

PUBLIC DISCLOSURE

January 21, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security State Bank
Certificate Number: 16448

450 Main Street
Alexandria, South Dakota 57311

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize the institution's Community Reinvestment Act (CRA) performance:

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- The bank originated a majority of its small farm and small business loans inside its assessment areas.
- The geographic distribution criterion was not evaluated as the bank's assessment areas are comprised solely of middle-income geographies. As a result, the analysis would not result in meaningful conclusions.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenues sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Security State Bank is a privately owned financial institution headquartered in Alexandria, South Dakota. The bank operates in Hanson and McCook counties in southeastern South Dakota out of three full-service branches located in Alexandria, Spencer, and Montrose. No openings or closures of branch locations or merger and acquisition activities have occurred since the previous evaluation. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated February 26, 2019, conducted based on Interagency Small Institution Examination Procedures.

The bank continues to offer traditional credit products, including agricultural, commercial, home mortgage, and consumer loans, with a primary focus on agricultural lending. The bank also offers loans with guarantees from the Small Business Administration (SBA). The bank originated 277 loans totaling \$4.4 million through the SBA Paycheck Protection Program, which assisted small farms and businesses struggling with the impact of the Coronavirus pandemic. The bank also provides a variety of traditional deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online and mobile banking.

As of September 30, 2024, the institution reported total assets of \$99 million, total loans of \$63 million, and total deposits of \$90 million. The table below illustrates the bank’s loan portfolio.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	10,417	16.4
Secured by 1-4 Family Residential Properties	1,434	2.3
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	0	0.0
Total Real Estate Loans	11,851	18.7
Commercial and Industrial Loans	8,032	12.7
Agricultural Production and Other Loans to Farmers	38,380	60.4
Consumer Loans	2,733	4.3
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	2,295	3.6
Lease Financing Receivable (net of unearned income)	200	0.3
Less: Unearned Income	0	0.0
Total Loans	63,491	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 assessment areas’ credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Security State Bank operates in two assessment areas in South Dakota, hereafter referred to as the Alexandria Assessment Area and the Spencer/Montrose Assessment Area. The Alexandria Assessment Area is part of nonmetropolitan South Dakota, and the Spencer/Montrose Assessment Area is part of the Sioux Falls, South Dakota-Minnesota Metropolitan Statistical Area (MSA). There have been no changes to either assessment area since the prior evaluation. Examiners analyzed the bank’s performance in each assessment area separately. Additional information on the individual assessment areas is presented later in the evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 26, 2019, to the current evaluation dated January 21, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate Security State Bank’s CRA performance.

Examiners used full-scope examination procedures to assess the bank’s performance in both assessment areas. To assess overall performance, examiners gave greater weight to the bank’s performance in the Alexandria Assessment Area, as a significant portion of the bank’s loan and deposit activity occurs in that assessment area, illustrated in the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Alexandria	40,814	91.4	57,234	63.2	1	33.3
Spencer/Montrose	3,642	8.6	33,276	36.8	2	66.7
Total	44,456	100.0	90,510	100.0	3	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2024)

Activities Reviewed

The bank’s primary lending focus is agricultural lending, followed by commercial lending. This conclusion considered the institution’s business strategy, volume of loans originated during the evaluation period, and data from Reports of Condition and Income. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners analyzed small farm and small business loans originated, extended, renewed, or purchased in 2024, for the Assessment Area Concentration criterion. Specifically, examiners reviewed 71 small farm loans totaling \$12.2 million and 21 small business loans totaling \$4.0 million. For the Borrower Profile criterion, examiners reviewed 36 small farm loans in the assessment areas totaling \$5.1 million and all 13 small business loans in the assessment areas totaling \$1.8 million. D&B data for 2024 provided a standard of comparison for small business and small farm lending.

Small farm lending performance was given greater weight for overall conclusions since this product is the bank’s primary lending focus. 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 farms and businesses served. Home mortgage loans were not included in the review, as they do not represent a major product line for the bank.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Security State Bank demonstrated satisfactory performance under the Lending Test. The bank’s performance under all performance criteria support this conclusion.

Loan-to-Deposit Ratio

Security State Bank’s LTD ratio is reasonable given the institution’s size, financial condition, and assessment areas’ credit needs. The bank’s LTD ratio, calculated from Reports of Condition and Income data, averaged 64.6 percent over the past 23 calendar quarters from March 31, 2019, through September 30, 2024. The ratio ranged from a low of 52.4 percent as of March 31, 2022, to a high of 78.5 percent as of June 30, 2019. The bank’s average net loan-to-deposit ratio declined since the

previous evaluation when it was 69.5 percent. Examiners compared Security State Bank’s average net loan-to-deposit ratio to three other institutions. The comparable institutions were selected based on their asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2024 (\$000s)	Average Net LTD Ratio (%)
Security State Bank, Alexandria, South Dakota	99,284	64.6
The Security State Bank, Emery, South Dakota	58,491	34.6
Rivers Edge Bank, Marion, South Dakota	306,229	83.6
<i>Source: Reports of Condition and Income 03/31/2019 – 09/30/2024</i>		

Assessment Area Concentration

As detailed in the following table, Security State Bank made a majority of its small farm and small business loans inside the assessment areas. The percentage of small business loans, by dollar amount, originated outside of the assessment is skewed due to four large dollar loans being made to borrowers outside of the assessment areas. Examiners emphasized performance by number rather than dollar as it better indicates the number of farms and businesses served. Given this information, the bank’s performance is reasonable.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total (\$000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		(\$000s)	%	(\$000s)	%	
Small Farm	60	84.5	11	15.5	71	10,151	83.4	2,026	16.6	12,177
Small Business	13	61.9	8	38.1	21	1,796	44.4	2,248	55.6	4,044
<i>Source: Bank Data</i>										

Geographic Distribution

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

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less. The bank’s reasonable performance in the Alexandria Assessment Area primarily supports this conclusion. While excellent performance was noted in the Spencer/Montrose Assessment Area, this assessment area received less weight when forming conclusions. Detailed discussion of the bank’s performance under this criterion is included in the individual assessment areas section of this evaluation.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test 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.

ALEXANDRIA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ALEXANDRIA ASSESSMENT AREA

The Alexandria Assessment Area is in nonmetropolitan eastern South Dakota. Specifically, the assessment area includes all of Hanson County. The bank has its main office in the assessment area located in Alexandria.

Economic and Demographic Data

The following table provides select demographic characteristics for the assessment area.

Demographic Information of the Alexandria Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	3,461	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,210	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	912	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	127	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	171	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	492	0.0	0.0	100.0	0.0	0.0
Farms by Geography	104	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	742	14.3	18.1	21.3	46.4	0.0
Household Distribution by Income Level	1,039	16.8	18.9	16.6	47.7	0.0
Median Family Income Non-MSAs - SD		\$72,374	Median Housing Value			\$139,900
			Median Gross Rent			\$715
			Families Below Poverty Level			6.5%

*Source: 2020 U.S. Census and 2024 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 2024 D&B data, the service industry represents the largest portion of the business sector in the assessment area at 23.5 percent and is followed by non-classifiable establishments and agricultural, forestry, and fishing at 23.0 and 17.5 percent respectively. The majority of businesses are small with 93.3 percent operating from a single location and 67.1 percent employing four or less employees. The assessment area is dependent on the agricultural economy, and area farmers have experienced fair yields and commodity prices in recent years. Discussions with bank personnel indicated area crop farms have experienced better yields in recent years, but prices have decreased. In addition to agriculture, the area economy includes various employment sectors, such as education, manufacturing, and retail. Furthermore, the sole census tract in the assessment area has been considered distressed due to population loss every year since the prior evaluation.

Competition

Security State Bank operates in a banking market with only one other financial institution. As such, the level of competition in this market is considered low. Per FDIC Deposit Market Share data as of June 30, 2024, two financial institutions operate two offices within Hanson County. Of these institutions, Security State Bank ranked first with deposit market share of 65.8 percent.

Community Contact

As part of the evaluation process, examiners contact third parties in the assessment area to assist in identifying the credit needs of the area. This information helps determine what credit opportunities are available and whether local financial institutions are responsive to credit needs.

An existing contact with a community member that works in agriculture was reviewed for this evaluation. The contact indicated that many of the businesses in the area are focused on agriculture, which is the primary credit need in the area. Due to drier weather conditions in recent years, yields have been lower than anticipated; however, commodity prices have not been impacted. Further, the contact stated the area is diversified in raw crops as well as livestock. Cost of housing has continued to increase throughout the evaluation period. Overall, the contact stated that local financial institutions are responsive to the credit needs in the assessment area and making credit readily available.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural lending represents the primary credit need in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ALEXANDRIA ASSESSMENT AREA

LENDING TEST

Security State Bank demonstrated reasonable performance under the Lending Test in the Alexandria Assessment Area. The bank's reasonable borrower profile performance supports this conclusion.

Geographic Distribution

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

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration throughout the Alexandria Assessment Area. The bank’s reasonable small farm and excellent small business lending performances support this conclusion.

Small Farm

The distribution of borrowers reflects reasonable penetration among farms of different sizes throughout the assessment area. The bank’s lending to farms with gross annual revenues of \$1 million or less is comparable to D&B data for the area.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	95.2	24	96.0	3,520	96.4
>\$1,000,000	4.8	1	4.0	130	3.6
Revenue Not Available	0.0	0	0.0	0	0.0
Total	100.0	25	100.0	3,650	100.0

Source: 2024 D&B Data and Bank Data

Small Business

The distribution of borrowers reflects excellent penetration among businesses of different sizes throughout the assessment area. All 10 small business loans originated in the Alexandria Assessment Area were to businesses with gross annual revenues of \$1 million or less. The comparable D&B data reveals that 86.8 percent of the businesses in this assessment area have gross annual revenue of \$1 million or less.

SPENCER/MONTROSE ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SPENCER/MONTROSE ASSESSMENT AREA

The Spencer/Montrose Assessment Area includes the northern half of McCook County, which is the western edge of the Sioux Falls, South Dakota-Minnesota MSA. The bank has two branch locations in this assessment area located in Spencer and Montrose, South Dakota.

Economic and Demographic Data

The table on the following page provides select demographic characteristics for the assessment area.

Demographic Information of the Spencer/Montrose Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	3,131	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,421	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	956	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	293	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	172	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	449	0.0	0.0	100.0	0.0	0.0
Farms by Geography	90	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	885	19.2	21.8	32.5	26.4	0.0
Household Distribution by Income Level	1,249	23.5	14.8	25.1	36.5	0.0
Median Family Income MSA - 43620 Sioux Falls, SD-MN MSA		\$83,517	Median Housing Value			\$153,100
			Median Gross Rent			\$629
			Families Below Poverty Level			5.4%

Source: 2020 U.S. Census and 2024 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 2024 D&B data, the service industry represents the largest portion of the business sector in the assessment area at 26.5 percent and is followed by non-classifiable establishments and agricultural, forestry, and fishing at 18.0 and 16.7 percent respectively. Many businesses are small with 90.4 percent operating from a single location and 67.9 percent employing four or less employees. The assessment area is dependent on the agricultural economy, and area farmers have experienced fair yields and commodity prices in recent years. In addition to agriculture, the area economy includes various employment sectors, such as healthcare, education, and manufacturing.

Competition

Security State Bank operates in a semi-competitive banking market, given the population and rural nature of the assessment area. Per FDIC Deposit Market Share data as of June 30, 2024, four financial institutions operate five offices within McCook County. Of these institutions, Security State Bank ranked second with deposit market share of 16.6 percent.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural lending represents the primary credit need in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SPENCER/MONTROSE ASSESSMENT AREA

LENDING TEST

Security State Bank demonstrated excellent performance under the Lending Test in the Spencer/Montrose Assessment Area. The bank's excellent Borrower Profile performance supports this conclusion.

Geographic Distribution

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

Borrower Profile

Overall, the distribution of borrowers reflects excellent penetration throughout the Spencer/Montrose Assessment Area. The bank's excellent small farm and reasonable small business lending performances support this conclusion.

Small Farm

The distribution of borrowers reflects excellent penetration among farms of different sizes throughout the assessment area. All 11 small farm loans originated in the Spencer/Montrose Assessment Area were to farms with gross annual revenues of \$1 million or less. The comparable D&B data reveals that 96.7 percent of the farms in this assessment area have gross annual revenue of \$1 million or less.

Small Business

The distribution of borrowers reflects reasonable penetration among businesses of different sizes throughout the assessment area. The bank's performance in lending to businesses with gross annual revenues of \$1 million or less is within a reasonable range of D&B data for the area, given the low loan volume.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.9	2	66.7	27	5.1
>\$1,000,000	3.1	1	33.3	500	94.9
Revenue Not Available	12.0	0	0.0	0	0.0
Total	100.0	3	100.0	527	100.0
<i>Source: 2024 D&B Data and Bank Data</i>					

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 institution'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 institution 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.