5.5%

Source: 2015 ACS and 2020 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.*

According to 2020 D&B data, service industries represent the largest portion of farm and business operations in the assessment area at 36.2 percent; followed by non-classifiable establishments at 18.1 percent; and retail trade at 12.3 percent. Additionally, 63.1 percent of assessment area farms and businesses have 4 or fewer employees, and 89.3 percent operate from a single location.

The Federal Financial Institutions Examination Council-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Rochester, MN MSA Median Family Income (40340)				
2020 (\$95,600)	<\$47,800	\$47,800 to <\$76,480	\$76,480 to <\$114,720	≥\$114,720
MN NA Median Family Income (99999)				
2020 (\$70,900)	<\$35,450	\$35,450 to <\$56,720	\$56,720 to <\$85,080	≥\$85,080
<i>Source: FFIEC</i>				

Competition

The assessment area is a competitive market for credit products and financial services. Competing institutions include small community banks, credit unions, and larger national financial institutions. According to Call Reports filed by financial institutions, 24 other institutions operate either a main or branch office in the assessment area and hold deposits of between \$8.6 million and \$1.1 billion within the area. Pine Island Bank ranked 13th with approximately 1.6 percent of the deposit market share.

Pine Island Bank is not required to collect or report small business CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank’s small business lending performance to aggregate CRA data within this evaluation. However, the aggregate CRA data provides an indication of the level of demand for small business loans and the level of competition within the assessment area. According to 2020 aggregate CRA data, 69 CRA data reporters collectively reported 4,497 small business loans within the assessment area. The top 3 lenders by number originated 41.5 percent of the market share within the assessment area. These figures do not include a high number of loans originated by smaller institutions that are not required to report small business lending data but that operate within the assessment area. The volume of small business lending reflects a highly competitive market within the assessment area.

Pine Island Bank also faces significant competition for home mortgage loans from a multitude of financial institutions and mortgage companies within the assessment area. Pine Island Bank is not required to report mortgage data; therefore, examiners did not compare the bank’s home mortgage lending performance to aggregate data within this evaluation. According to 2019 HMDA aggregate lending data (most recent available), 283 HMDA-reporting entities originated or purchased 8,211 home mortgage loans within the assessment area. The top 3 lenders by number originated or purchased 27.7 percent of the market share within the assessment area. These figures do not include a high number of loans originated by smaller institutions that are not required to report home mortgage lending data but that operate within the assessment area. The overall volume of home mortgage lending in the assessment area reflects a highly competitive market.

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 financial institutions are responsive to these needs. It also helps reveal what credit opportunities are available. For the current evaluation, examiners reviewed two community contacts from April 2020; one related to area housing, and one related to economic development. Both contacts were familiar with the assessment area.

According to the contacts, commercial and residential financing are most prevalent in the area and continue to be a credit need. However, there is strong competition in Olmsted County and surrounding areas as financial institutions continue to enter those markets.

Manufacturing businesses are expanding into smaller communities within Olmsted County and the downtown areas of many smaller communities are experiencing growth and revitalization efforts. The contacts also noted that there is a shortage of affordable housing within the assessment area. Overall, the contacts felt the community's credit needs are being met; however, the contact also noted that start-up businesses continue to encounter challenges obtaining financing due to a frequent lack of collateral, resulting in alternative financing methods being utilized.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial loans including small business loans; and home mortgage loans represent the credit needs of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated April 6, 2015, to the current evaluation dated February 2, 2021. Examiners used Interagency Small Institution Examination Procedures to evaluate Pine Island Bank's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

Activities Reviewed

Examiners determined that the bank's major product lines are small business and home mortgage loans. This conclusion considered discussions with management regarding the bank's business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Consolidated Report of Condition and Income (Report of Condition). Small business loans received more weight when deriving overall conclusions. This is consistent with management's stated business focus and the volume of loans recently originated. Examiners did not review small farm or consumer installment lending activities because they each represent a small portion of the loan portfolio, are not a business focus of the institution, and provide no material support for conclusions.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small business loans originated or renewed between January 1, 2020, and December 31, 2020. This period of time was considered representative of the bank's performance during the entire evaluation period. The small business loan universe during this period included 141 loans totaling \$28.2 million. Examiners

considered the entire universe of 141 small business loans when analyzing the bank's performance for the Assessment Area Concentration criterion. Examiners then reviewed all the loans located within the assessment area when evaluating the Geographic Distribution (97 loans totaling \$18.2 million) criterion and chose a sample (47 loans totaling \$8.1 million) based on the total number of loans located within the assessment area to analyze the Borrower Profile criterion. D&B data for 2020 provided a standard of comparison for small business lending.

Examiners reviewed all home mortgage loans originated or renewed between January 1, 2020, and December 31, 2020. This period of time was considered representative of the bank's performance during the entire evaluation period. The home mortgage loan universe during this period included 26 loans totaling \$5.1 million. Examiners considered the entire universe of 26 home mortgage loans when analyzing the bank's performance for the Assessment Area Concentration criterion. Examiners then reviewed all the loans located within the assessment area when evaluating the Geographic Distribution and Borrower Profile criterion (17 loans totaling \$3.0 million). The 2015 American Community Survey (ACS) provided as a standard of comparison for home mortgage lending.

While 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 businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Pine Island Bank demonstrated satisfactory performance under the Lending Test. The bank's performance under the evaluated criteria supports 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. The bank's ratio, calculated from Report of Condition data, averaged 99.8 percent over the past 22 calendar quarters from June 30, 2015, to September 30, 2020. Since the previous CRA evaluation, the quarterly loan-to-deposit ratio has steadily increased and has been over 100 percent for 12 of the quarters. The ratio ranged from a low of 92.0 percent as of December 31, 2016, to a high of 107.3 percent as of December 31, 2019. As shown in the following table, Pine Island Bank's average loan-to-deposit ratio is higher than comparable institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2020 (\$000s)	Average Net LTD Ratio (%)
Bank Of Zumbrota, Zumbrota, Minnesota	181,383	91.9
Citizens State Bank of Hayfield, Hayfield, Minnesota	122,197	80.5
First Security Bank, Byron, Minnesota	78,411	75.6
Pine Island Bank, Pine Island, Minnesota	117,062	99.8
<i>Source: Reports of Condition and Income 6/30/2015 - 9/30/2020</i>		

Assessment Area Concentration

Pine Island Bank originated a majority of small business and home mortgage loans within its assessment area as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage	17	65.4	9	34.6	26	2,980	58.1	2,145	41.9	5,125
Small Business	97	68.8	44	31.2	141	18,233	64.7	9,957	35.3	28,190
<i>Source: 1/1/2020-12/31/20 Bank Data Due to rounding, totals may not equal 100.0.</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business and home mortgage lending performance supports this conclusion. Examiners focused on the percentage of lending by number of loans in the moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. The following table shows that the bank's lending performance in the moderate-income census tracts reasonably compares to demographic data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	23.3	20	20.6	3,312	18.2
Middle	34.4	25	25.8	3,749	20.5
Upper	42.3	52	53.6	11,172	61.3
Total	100.0	97	100.0	18,233	100.0
<i>Source: 2019 D&B Data; Bank Data.</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table shows that the bank did not originate any loans in the moderate-income census tracts. However, management stated that the bank has a difficult time competing with institutions that offer long-term mortgage loans as these loans typically have better rates than the short-term options offered by Pine Island Bank. In addition, when evaluating the bank's performance examiners considered the bank's location in relation to the moderate-income census tracts as well as assessment area competition. The bank is located in a middle-income census tract and surrounded by middle- and upper-income census tracts. Further, none of the moderate-income census tracts in the assessment area is in close proximity to the bank's location. Lastly, as previously stated, competition for home mortgage loans is significant and affects lending opportunities in these areas. Therefore, based on these factors, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	18.6	0	0	0	0
Middle	33.3	6	35.3	997	33.5
Upper	48.1	11	64.7	1,983	66.5
Totals	100.0	17	100.0	2,980	100.0

Source: 2015 ACS Census; 1/1/2020 - 12/31/2020 Bank Data

Borrower Profile

The bank's lending performance demonstrates reasonable penetration among businesses of different revenue sizes and individuals of different income levels. The bank's reasonable small business and home mortgage lending performance supports this conclusion. Examiners focused on the percentage of lending to small businesses with gross annual revenues of \$1 million or less. They also focused on the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of sampled small business loans reflects reasonable penetration to businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, Pine Island Bank's lending performance to businesses with gross annual revenues of \$1 million or less is lower than demographic data. However, as stated earlier, there is significant competition in the assessment area for small business loans. Furthermore, the bank is a Small Business Administration lender illustrating its willingness to extend loans to businesses of all sizes, including smaller businesses. Considering these factors, performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	85.5	31	66.0	5,263	64.8
> \$1,000,000	4.1	16	34.0	2,856	35.2
Revenue Not Available	10.4	0	0.0	0	0.0
Total	100.0	47	100.0	8,119	100.0
<i>Source: 2020 D&B Data; Bank Data.</i>					

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. As shown in the following table, the bank’s lending performance exceeded aggregate data to low-income borrowers and was comparable to aggregate data for moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.5	4	23.5	260	8.7
Moderate	16.5	3	17.6	287	9.6
Middle	22.3	6	35.3	905	30.4
Upper	43.7	4	23.5	1,528	51.3
Totals	100.0	17	100.0	2,980	100.0
<i>Source: 2015 ACS Census; 1/1/2020 - 12/31/2020 Bank Data Due to rounding, totals may not equal 100.0.</i>					

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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 geographic distribution of the bank's loans;
- 4) 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; 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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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.