

PUBLIC DISCLOSURE

February 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Arcadian Bank
Certificate Number: 10561

601 Broadway Street
Hartland, Minnesota 56042

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut St, 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	12
APPENDICES	13
SMALL BANK PERFORMANCE CRITERIA.....	13
GLOSSARY.....	14

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.**

Arcadian Bank's 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 the assessment area's credit needs.
- The institution made a majority of its small business, small farm, and home mortgage loans in its assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses and farms 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

Arcadian Bank is headquartered in Heartland, Minnesota and is owned by Minnesota Community Bancshares, Inc., a one-bank holding company located in Albert Lea, Minnesota. The bank changed its name from Farmers State Bank of Hartland effective January 4, 2021. In addition to its main office, Arcadian Bank operates two full-service branches in Freeborn, Minnesota and Albert Lea, Minnesota. In December 2021, the bank had closed its main Heartland Office due to tornado damage, but it has since reopened in September 2023. During this closure, the bank relocated its main office to Albert Lea effective January 31, 2022. No other branching-related changes have occurred since the previous evaluation, nor has the bank been involved in any merger or acquisition activities since the previous evaluation. Arcadian Bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated March 5, 2018, based on Interagency Small Institution Examination Procedures.

Arcadian Bank offers a wide range of loan products, including commercial, agricultural, home mortgage, and consumer loans. Management stated that commercial, agricultural, and residential real estate lending represent the bank's primary lending focuses. Residential real estate loans include in-house loans and those originated and serviced by Arcadian Bank and sold on the secondary market, as well as home equity lines of credit. The institution also participates in various government-sponsored loan programs, such as those offered through the Small Business Administration (SBA), U.S. Department of Agriculture's Farm Service Agency, and Minnesota Department of Agriculture's Rural Finance Authority (RFA). Finally, Arcadian Bank participated in the SBA's Paycheck Protection Program, which assisted businesses struggling with the impact of the Coronavirus Disease 2019 (COVID-19) pandemic.

Arcadian Bank also offers a variety of deposit and alternative banking services. Deposit products include checking, savings, certificates of deposit, health savings, and individual retirement accounts. Alternative banking services include online and mobile banking, person-to-person payments, electronic bill pay and periodic statements, mobile deposit, remote deposit capture for commercial deposit customers, and two cash-dispensing ATMs.

As of December 31, 2023, assets totaled approximately \$219.2 million, loans totaled \$161.3 million, and deposits totaled \$181.3 million. The bank's loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,263	3.3
Secured by Farmland	32,569	20.2
Secured by 1-4 Family Residential Properties	9,376	5.8
Secured by Multifamily (5 or more) Residential Properties	10,348	6.4
Secured by Nonfarm Nonresidential Properties	41,543	25.7
Total Real Estate Loans	99,099	61.4
Commercial and Industrial Loans	27,627	17.1
Agricultural Production and Other Loans to Farmers	33,881	21.0
Consumer Loans	599	0.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	130	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	161,336	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. Arcadian Bank continues to designate one assessment area in nonmetropolitan Minnesota that includes all of Freeborn County; Census Tracts 4601, 4605, and 4606 in Faribault County; and Census Tract 7902 in Waseca County. The assessment area has not changed since the previous evaluation.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area is comprised of four moderate-income census tracts, nine middle-income census tracts, and one upper-income census tract. 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)	14	0.0	28.6	64.3	7.1	0.0
Population by Geography	40,320	0.0	35.4	58.6	6.1	0.0
Housing Units by Geography	18,959	0.0	35.5	59.1	5.5	0.0
Owner-Occupied Units by Geography	13,316	0.0	30.7	63.4	5.9	0.0
Occupied Rental Units by Geography	3,664	0.0	52.1	44.1	3.9	0.0
Vacant Units by Geography	1,979	0.0	36.9	57.5	5.7	0.0
Businesses by Geography	3,409	0.0	34.3	58.5	7.2	0.0
Farms by Geography	607	0.0	4.9	88.5	6.6	0.0
Family Distribution by Income Level	10,908	20.2	23.2	21.5	35.1	0.0
Household Distribution by Income Level	16,980	23.5	19.2	19.5	37.8	0.0
Median Family Income Non-MSAs - MN		\$74,737	Median Housing Value			\$118,634
			Median Gross Rent			\$685
			Families Below Poverty Level			7.0%

Source: 2020 U.S. Census and 2023 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 2023 D&B data, the services industry represents the largest portion of business operations at 29.2 percent; followed by agriculture, forestry and fishing at 15.1 percent; and non-classifiable establishments at 12.9 percent. Additionally, 69.6 percent of assessment area businesses have four or fewer employees, and 90.2 percent operate from a single location.

The FFIEC provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the 2023 low-, moderate-, middle-, and upper-income categories for nonmetropolitan Minnesota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
MN NA Median Family Income (99999)				
2023 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320

Source: FFIEC

Competition

The assessment area is relatively competitive for credit products and financial services. According to Reports of Condition and Income (Reports of Condition) filed by financial institutions, there are 18 financial institutions operating 26 locations within the assessment area. These institutions range from small community banks to larger regional and national financial institutions. Arcadian Bank

ranks 2nd with 12.5 percent of deposit market share.

Arcadian 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 and small farm 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 and small farm loans and the level of competition within the assessment area. According to 2021 aggregate CRA data (most recent available), 49 CRA data reporters collectively reported 711 small business loans and 14 CRA data reporters collectively reported 281 small farm loans originated within the counties in the assessment area. This figure does not include the number of loans originated by smaller institutions that are not required to report small business and small farm lending, data but operate within the assessment area. The overall volume of small business and small farm lending in the assessment area reflects a competitive market.

Arcadian Bank also faces competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. Arcadian Bank was not required to collect or report home mortgage loan data during the review period and did not elect to do so. Therefore, examiners did not compare the bank's home mortgage lending performance to aggregate Home Mortgage Lending Act (HMDA) data within this evaluation. However, the aggregate HMDA data provides an indication of the level of demand for home mortgage loans and the level of competition within the assessment area. According to 2022 aggregate HMDA data (most recent available), 125 HMDA-reporting institutions originated or purchased 874 home mortgage loans in the assessment area, reflecting a generally competitive market. This figure does not include the number of loans originated by institutions that are not required to report home mortgage lending data and operate within the assessment area.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this performance evaluation, examiners reviewed two community contact interviews recently conducted with representatives from economic development- and agricultural-related entities that serve portions of the assessment area.

The first contact stated that a significant challenge related to the COVID-19 pandemic was the influx of funding from various sources. The contact noted that lending activity increased significantly due to the previously low interest rate environment; however, this activity has now slowed down due to higher interest rates and increased costs. Regarding lending opportunities in the assessment area, the contact stated that financing start-up operations can be challenging due to lack of historical financial data and the unknown future financial performance. The contact also felt there are some underserved areas and businesses in the assessment area, specifically for minority- and women-owned businesses; however, the contact stated that local organizations, area financial institutions, and the financial sector are working to address these needs. The contact identified affordable housing, quality childcare, and access to broadband internet service for the more rural portions of the assessment area as current economic needs. Overall, the contact stated that local

financial institutions have been receptive to the area’s various improvement initiatives and that many work collaboratively to address needs.

The second contact noted that the agricultural economy has fared well, with strong prices recently; however, increased costs have compressed profit margins for area farmers. The contact stated there has been some crop farm consolidation; however, most operations remain smaller. However, the contact noted that land prices are high, and continue to trend upward, which has increased farmers’ needs for financing to purchase real estate and that most producers have not been actively buying equipment. The contact indicated that area financial institutions working in conjunction with the RFA assist in providing affordable loans to agricultural borrowers. Further, the contact highlighted several local financial institutions, including Arcadian Bank, that actively assist agricultural borrowers in obtaining financing.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated March 5, 2018, to the current evaluation dated February 8, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate Arcadian 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 include commercial, agricultural, and home mortgage lending. 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 Reports of Condition data. While the Reports of Condition data does not indicate a significant residential real estate portfolio, it is important to note that this data does not include the home mortgage loans originated by Arcadian Bank and sold on the secondary market. However, these loans are reflected in this evaluation, as Arcadian Bank retains servicing and loan origination data is maintained within the bank’s records. When arriving at overall conclusions, small business and small farm loans received equal weight, followed by home mortgage loans, based on the volume of loans originated and management’s stated business focus.

Bank records indicate, and management confirmed, that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small business, small farm, and home mortgage loans originated, renewed, or extended in 2023. This period was considered representative of the bank’s performance during the entire evaluation period. D&B data for 2023 provided a standard of comparison for the bank’s small business and small farm lending performance and 2020 U.S. Census data provided a standard of comparison for

home mortgage lending performance.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans originated inside the assessment area were further reviewed to evaluate the Geographic Distribution criterion. To evaluate the Borrower Profile criterion, examiners reviewed a sample of small business and small farm loans and all home mortgage loans originated inside the assessment area. The table below provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	128	25,726	47	9,159
Small Farm	144	23,405	47	7,527
Home Mortgage	31	8,108	22	3,815
<i>Source: 2023 Bank Data</i>				

While the 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, farms, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Arcadian Bank demonstrated satisfactory performance under the Lending Test. The bank’s performance under the evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 82.8 percent over the past 24 calendar quarters from March 30, 2018, to December 31, 2023. The ratio has remained relatively steady since the previous evaluation, ranging from a low of 73.7 percent as of September 30, 2019, to a high of 89.7 percent as of September 30, 2022. As shown in the following table, Arcadian Bank’s average net loan-to-deposit ratio exceeds those of two of the comparable institutions and lags the other. Examiners selected comparable institutions based on their asset size, lending focus, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2023 \$(000s)	Average Net LTD Ratio (%)
Arcadian Bank, Albert Lea, Minnesota	219,218	82.8
First Bank Blue Earth, Blue Earth, Minnesota	305,577	68.9
Produce State Bank, Hollandale, Minnesota	115,082	55.2
Security Bank Minnesota, Albert Lea, Minnesota	147,802	92.2
<i>Source: Reports of Condition 3/31/2018 through 12/31/2023</i>		

Assessment Area Concentration

Arcadian Bank originated a majority of its small business, small farm, 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)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	103	80.5	25	19.5	128	18,361	71.4	7,365	28.6	25,726
Small Farm	125	86.8	19	13.2	144	19,760	84.4	3,645	15.6	23,405
Home Mortgage	22	71.0	9	29.0	31	3,815	47.1	4,293	52.9	8,108
<i>Source: 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, small farm, and home mortgage lending performance support this conclusion. Examiners focused on the bank's lending performance in the moderate-income census tracts, as there are not any low-income census tracts in the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank's performance of lending in the moderate-income census tracts in the assessment area is similar to the comparable demographic data. Therefore, the bank is reasonably lending in the moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	34.3	34	33.0	5,943	32.4
Middle	58.5	51	49.5	9,117	49.7
Upper	7.2	18	17.5	3,301	18.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	103	100.0	18,361	100.0
<i>Source: 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank did not originate any small farm loans in the moderate-income census tracts in the assessment area. However, demographic data shows that only 4.9 percent of farms are located in these census tracts, as they are primarily within the city limits of Albert Lea. Therefore, the bank’s lending performance in the moderate-income census tracts is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	4.9	0	0.0	0	0.0
Middle	88.5	121	96.8	19,190	97.1
Upper	6.6	4	3.2	570	2.9
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	125	100.0	19,760	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank’s performance of lending in the moderate-income census tracts exceeds the comparable demographic data, but is still considered comparable. Therefore, the bank’s lending performance is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	30.7	8	36.4	1,272	33.3
Middle	63.4	11	50.0	1,853	48.6
Upper	5.9	3	13.6	690	18.1
Not Available	0.0	0	0.0	0	0.0
Total	100.0	22	100.0	3,815	100.0

*Source: 2020 U.S. Census, Bank Data
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects reasonable penetration. The bank’s reasonable small business, small farm, and home mortgage lending performance support this conclusion. Examiners focused on the bank’s record of lending to businesses and farms with gross annual revenues of \$1 million or less and to low- and moderate-income individuals within the assessment area.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank’s performance of lending to businesses with revenues of \$1 million or less is below demographic data. However, it is important to note that the demographic data represents all businesses in the assessment area, not only those seeking traditional bank financing. Management commented that many service-based operations do not have financing needs and that smaller businesses tend to seek alternative forms of credit, including credit cards or home equity lines of credit, to finance their operations. Management also stated that a sizeable portion of the bank’s customer base has come from referrals, often one large business referring another. Several members of Arcadian Bank management currently serve on the Boards of local economic development and business development organizations, which work to promote economic development; job retention; and new business growth, including for small businesses, throughout the assessment area. Finally, as noted previously, Arcadian Bank is a SBA lender, which demonstrates the bank’s willingness to originate loans to businesses of all sizes, including small businesses. Considering these factors, the bank’s performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.5	26	55.3	2,140	23.4
>\$1,000,000	4.2	21	44.7	7,019	76.6
Revenue Not Available	12.4	0	0.0	0	0.0
Total	100.0	47	100.0	9,159	100.0

*Source: 2023 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Farm Loans

The distribution of small farm loans reflects reasonable lending among farms of different sizes. As shown in the following table, the bank’s performance of lending to farms with gross annual revenues of \$1 million or less lags demographic data. However, according to 2017 Census of Agriculture data (most recent available), 45.2 percent of farms in the counties comprising the assessment area did not report interest expense, indicating that they do not borrow funds to operate. Further, 47.1 percent are hobby farms, which are likely smaller operations that may not require financing, as operators have a primary occupation other than farming. Therefore, it appears there are a significant number of farm operations in the assessment area that may not have traditional financing needs, limiting the bank’s opportunities to lend to these smaller operations. Additionally, one community contact specifically identified Arcadian Bank as actively working to assist agricultural borrowers in obtaining financing. Therefore, the bank’s performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.7	39	83.0	5,667	75.3
>\$1,000,000	0.7	8	17.0	1,860	24.7
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	47	100.0	7,527	100.0

*Source: 2023 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. As shown in the following table, Arcadian Bank’s lending performance to low-income and moderate-income borrowers is below demographic data. Management noted that that rising interest rates, increased housing prices, and low inventory across all price ranges have affected the bank’s home mortgage lending activity, including to low- and moderate-income borrowers. Per 2020 U.S. Census Data, the median housing value in the assessment area is \$118,634, which has increased from \$104,651 per 2015 American Community Survey data, and may be difficult for lower-income borrowers to afford. The median housing value in Freeborn County, where the bank’s three offices operate, is even higher at \$122,145 per 2020 U.S. Census data. Additionally, 7.0 percent of families in the assessment area currently live below the poverty line. Further, examiners confirmed that based on industry-standard underwriting criteria, low- and moderate-income individuals are more likely to experience difficulty in qualifying for home mortgage loans due to the heightened interest rate environment, and monthly payment and down-payment requirements. Therefore, the bank’s performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.2	2	9.1	135	3.5
Moderate	23.2	4	18.2	558	14.6
Middle	21.5	6	27.3	1,071	28.1
Upper	35.1	8	36.4	1,887	49.4
Not Available	0.0	2	9.1	165	4.3
Total	100.0	22	100.0	3,815	100.0
<i>Source: 2020 U.S. Census; 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

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.