

# **PUBLIC DISCLOSURE**

February 7, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens State Bank of Roseau  
Certificate Number: 10167

118 Main Avenue South  
Roseau, Minnesota 56751

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.

Citizens State Bank of Roseau's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans were originated within the bank's assessment area.
- The assessment area does not include any low- and moderate-income geographies, so 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 of loans among individuals of different income levels and businesses and farms of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this performance criterion did not affect the rating.

## DESCRIPTION OF INSTITUTION

Citizens State Bank of Roseau's sole office is located in Roseau, Minnesota. The institution is located in north central Roseau County, which is located in northwest Minnesota. Roseau Realty Co., Inc., a one-bank holding company, also located in Roseau, wholly owns the institution. The institution received a Satisfactory rating for its previous FDIC CRA Performance Evaluation, dated January 22, 2019, based on Interagency Small Institution Examination Procedures.

Citizens State Bank of Roseau offers a variety of loan products, including agricultural, commercial, home mortgage, and consumer loans. In addition to conventional lending, the bank participates in various government, state, and locally sponsored loan programs through the Farm Service Agency, the Small Business Administration (SBA), and the Minnesota Housing Finance Agency (first time homebuyer program). Furthermore, Citizens State Bank of Roseau originates and then sells conventional home mortgage loans to the secondary market through Federal Home Loan Bank. Additionally, the Minnesota Department of Agriculture designates the bank as an Agriculture Best Management Practices (AgBMP) Loan Program Lender to provide low interest loans for agriculture water quality. To assist businesses and farm operators struggling with the impact of the COVID-19 pandemic in 2020 and 2021, the bank participated in the SBA's Paycheck Protection Program (PPP) and originated 467 loans totaling approximately \$16.1 million. The bank continues to participate in the Roseau County Affordable Housing Program, a down payment assistance program, and works with other financial institutions to help finance housing complexes in the area. The bank also finances or refinances vehicles, ATVs, boats, and campers, as well as offering debt consolidation assistance and other personal loans. Home mortgage, commercial, and agricultural lending continue to share the bank's business focus.

Citizens State Bank of Roseau also provides a variety of traditional deposit services, including checking and savings accounts and certificates of deposit. The bank makes available a broad array of alternative banking services, which include internet, mobile, and telephone banking, (with mobile deposit, person-to-person payments, electronic bill pay, and mobile wallet), and three bank-owned ATMs.

As of the December 31, 2021, Reports of Condition and Income, Citizens State Bank of Roseau reported total assets of \$290.3 million, total loans of \$136.9 million, and total deposits of \$258.0 million. Since the previous evaluation, total loans have increased by 22.6 percent, while deposits have increased by 44.6 percent. Management attributed these changes to growth stemming from the strong local economy throughout the review period. The following table illustrates the loan portfolio as of December 31, 2021, which reveals that agricultural, commercial, and home mortgage lending are all a primary lending focus for the institution by dollar volume. However, home mortgage loans originated by the bank and sold on the secondary market are not reflected here.

<b>Loan Portfolio Distribution as of 12/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	10,443	7.6
Secured by Farmland	6,377	4.7
Secured by 1-4 Family Residential Properties	20,285	14.8
Secured by Multifamily (5 or more) Residential Properties	4,935	3.6
Secured by Nonfarm Nonresidential Properties	13,623	9.9
<b>Total Real Estate Loans</b>	<b>55,663</b>	<b>40.6</b>
Commercial and Industrial Loans	15,068	11.0
Agricultural Production and Other Loans to Farmers	27,498	20.1
Consumer Loans	13,851	10.1
Obligations of State and Political Subdivisions in the U.S.	3,819	2.8
Other Loans	33	0.0
Lease Financing Receivable (net of unearned income)	21,042	15.4
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>136,974</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Other than the bank's legal lending limit, examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Citizens State Bank of Roseau has designated Roseau County as its assessment area, which is located in a nonmetropolitan area of northern Minnesota. Roseau County is comprised of five census tracts, which are all middle-income geographies. The following sections discuss demographic and economic information for the assessment area.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area. Population demographics remain relatively unchanged since the previous evaluation.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	15,615	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	7,426	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,967	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,351	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,108	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,303	0.0	0.0	100.0	0.0	0.0
Farms by Geography	232	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,362	16.3	20.0	24.2	39.5	0.0
Household Distribution by Income Level	6,318	19.7	17.6	19.5	43.2	0.0
Median Family Income		\$63,045	Median Housing Value Median Gross Rent Families Below Poverty Level			\$113,124 \$629 8.0%

Source: 2015 ACS Data; 2021 D&B Data; (\*) The NA category consists of geographies that have not been assigned an income classification.

Examiners used the 2021 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the nonmetropolitan portion of Minnesota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>MN NA Median Family Income (99999)</b>				
2021 (\$72,400)	<\$36,200	\$36,200 to <\$57,920	\$57,920 to <\$86,880	≥\$86,880

Source: FFIEC

According to 2021 D&B data, service industries represent the largest portion of businesses and farm operations within the assessment area at 32.7 percent, followed by agriculture, forestry, and fishing at 15.1 percent and retail trade at 13.4 percent. Additionally, 72.4 percent of the assessment area’s businesses and farms have four or fewer employees, and 90.9 percent operate from a single location. The major area employers include Polaris Industries, Marvin Windows and Doors, Central Boiler, and the local hospital. As of November 2021, the unemployment rate for Roseau County was 2.1 percent, and the comparable figures for the state of Minnesota and the entire U.S. were 2.2 percent and 3.9 percent, respectively. Management indicated that unemployment has had minimal impact in the immediate area throughout the evaluation period.

### **Competition**

Citizens State Bank of Roseau operates in a competitive banking environment. According to June 30, 2021, FDIC Deposit Market Share data, there were three FDIC-insured institutions operating six branches in Roseau County. Of these institutions, Citizens State Bank of Roseau ranked first with 43.2 percent of the deposit market share. Bank management stated its primary competitors are Border Bank, Fargo, North Dakota, and Security State Bank of Warroad, Warroad, Minnesota.

AgCountry Farm Credit Services is also a source of significant competition to due lower rates, as well as financing options through independent mortgage brokers and automobile dealerships.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs of the area. This information helps determine whether local financial institutions are responsive to these needs and what credit opportunities are available. For this evaluation, examiners conducted a community contact with a representative of a real estate-related organization in the assessment area.

The community contact stated that there is a wide variety of credit needs within the area, including agricultural, commercial, home mortgage, and consumer lending. Per the contact, Roseau County's overall economy is strong, as the cost of living is low, and unemployment is low because of the good paying jobs in the area. Regarding the business economy, the contact stated there are a couple of new businesses in the area for outdoor recreation. When asked about the COVID-19 pandemic, the contact stated that the pandemic did not cause businesses to close in the area; however, the restaurant industry and downtown retail businesses in Roseau were hit hard due to pandemic-related mandates. Regarding the agriculture economy, the contact stated that larger conglomerates are purchasing small farming operations in the area. The contact added that the price per acre of farmland has increased like nationwide trends; however, farmland does not hit the open market often, and if it does, it is mostly neighbor selling to neighbor. Regarding the housing market, the contact stated that there are plenty of buyers available in the area but little supply of homes available on the market. The contact also mentioned that there is little availability of apartments or single-family home rentals for the number of people in need of housing in the area. To help alleviate housing concerns, the contact mentioned a new apartment building is being built in Roseau, and the City of Roseau has purchased some land for future development opportunities. According to the contact, competition does not limit a financial institution's opportunities in the area, as institutions in the area have fair and similar rates. Finally, the contact further indicated that financial institutions have been responsive to the credit needs of the assessment area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners concurred that home mortgage, commercial, and agricultural loans all represent credit needs in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated January 22, 2019, to the current evaluation dated February 7, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate Citizens State Bank of Roseau's CRA performance. These procedures considered the bank's performance according to the following Lending Test criteria: Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile.

**Activities Reviewed**

Bank management indicated that the lending focus and product mix remained consistent throughout the evaluation period, with the exception of an increase in home mortgage lending and loans originated in conjunction with the SBA’s PPP. Major product lines are home mortgage, commercial, and agricultural loans. This conclusion was based on the bank’s business strategy, loan portfolio distribution, and bank records regarding the number and dollar volume of loans originated, extended, renewed, or purchased during the evaluation period. For the Assessment Area Concentration analysis, examiners reviewed home mortgage, small business, and small farm loans originated, extended, renewed, or purchased in 2021. Bank management stated this timeframe is representative of the bank’s performance during the evaluation period. Samples of loans that were located in the assessment area were randomly selected for the Borrower Profile analysis. The following table details the loan universes and samples selected for review.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage	169	26,282	47	6,281
Small Business	197	15,093	51	3,856
Small Farm	96	9,004	41	4,034

*Source: 2021 Bank Data*

When drawing overall conclusions, home mortgage loans were given the greatest weight based on the number and dollar volume of loans during the evaluation period, followed by small business and small farm, respectively. Home mortgage lending was compared to the 2015 American Community Survey (ACS) data, while 2021 D&B data provided a standard of comparison for the small business and small farm loans. In addition to publicly available information, D&B data includes information from businesses and farms in the assessment area that voluntarily respond to a survey request, including small entities that have limited or no credit needs. Therefore, examiners use D&B data simply as a general indicator of demographics within the assessment area. 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 of individuals, businesses, and farms served.

**CONCLUSIONS ON PERFORMANCE CRITERIA**

**LENDING TEST**

Citizens State Bank of Roseau demonstrated satisfactory performance under the Lending Test. The Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile performance all support this conclusion.

**Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The institution’s net loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 58.6 percent over the past 12 calendar quarters from March 31, 2019, through December 31, 2021. The ratio ranged from a low of 50.1 percent as of September

30, 2021, to a high of 64.1 percent as of September 30, 2019. The ratio has been steadily declining since its peak in September 30, 2019 to its current value of 52.5 percent. However, the bank’s current average net loan-to-deposit ratio is higher than the ratio at the prior evaluation, which was 56.2 percent. Management attributed the declining trend in the ratio to the COVID-19 pandemic, specifically, the economic stimulus payments and related increased deposits. Additionally, bank records show that the institution holds considerable amounts of public deposits that require a pledged reserve of government bonds and securities. This activity raises the institution’s deposit base, which affects the loan-to-deposit ratio. Comparable institutions, shown below, were selected based on branching structure, geographic location, and lending focus.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2021 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
The First National Bank of Bagley, Bagley, MN	110,284	67.9
American State Bank of Grygla, Grygla, MN	74,143	64.2
<b>Citizens State Bank of Roseau, Roseau, MN</b>	<b>290,312</b>	<b>58.6</b>

*Source: Reports of Condition and Income 3/31/2019 – 12/31/2021; Listed in alphabetical order by city*

**Assessment Area Concentration**

Citizens State Bank of Roseau originated a substantial majority of its home mortgage, small business, and small farm loans, by number and dollar volume, within the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage	144	85.2	25	14.8	169	20,818	79.2	5,464	20.8	26,282
Small Business	166	84.3	31	15.7	197	11,650	77.2	3,443	22.8	15,093
Small Farm	92	95.8	4	4.2	96	9,931	99.2	73	0.8	9,004

*Source: 2021 Bank Data; Due to rounding, totals may not equal 100.0.*

**Geographic Distribution**

The assessment area does not include any low- and moderate-income geographies, so a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion.

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, and businesses and farms of different sizes. Examiners focused on the percentage of loans to low- and moderate-income borrowers and businesses and farm operations with gross annual revenues of \$1 million or less.

**Home Mortgage Loans**

The distribution of home mortgage loans reflects reasonable penetration of loans to individuals of

different income levels, including low- and moderate-income borrowers. While the bank’s lending to low-income borrowers lags demographic data, 8.0 percent of the families within the assessment area are below the poverty level and likely would not qualify for a home mortgage loan. Furthermore, the bank’s lending to moderate-income borrowers reflects excellent penetration when compared to demographic data.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	16.3	4	8.5	253	4.0
Moderate	20.0	14	29.8	1,492	23.9
Middle	24.2	9	19.1	1,307	20.8
Upper	39.5	20	42.6	3,229	51.4
Income Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>6,281</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; 2021 Bank Data; Due to rounding, totals may not equal 100.0.</i>					

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

The distribution of small business loans reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. The bank’s small business lending performance lags D&B data, but is reasonable in comparison. In addition, the bank’s willingness to meet the credit needs of varying sized businesses by originating SBA PPP loans throughout the COVID-19 pandemic supports its reasonable performance. As indicated earlier, D&B data is used merely as a general indicator of demographics within the assessment area.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	84.9	39	76.5	1,748	45.3
> \$1,000,000	3.8	12	23.5	2,108	54.7
Revenue Not Available	11.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>3,856</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; 2021 Bank Data; Due to rounding, totals may not equal 100.0.</i>					

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

The distribution of small farm loans reflects reasonable penetration among farms with gross annual revenues of \$1 million or less. The bank’s small farm lending performance lags D&B data, but is reasonable when considering the performance context. The 2017 Census of Agriculture data revealed that 53.3 percent of farms in the assessment area did not report interest expenses related to their operations, and 60.4 percent of farmers in the assessment area list their primary occupation as “Other” than farming. This information indicates that farms in the assessment area have off-farm income and may not require credit to fund their operations. Lastly, the high level of competition for this loan type from AgCountry Farm Credit Services, as well as other financial institutions is also considered.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	98.3	31	75.6	2,181	54.1
> \$1,000,000	0.4	10	24.4	1,853	45.9
Revenue Not Available	1.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>4,034</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; 2021 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 performance criterion did not affect the Lending Test rating.

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

Examiners reviewed the bank’s compliance with laws relating to discrimination and other illegal credit practices, including the Equal Credit Opportunity Act and Fair Housing Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this criterion did not affect the institution’s 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.