

PUBLIC DISCLOSURE

January 12, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Charter Bank
Certificate Number: 34686

5526 Northwest 86th Street
Johnston, Iowa 50131

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	10
APPENDICES	11
SMALL BANK PERFORMANCE CRITERIA	11
GLOSSARY	12

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.

Charter 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 reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the home mortgage and small business loans reviewed were located inside the assessment area.
- The geographic distribution of loans reflects an overall reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects overall reasonable penetration of loans among individuals of different income levels and businesses of varying revenues.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

DESCRIPTION OF INSTITUTION

Charter Bank is headquartered in Johnston, Iowa, and is wholly owned by one-bank holding company, Johnston Growth Corporation, Johnston, Iowa. In addition to the main office, the bank operates three other locations in Iowa in Ankeny, Grimes, and Waukee. The Ankeny branch was opened on January 3, 2017. No branches have been closed and no merger or acquisition activities have occurred since the previous evaluation. The institution does not have any subsidiaries or affiliates that are relevant to the CRA evaluation. Charter Bank received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated March 30, 2015, based upon Interagency Small Institution Examination Procedures.

Charter Bank offers various loan products, including commercial, residential, agricultural, and consumer loans, with a primary lending focus on residential real estate and commercial loans. Charter Bank also offers special financing alternatives through the Small Business Administration, Department of Veterans Affairs, Federal Housing Administration, Fannie Mae, and United States Department of Agriculture. Charter Bank participated in the Small Business Administration's Paycheck Protection Program (PPP) during 2020. This program provided financial aid to businesses adversely impacted by the COVID-19 pandemic. Secondary market financing options are also available for qualifying home mortgage applicants. The bank offers traditional deposit products to meet consumer and business banking needs, including checking, savings, and certificate of deposit accounts. Alternative banking products and services include internet and mobile banking, electronic bill pay, and ATMs. Full-service ATMs are located at each of the four office locations.

Assets totaled approximately \$188.3 million as of September 30, 2020, representing an increase of 39.3 percent since the December 31, 2014 Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$166.7 million, representing a 39.2 percent increase, and total loans were approximately \$116.5 million, representing a 59.8 percent increase, during the same timeframe. The growth is attributed to the addition of the Ankeny branch, increases in loan demand for refinances and PPP loans, and natural growth. The portfolio composition remained similar throughout the review period, with a slight increase in commercial lending and a slight decrease in agricultural lending since the previous evaluation. Composition of the loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	9,619	8.3
Secured by Farmland	4,370	3.7
Secured by 1-4 Family Residential Properties	36,756	31.6
Secured by Multifamily (5 or more) Residential Properties	141	0.1
Secured by Nonfarm Nonresidential Properties	27,899	23.9
Total Real Estate Loans	78,785	67.6
Commercial and Industrial Loans	28,777	24.7
Agricultural Production and Other Loans to Farmers	3,924	3.4
Consumer Loans	4,509	3.9
Obligations of State and Political Subdivisions in the U.S.	497	0.4
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	116,492	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 the credit needs of its assessment area.

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. Charter Bank designated 18 census tracts in western Polk County and nine census tracts in eastern Dallas County as its assessment area. This includes four census tracts in northern Polk County that were added when the Ankeny Branch opened in January 2017. Dallas County and Polk County are both part of the Des Moines-West Des Moines, Iowa Metropolitan Statistical Area (MSA).

Economic and Demographic Data

Based on 2015 American Community Survey (ACS) data, the assessment area is comprised of one moderate-, ten middle-, and 16 upper-income census tracts. There were several changes in income classifications since the 2010 U.S. Census, including one census tract that increased from low-income to moderate-income, four census tracts that decreased from upper-income to middle income, and five census tracts that increased from middle-income to upper-income. The Ankeny, Grimes, and Johnston branches are located in upper-income census tracts, and the Waukee branch is located in a middle-income census tract. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	0.0	3.7	37.0	59.3	0.0
Population by Geography	173,708	0.0	2.1	30.0	67.8	0.0
Housing Units by Geography	69,312	0.0	2.3	31.7	66.0	0.0
Owner-Occupied Units by Geography	50,848	0.0	1.0	30.3	68.6	0.0
Occupied Rental Units by Geography	15,561	0.0	6.2	35.1	58.7	0.0
Vacant Units by Geography	2,903	0.0	3.4	37.3	59.3	0.0
Businesses by Geography	18,041	0.0	2.8	31.5	65.8	0.0
Farms by Geography	600	0.0	2.0	23.8	74.2	0.0
Family Distribution by Income Level	47,059	11.0	13.1	21.4	54.5	0.0
Household Distribution by Income Level	66,409	13.8	13.7	17.3	55.2	0.0
Median Family Income MSA - Des Moines-West Des Moines, Iowa MSA		\$75,653	Median Housing Value			\$206,823
			Median Gross Rent			\$962
			Families Below Poverty Level			4.0%
<i>Source: 2015 ACS and 2019 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0</i>						

According to 2019 D&B data, the largest portion of business and farm operations are services at 42.2 percent; followed by finance, insurance, and real estate at 12.0 percent; and retail trade at 10.4 percent. In addition, 66.4 percent of assessment area businesses and farms have under five employees, and 90.6 percent operate from a single location.

The unemployment rate in Dallas County and Polk County remained low throughout most of the review period. The unemployment rates in both counties increased in April 2020 because of the pandemic, but those rates have since fallen to 2.2 percent in Dallas County and 3.5 percent in Polk County as of November 2020. For comparison, the statewide unemployment rate was 3.1 percent as of November 2020.

The FFIEC-estimated median family income data is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Des Moines-West Des Moines, Iowa MSA 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%
2018 (\$79,600)	<\$39,800	\$39,800 to <\$63,680	\$63,680 to <\$95,520	≥\$95,520
2019 (\$82,000)	<\$41,000	\$41,000 to <\$65,600	\$65,600 to <\$98,400	≥\$98,400

Source: FFIEC

Competition

The assessment area is considered highly competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2020 reflects 42 insured institutions operating from 176 locations within Dallas and Polk counties. These institutions range from small community banks to larger financial institutions operating branch locations in the area. Charter Bank ranks 19th with 0.8 percent deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify credit and community development needs. This information assists examiners in determining whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. In conjunction with this evaluation, examiners contacted a representative from a local economic development organization familiar with Dallas and Polk counties.

The contact described the area as metropolitan and diverse, with a wide range of ages and income levels. The primary employers are financial service companies, but due to the size of the city, small businesses still play a very important role. There were many commuters into downtown Des Moines, but many businesses have moved campuses to suburbs like West Des Moines. Commercial property rates have increased throughout the metropolitan area due to growth and expansion, though the COVID-19 pandemic has caused them to drop recently. Demand has also gone up in addition to price escalation. New properties are becoming available as more expansion is occurring, which is also leveling out prices. Businesses have been struggling due to the pandemic, particularly in the restaurant and hospitality industries. The representative added that small businesses always need access to funding, and there is a need for short-term working capital. One industry that has continued doing well is home construction because customers are comfortable with longer wait times. New housing complexes are being constructed and the metropolitan area has exploded with growth the last few years. Homebuyers often make offers at or above asking price the day homes go on the market.

Credit Needs

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that home mortgage and small business lending represent the primary credit needs of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 30, 2015, to the current evaluation date of January 12, 2021. Examiners performed a full-scope review using the Interagency Small Institution Examination Procedures to evaluate Charter Bank's CRA performance.

Activities Reviewed

Commercial loans make up the largest loan category of the loan portfolio, representing 48.6 percent of total loans according to the September 30, 2020 Call Report. Residential real estate loans are the second largest loan category, representing 31.7 percent of total loans. Agricultural lending represented only 7.1 percent of the bank's loan portfolio. Further review of loan activity revealed only four small farm loans were originated in 2019. Management confirmed that agricultural lending is not a primary business focus.

Based on Call Report information, the number and dollar volume of loans originated during the evaluation period, and the bank's business strategy, examiners determined that the major product lines are home mortgage and small business loans. Examiners reviewed all home mortgage loan data collected under HMDA for 2018 and 2019, and all small business loans originated from January 1, 2019, through December 31, 2019. This timeframe was representative of the bank's lending for the entire review period. Specifically, the bank originated 73 home mortgage loans totaling \$9.6 million in 2018, 57 home mortgage loans totaling \$8.7 million in 2019, and 72 small business loans totaling \$9.6 million.

For the Assessment Area Concentration performance criteria, examiners analyzed the universes of home mortgage loans originated in 2018 and 2019, and the universe of small business loans originated in 2019. For the Geographic Distribution criterion, examiners analyzed all home mortgage loans inside the assessment area for 2018 and 2019, and all small business loans originated inside the assessment area in 2019. For the Borrower Profile criterion, examiners reviewed all 53 home mortgage loans totaling \$7.3 million located inside the assessment area in 2018, all 34 home mortgage loans totaling \$5.0 million inside the assessment area in 2019, as well as a sample of 36 small business loans totaling \$5.4 million inside the assessment area. Given management's stated business focus of home mortgage and small business lending, equal weight was given to both products when drawing conclusions.

The standard of comparison for home mortgage loans is the corresponding year of HMDA aggregate data. Small business loans are compared to 2019 D&B data. Examiners reviewed the number and dollar volume of home mortgage and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, which is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Charter Bank demonstrated reasonable performance under the Lending Test. Reasonable lending performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria supports this conclusion.

Loan-to-Deposit Ratio

Charter Bank’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio averaged 67.7 percent over the 23 calendar quarters. The loan-to-deposit ratio ranged from a low of 60.8 percent as of March 31, 2015, to a high of 72.5 percent as of March 31, 2018. Examiners compared the loan-to-deposit ratio to comparable financial institutions to help evaluate Charter Bank’s performance. Comparable institutions were selected based on their size, lending focus, and geographic location. As shown in the following table, Charter Bank maintained a ratio that is in line with the selected institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2020 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Charter Bank, Johnston, Iowa	188,269	67.7
Legacy Bank, Altoona, Iowa	139,310	76.0
Raccoon Valley Bank, Perry, Iowa	330,417	74.6
Earlham Savings Bank, West Des Moines, Iowa	338,949	63.0
<i>Source: Reports of Condition and Income 3/31/2015 - 9/30/2020</i>		

Assessment Area Concentration

A majority of the banks originated loans are within the assessment area. This level of lending reflects management’s commitment to lend within the local community. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2018	53	72.6	20	27.4	73	7,330	76.5	2,254	23.5	9,584
2019	34	59.6	23	40.4	57	4,963	57.1	3,734	42.9	8,697
Subtotal	87	66.9	43	33.1	130	12,293	67.2	5,988	32.8	18,281
Small Business	54	75.0	18	25.0	72	8,375	86.8	1,274	13.2	9,649
Total	141	69.8	61	30.2	202	20,668	74.0	7,262	26.0	27,930
<i>Source: 2018 and 2019 HMDA Loan Application Registers; 1/1/2019 - 12/31/2019 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. Reasonable performance in both loan products reviewed supports this conclusion. Examiners focused on the bank's lending in the only moderate-income geography in the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion considering the following. None of the loans the bank originated in 2018 and 2019 were located in the moderate-income geography. However, the 2015 ACS data reports only 1.0 percent of owner-occupied housing is available in this geography, limiting the bank's opportunity to originate home mortgage loans. Further, the aggregate data of lending activity for 2018 and 2019 was only 0.7 and 0.9 percent, respectively.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The percentage of loans to businesses in the moderate-income census tract is similar to the D&B data. See the following table.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	2.8	1	1.9	18	0.2
Middle	31.5	12	22.2	1,662	19.8
Upper	65.8	41	75.9	6,695	79.9
Totals	100.0	54	100.0	8,375	100.0

*Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data
Due to rounding, totals may not equal 100.0*

Borrower Profile

Overall, the distribution of borrowers is reasonable. This conclusion is supported primarily by reasonable penetration of loans among individuals of different income levels. Penetration of loans among businesses of different revenue sizes is poor, but did not impact the overall conclusion. Examiners focused on the percentage of home mortgage loans, by number, to low- and moderate-income borrowers, and on the percentage of small business loans, by number, to businesses with gross annual revenues of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels is reasonable. The bank's lending performance, by number of loans, to low-income borrowers exceeds aggregate data in 2018, but falls below aggregate in 2019. Lending performance, by number of loans, to moderate-income borrowers was below aggregate data in 2018 but significantly above the data in 2019. Charter Bank offers several loan programs through the secondary market that are intended to help first-time homebuyers and low- and moderate-income borrowers. These loans are not reported on

the bank's HMDA loan application register. The community contact noted that it has remained a seller's market for the last few years, with buyers putting in offers at or above list price shortly after homes go on the market. This has driven up home prices in the area. See the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	11.0	3.7	3	5.7	180	2.4
2019	11.0	3.1	0	0.0	0	0.0
Moderate						
2018	13.1	15.8	3	5.7	482	6.6
2019	13.1	14.3	7	20.6	728	14.7
Middle						
2018	21.4	22.8	9	17.0	970	13.2
2019	21.4	22.0	4	11.8	380	7.7
Upper						
2018	54.5	43.4	28	52.8	4,182	57.1
2019	54.5	45.6	17	50.0	2,702	54.4
Not Available						
2018	0.0	14.3	10	18.9	1,516	20.7
2019	0.0	14.9	6	17.6	1,153	23.2
Totals						
2018	100.0	100.0	53	100.0	7,330	100.0
2019	100.0	100.0	34	100.0	4,963	100.0
<i>Source: 2015 ACS Data; 1/1/2018 - 12/31/2019 HMDA loan application registers; 2018 & 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of borrowers reflects poor penetration among businesses of different revenue sizes. Half of the small business loans sampled that the bank originated in 2019 were to businesses with gross annual revenues less than or equal to \$1 million, which is significantly below D&B data. Management indicated that several long-term business relationships have grown over time into larger corporations. The community contact noted that small businesses need access to funding and working capital, with a focus on short-term working capital. See the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.1	18	50.0	3,200	59.5
>1,000,000	4.7	18	50.0	2,178	40.5
Revenue Not Available	9.1	0	0.0	0	0.0
Total	100.0	36	100.0	5,378	100.0
<i>Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 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 prior evaluation; therefore, this criterion did not affect the CRA rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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.