

PUBLIC DISCLOSURE

March 4, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Security State Bank
Certificate Number: 18508

3600 Lafayette Road
Evansdale, Iowa 50707

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.

First Security State Bank's (FSSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution made a majority of its small business and consumer loans inside the assessment area.
- The geographic distribution of borrowers reflects an overall reasonable dispersion of small business and consumer lending throughout the assessment area.
- The distribution of borrowers reflects an overall reasonable penetration among businesses of different revenue sizes and individuals of varying 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

FSSB is a community bank operating from a main office in Evansdale, Iowa, and a full-service branch in Cedar Falls, Iowa. FSSB is wholly owned by Evans Bancshares, Incorporated, a one-bank holding company located in Evansdale, Iowa. FSSB received a rating of Satisfactory at its previous Federal Deposit Insurance Corporation Performance Evaluation dated May 31, 2019, based on Interagency Small Institution Examination Procedures. FSSB did not open or close any branch offices, and no merger or acquisition activities have occurred since the prior evaluation.

The institution offers various commercial, consumer, home mortgage, and limited agricultural products, with the focus primarily concentrated in commercial and consumer lending. Commercial lending makes up the largest percentage of the portfolio due to the niche lending for semi-tractor trailers within the northeast portion of the state. Vehicle lending comprises a majority of the consumer portfolio due to indirect lending relationships through a network of automobile dealers located inside and outside of the assessment area. FSSB can originate various government-sponsored programs to assist small businesses in obtaining affordable financing through the Small Business Administration. FSSB also offers long-term home mortgage loans for qualified applicants through secondary market sales or referrals. Finally, in response to the COVID-19 pandemic, the bank originated loans under the Small Business Administration's Paycheck Protection Program to assist agricultural- and business-related entities in the area.

FSSB provides a variety of deposit-related products that include checking, savings, and money market accounts. Alternative banking products and services include debit cards, safe deposit boxes, internet and mobile banking, electronic statements, mobile deposit, wire transfers, and electronic bill payment. Services are also provided through two full-service automated teller machines.

Assets totaled approximately \$94.3 million as of December 31, 2024, representing a decrease of 8.8 percent since the March 31, 2019, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$82.2 million, representing a 2.8 percent decrease, and total loans were approximately \$59.5 million, representing a 32.1 percent decrease during the same timeframe. Since the prior evaluation, loan volume decreased in every category. Agriculture loan volume decreased by 81.5 percent due to existing loans paying off and this loan category not being a primary business focus. Consumer loan volume decreased by 43.1 percent with management attributing the decrease to increased competition from other financial institutions and credit unions in the indirect auto loan financing market. Commercial loan volume decreased 32.6 percent with management stating the trucking industry has seen a slowdown leading to a decline in semi-truck purchases. Residential real estate loan volume decreased by 0.3 percent due to organic circumstances. Further, the influx of COVID-19 pandemic stimulus payments made to farms, businesses, and individuals allowed the pay down of existing debt, as well as funding expenses with cash. The sharp increase in market interest rates has slowed expansion and equipment purchases, and increased competition among lenders. The following table illustrates the composition of FSSB's loan portfolio as of December 31, 2024.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,322	3.9
Secured by Farmland	63	0.1
Secured by 1-4 Family Residential Properties	7,739	13.0
Secured by Multifamily (5 or more) Residential Properties	2,687	4.5
Secured by Nonfarm Nonresidential Properties	3,742	6.3
Total Real Estate Loans	16,553	27.8
Commercial and Industrial Loans	23,958	40.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	18,987	31.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	59,501	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FSSB has defined one assessment area in Iowa comprised of Black Hawk, Bremer, and Grundy counties in their entirety; Buchanan County census tracts 9502 and 9503; Butler County census tracts 704 and 705; Chickasaw County census tracts 702 and 703; and Tama County census tracts 2901 and 2902. Black Hawk, Bremer, and Grundy counties are part of the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area. Buchanan, Butler, Chickasaw, and Tama counties are part of the nonmetropolitan area of Iowa.

Economic and Demographic Data

According to the 2020 U.S. Census, the assessment area is comprised of 5 low-income census tracts, 8 moderate-income census tracts, 37 middle-income census tracts, and 9 upper-income census tracts. A comparison of 2015 American Community Survey data and 2020 U.S. Census data reflects the transition of tracts between income categories. In aggregate, allocation of the area’s 59 geographies by income level revealed an increase of 3 low-, 2 moderate-, 3 middle-, and 3 upper-income census tracts, and a decrease of 3 low-, 2 middle-, and 5 middle-income census tracts. Additionally, one upper-income census tract divided into two separate upper-income census tracts. FSSB’s main office is located in Black Hawk County census tract 20 while the Cedar Falls branch is located in Black Hawk County census tract 25. 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)	59	8.5	13.6	62.7	15.3	0.0
Population by Geography	192,805	5.3	10.7	62.9	21.1	0.0
Housing Units by Geography	85,263	6.3	11.6	62.1	20.0	0.0
Owner-Occupied Units by Geography	55,138	3.2	8.7	65.6	22.4	0.0
Occupied Rental Units by Geography	22,714	12.7	16.8	54.3	16.2	0.0
Vacant Units by Geography	7,411	9.3	17.3	59.5	13.9	0.0
Businesses by Geography	24,557	5.2	17.2	57.2	20.4	0.0
Farms by Geography	2,073	0.9	5.3	70.7	23.1	0.0
Family Distribution by Income Level	48,375	20.2	17.5	22.2	40.2	0.0
Household Distribution by Income Level	77,852	22.8	16.2	18.9	42.0	0.0
Median Family Income - Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area		\$76,924	Median Housing Value			\$152,759
Median Family Income – Nonmetropolitan Iowa		\$71,763	Median Gross Rent			\$801
			Families Below Poverty Level			8.2%

Source: 2020 U.S. Census and 2024 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%

According to 2024 D&B data, service industries represent the largest portion of farms and businesses in the assessment area at 31.0 percent; followed by non-classifiable establishments at 23.7 percent; finance, insurance, and real estate at 11.6 percent; and retail trade at 9.7 percent. In addition, 63.4 percent of assessment area farms and businesses have four or fewer employees, and 92.5 percent operate from a single location.

The FFIEC-estimated median family income levels were used to analyze consumer loans under the Borrower Profile criterion. The following table details the low-, moderate-, middle-, and upper-income levels for the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area and the Iowa nonmetropolitan areas.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area Median Family Income				
2024 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
Nonmetropolitan Iowa Median Family Income				
2024 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040

Source: FFIEC

Competition

The assessment area is very competitive regarding financial services. According to Call Report data, 36 financial institutions operate from 102 office locations in the assessment area. These institutions range in size from small community banks to larger financial institutions with branch locations in the assessment area. FSSB ranks 21st amongst these institutions with 1.1 percent of deposit market share. The top two financial institutions maintain 31.0 percent of the deposit market share in the assessment area.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in understanding economic conditions and identifying credit needs. This information helps to determine whether local financial institutions are responsive to community credit needs and provides context regarding available lending opportunities. For this evaluation, examiners performed interviews with representatives of two different economic development organizations that serve both the nonmetropolitan and metropolitan portions of the assessment area.

The first contact stated that economic conditions are mixed as some businesses are doing extremely well while others are closing their doors and filing bankruptcy. Several rounds of layoffs at John Deere have had a ripple effect on families, suppliers, and the local economy, overall. Professional services and retail businesses are suffering due to online competition. Local malls are mostly vacant, and area restaurants are seeing less traffic. Labor shortages continue to impact local businesses as they struggle to achieve income projections. Affordable housing continues to be an issue along with higher interest rates. Buyers are priced out of the market based on overpriced inventory while higher interest rates are leaving people out of purchasing. An increase in rental market activity due to the lack of homes and affordability has created more competition and a strain on low- and moderate-income individuals.

A second contact noted that economic conditions are stable. Unemployment is at a very low level. Although a low unemployment rate is good, businesses are having difficulty filling open positions. Various economic development associations are not focusing on new jobs and commercial growth because it is difficult to bring people to smaller communities. Most of the small towns and rural areas of Bremer, southern Chickasaw, and northern Black Hawk counties are bedroom communities with residents commuting to jobs in Waterloo, Cedar Falls, and Waverly. Affordable housing is in short supply with most affordable homes being older and many requiring extensive repairs. When homes do come up for sale, they stay on the market for a short time due to demand. These factors contribute to the difficulties experienced by people without adequate resources to own a home.

Credit Needs

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans are primary credit needs of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 31, 2019, to the current evaluation date. Examiners used Interagency Small Institution Examination Procedures to evaluate FSSB's CRA performance, which includes the Lending Test. Refer to the Appendices for a summary of the criterion evaluated under the Lending Test.

Activities Reviewed

Examiners determined that the bank's major product lines are small business and consumer loans. This conclusion considered the bank's business focus, number and dollar volume of loans originated during the evaluation period, and review of Call Report data. Given the portfolio composition and management's comments regarding the lending focus, small business and consumer lending were given equal weighting.

Management agreed that the loan activity during 2024 was representative of the bank's performance during the evaluation period. As such, examiners assembled a universe of small business and consumer loans originated or extended from January 1, 2024, through December 31, 2024. Examiners reviewed the entire universe of these loans to evaluate the Assessment Area Concentration criterion. This included 98 small business loans totaling approximately \$10.4 million and 219 consumer loans totaling approximately \$5.4 million. For the Geographic Distribution criterion, examiners reviewed all loans in these categories that were originated or extended within the institution's assessment area. A random sample of loans for each category was drawn from the universe of loans within the assessment area to analyze the Borrower Profile criterion. Specifically, 36 small business loans totaling approximately \$4.7 million and 47 consumer loans totaling approximately \$1.1 million were reviewed.

For small business conclusions, 2024 D&B data provided a standard of comparison. The 2020 U.S. Census data provided a standard of comparison for the bank's consumer lending performance. Examiners obtained the data necessary for this evaluation from institution loan data, individual customer and commercial loan files, and interviews with management. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, which is a better indicator of the number of businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSSB demonstrated satisfactory performance under the Lending Test. The institution's overall performance under Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs in the assessment area. The institution’s net loan-to-deposit ratio, calculated from Call Report data, averaged 84.6 percent over the past 24 calendar quarters from March 31, 2019, to December 31, 2024. The ratio ranged from a high of 103.8 percent as of September 30, 2019, to a low of 71.5 percent as of December 31, 2024. As shown in the following table, FSSB’s average net loan-to-deposit ratio compares reasonably with similarly-situated institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
FSSB, Evansdale	94,257	84.6
Hiawatha Bank and Trust Company, Hiawatha	143,609	90.4
Farmers and Merchants Savings Bank, Iowa City	123,652	87.2
Community Bank of Oelwein, Oelwein	107,465	66.5

Source: Call Reports 3/31/2019 – 12/31/2024

Assessment Area Concentration

The institution made a majority of its small business and consumer loans, by number and dollar volume, within the assessment area. Overall, this concentration demonstrates the bank’s willingness to meet the credit needs of the assessment area. See the following table for details.

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 Business	70	71.4	28	28.6	98	7,727	74.4	2,654	25.6	10,381
Consumer	117	53.4	102	46.6	219	2,857	53.4	2,498	46.6	5,355

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

Geographic Distribution

The geographic distribution of loans reflects an overall reasonable dispersion throughout the assessment area. FSSB’s reasonable small business and consumer lending performance supports this conclusion. Examiners focused on the percentage, by number, of loans in low- and moderate-income geographies of the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects a reasonable dispersion throughout the assessment area. As shown in the following table, FSSB’s level of lending in the low-income census tracts is higher than benchmark data. The level of lending in the moderate-income census tracts is lower than applicable benchmark data. Management noted, and examiners confirmed, that although both bank locations are near a moderate-income census tract, limited small business loan

opportunity exists based on the concentration of housing and amount of bare ground within each. Other moderate-income census tracts are located some distance from each bank location with numerous other financial institutions located in them.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	5.2	5	7.1	308	4.0
Moderate	17.2	4	5.7	130	1.7
Middle	57.2	53	75.7	5,671	73.4
Upper	20.4	8	11.4	1,618	20.9
Totals	100.0	70	100.0	7,727	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, FSSB’s level of lending in the low- and moderate-income census tracts is comparable to corresponding benchmark data.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	6.2	3	2.6	133	4.7
Moderate	11.4	11	9.4	164	5.7
Middle	62.8	72	61.5	1,803	63.1
Upper	19.6	31	26.5	757	26.5
Totals	100.0	117	100.0	2,857	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects an overall reasonable penetration among businesses of different revenue sizes, as well as individuals of different income levels. FSSB’s reasonable small business and excellent consumer lending performance supports this conclusion. Examiners focused on the number of loans to businesses with gross annual revenues of \$1.0 million or less, and on the number of consumer loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans to entities of differing revenues is reasonable given additional factors. As demonstrated in the following table, FSSB’s lending to businesses with gross annual revenues equal to, or under, \$1.0 million is lower than comparative benchmark data. However, examiners noted that the random sample of small business loans included 10 loans to 2 borrowers with gross annual revenues exceeding \$1.0 million. Adjusting the analysis to exclude the

multiple loans brings the institution’s percentage of lending to businesses with gross annual revenues at or under \$1.0 million much closer to benchmark data. Additionally, it was determined that six of the nine borrowers in the larger revenue category began relationships with FSSB as smaller or start-up businesses and subsequently grew, thereby transitioning from the smaller revenue category. Finally, management asserted, and examiners confirmed, the trucking industry has been facing some headwinds thus slowing business and, subsequently, decreasing demand for semi-tractor financing.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.2	19	52.8	838	17.8
>\$1,000,000	2.8	17	47.2	3,858	82.2
Revenue Not Available	8.0	0	0.0	0	0.0
Total	100.0	36	100.0	4,696	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Consumer Loans

The distribution of consumer loans to borrowers of differing incomes is excellent. As demonstrated in the following table, FSSB’s lending to low-income borrowers is higher than benchmark data, and performance regarding moderate-income borrowers is slightly higher than benchmark data.

Distribution of Consumer Loans by Borrower Income Category					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	22.8	14	29.8	170	15.9
Moderate	16.2	8	17.0	138	12.9
Middle	18.9	15	31.9	380	35.6
Upper	42.0	10	21.3	380	35.6
Totals	100.0	47	100.0	1,068	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 did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the CRA rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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.