

PUBLIC DISCLOSURE

July 8, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens State Bank of Arlington
128 South Main Street
P.O. Box 378
Arlington, South Dakota 57212
RSSD 274856

**Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291**

NOTE: 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 the 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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Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix A at the end of this performance evaluation.

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

Examiners evaluated the Community Reinvestment Act (CRA) performance of Citizens State Bank of Arlington, Arlington, South Dakota, using the Small Bank CRA Examination Procedures. Based on the bank's asset size and financial conditions, the bank effectively meets the needs of small farms, small businesses, and consumers in its assessment area. Several factors support the bank's satisfactory rating:

- The bank's lending to farms and businesses of different sizes and consumers of different income levels is reasonable.
- The geographic distribution of the bank's loans reflects reasonable dispersion throughout the assessment area.
- The bank originated a majority of its loans within the assessment area.
- The bank's net loan-to-deposit ratio is reasonable.

The bank received a Satisfactory rating at the previous evaluation dated May 4, 2015.

SCOPE OF EVALUATION

The scope of the evaluation covers the bank's major product lines, which are small farm, small business, and consumer loans, as shown in Table 1.

TABLE 1¹				
Loan Originations From January Through December 2018				
<i>Loan Type</i>	<i>Number of Loans</i>	<i>Percentage of Total Number</i>	<i>Total Loan Dollars</i>	<i>Percentage of Total Dollars</i>
Construction/Land Development	3	0.8	\$475,867	1.1
Consumer	65	16.7	779,078	1.7
Residential Real Estate	5	1.3	517,826	1.1
Small Business (≤ \$1 million)	55	14.1	4,143,142	9.1
Small Farm (≤ \$500,000)	249	64.0	29,885,539	65.9
Agricultural (> \$500,000)	11	2.8	9,490,000	20.9
Tax Exempt	1	0.3	43,753	0.1
Total	389	100.0	\$45,335,205	100.0

Examiners analyzed a statistical sample of 49 consumer, 43 small business, and 112 small farm loans from January 1, 2018, through December 31, 2018.

Examiners analyzed the following criteria to determine the bank's CRA rating:

- Lending to farms and businesses of different sizes and to borrowers of different income levels
- Geographic distribution of loans
- Lending inside the assessment area
- Net loan-to-deposit ratio
- Record of responding to complaints about the bank's CRA performance

¹Note: Because the percentages presented in the tables are rounded to the nearest tenth, some columns or rows may not total 100.0%.

For the evaluation criteria, examiners placed the greatest weight on the bank's lending to farms and businesses of different sizes and to borrowers of different income levels, followed by geographic distribution of loans. Lending inside the assessment area and net loan-to-deposit ratio received lower but equal weight. By product, small farm lending received the greatest weight, as it represents the largest percentage of the bank's loan originations by number and dollar amount for the evaluation period. It also represents the largest percentage of the bank's overall loan portfolio. The bank has not received any CRA-related complaints since the previous evaluation.

This evaluation is based in part on discussions with bank management and interviews with members of the community familiar with economic issues and demographic characteristics of the assessment area. Examiners used information from these sources to evaluate the bank's CRA performance.

DESCRIPTION OF INSTITUTION

Offices. Citizens State Bank of Arlington operates its main office (with drive-up services) in Arlington, South Dakota, and two full-service branches, one each in Castlewood and Sinai, South Dakota. The bank also operates four cash-dispensing-only ATMs in its assessment area: at the main office, the Castlewood branch, and two convenience stores (one in Arlington and the other in Castlewood). The main office ATM is new since the previous evaluation. All offices are located in middle-income census tracts. The bank's hours of operation are reasonable.

Alternative Delivery Methods. The bank offers online and mobile banking as well as bill payment services. These features allow customers to review account information, transfer funds, and make bill payments. Since the previous evaluation, the bank increased the website's functionality by offering electronic periodic statements.

Loan Portfolio. According to the March 31, 2019, Report of Condition, the bank's assets total \$106.1 million. The bank's \$71.3 million loan portfolio consists of 82.3% agricultural, 10.3% commercial, 5.2% residential real estate, 2.0% consumer, and 0.2% other loans. Since the 2015 evaluation, assets increased by 5.1% and the loan portfolio increased by 1.9%. The overall composition of the loan portfolio remained relatively stable.

Credit Products. The bank offers a variety of loan products to meet the needs of the residents, farms, and businesses in its assessment area. The bank offers traditional agricultural, commercial, and consumer loan products, including term loans and lines of credit. The bank also offers loans through the USDA Farm Service Agency guaranteed loan program.

Market Share. According to the June 30, 2018, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report, the bank ranks seventh out of 17 FDIC-insured financial institutions operating in Brookings, Hamlin, Kingsbury, and Lake counties, with 4.5% of the total deposits.

DESCRIPTION OF ASSESSMENT AREA

Assessment Area Information. The bank designated one assessment area for CRA purposes. The assessment area consists of Hamlin County, the eastern portion of Kingsbury County, the western portion of Brookings County, and the western and northern portions of Lake County. There are eight census tracts in the assessment area, currently consisting of one moderate-, five middle-, and two upper-income tracts. The moderate-income tract is partly within the Brookings city boundary. The bank has not changed its assessment area since the previous evaluation; however, the income designation changed for three census tracts in Brookings County and for the Lake County tract, based on the 2018 Federal Financial

Institutions Examination Council (FFIEC) adjusted census data. At the previous evaluation, the assessment area consisted of seven middle- and one upper-income census tracts.

Table 2 shows the demographic characteristics of the assessment area based on the 2018 FFIEC adjusted census data² and 2018 Dun & Bradstreet data.

TABLE 2								
Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	1,283	16.0
Moderate Income	1	12.5	1,037	13.0	138	13.3	1,329	16.6
Middle Income	5	62.5	4,870	60.9	367	7.5	1,862	23.3
Upper Income	2	25.0	2,089	26.1	66	3.2	3,522	44.0
Unknown Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	8	100.0	7,996	100.0	571	7.1	7,996	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	2,829	920	10.9	32.5	1,380	48.8	529	18.7
Middle Income	9,248	5,242	61.8	56.7	2,583	27.9	1,423	15.4
Upper Income	2,940	2,314	27.3	78.7	452	15.4	174	5.9
Unknown Income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	15,017	8,476	100.0	56.4	4,415	29.4	2,126	14.2
Income Categories	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			≤ \$1 Million		> \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	466	28.0	424	28.5	37	29.4	5	10.0
Middle Income	924	55.5	811	54.5	79	62.7	34	68.0
Upper Income	275	16.5	254	17.1	10	7.9	11	22.0
Unknown Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,665	100.0	1,489	100.0	126	100.0	50	100.0
Percentage of Total Businesses:				89.4		7.6		3.0
Income Categories	Total Farms by Tract		Farms by Tract and Revenue Size					
			≤ \$1 Million		> \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	5	1.2	3	0.8	2	13.3	0	0.0
Middle Income	314	76.4	304	76.8	10	66.7	0	0.0

² The FFIEC adjusted census data is based on decennial U.S. Census data and American Community Survey five-year estimate data, and it also reflects the Office of Management and Budget's metropolitan statistical area revisions.

TABLE 2								
Assessment Area Demographics								
Upper Income	92	22.4	89	22.5	3	20.0	0	0.0
Unknown Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	411	100.0	396	100.0	15	100.0	0	0.0
Percentage of Total Farms:				96.4		3.6		0.0

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the nonmetropolitan areas of South Dakota, for the year of loan origination. This figure is \$66,600 for 2018. For purposes of classifying census tracts by income level, this evaluation uses the FFIEC adjusted census data median family income for the nonmetropolitan areas of South Dakota, which is \$60,961 for 2018.

Population Characteristics. According to the 2018 FFIEC adjusted census data, the population of the assessment area is 34,875. According to demographic data, the majority of the population in the assessment area is 25 to 64 years of age (42.0%). The remaining population is 18 to 24 years of age (25.8%), 17 years and younger (20.1%), and age 65 and older (12.2%). According to bank management and community contacts, the Brookings area has a higher concentration of younger residents due to the presence of South Dakota State University (SDSU).

General Economic Conditions. Agriculture is a significant part of the area's economy, specifically soybeans and corn, and the last few years have been challenging. A community contact explained that when corn peaked at \$7 per bushel, many farmers in the area stopped farming livestock and planted corn. In recent years, many of these farmers were not well diversified and were affected more severely when corn prices dropped. Bank management stated that because of the long winter and snow levels this year, soil was oversaturated heading into heavy spring rains, and farmers were unable plant until much later. According to bank management and a community contact, many farmers rely on crop insurance to compensate for lower crop yields, but it is difficult to know how much producers will receive from insurance payouts. Bank management indicated farmers will generally break even. A community contact stated that many farm families have one member of the household with a nonfarm job in order to obtain health insurance. Additionally, health-care expenses increase for farmers in the 55 to 65 age range, given the physical nature of farming; these years can be difficult financially because of those expenses.

SDSU is the largest employer in the area. According to a community contact, Brookings area incomes are comparable to peer university communities. Other employers include 3M, Daktronics, Larson Manufacturing Company, Inc., Twin City Fan & Blower, the Bel Brands USA, Inc. cheese plant, and local schools and health-care services. According to bank management, the Bel Brand cheese plant, which opened in 2014, attracted employees from 3M, a local welding company, and Twin City Fan. The plant opening likely helped raise wages with other employers.

Bank management stated that unemployment in the area is and has historically been lower than the national average. According to the Bureau of Labor Statistics, of the four counties in the bank's assessment area, the 2018 annual average non-seasonally adjusted unemployment rate ranged from a low of 2.8% in Brookings County to a high of 3.4% in Lake County. The unemployment rates in the bank's assessment area were generally lower than the rates for the same period in South Dakota (at 3.6%) and nationally (at 3.9%).

Housing Characteristics. According to community contacts, affordable housing is a concern in the assessment area for a variety of reasons. One reason noted was the presence of SDSU and the need for

more student housing. Another was the area's inability to provide economies of scale for developers to overcome increased construction costs. A contact stated that constructing homes for under \$200,000 is not feasible. Although some older housing stock is available, the houses are in need of costly repairs. One contact also noted that given Brookings' tax structure, the area benefits from a lower cost of living than in peer university communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in meeting the credit needs of its assessment area is rated Satisfactory. Overall, the bank's lending to farms and businesses of different sizes and to borrowers of different income levels is reasonable. The geographic distribution of loans throughout the assessment area is reasonable and does not reveal any unexplained gaps in lending. The bank originated a majority of its loans within the assessment area, and the bank's net loan-to-deposit ratio is reasonable for the bank's size and complexity.

LENDING TO FARMS AND BUSINESSES OF DIFFERENT SIZES AND TO BORROWERS OF DIFFERENT INCOME LEVELS

Overall, the bank's lending to farms and businesses of different sizes and to borrowers of different income levels is reasonable. Table 3 shows the bank's small farm and small business lending in 2018.

TABLE 3 Small Farm and Small Business Lending in the Assessment Area				
<i>Small Farm Loan Originations</i>	≤ \$100,000	\$100,000 to ≤ \$250,000	> \$250,000 to ≤ \$1,000,000	Total Originations
Percentage of Small Farm Loans	51.1%	30.0%	18.9%	100.0%
Percentage of Loans to Farms with Revenues of \$1 Million or Less	52.3%	29.1%	18.6%	95.6%
<i>Small Business Loan Originations</i>	≤ \$100,000	\$100,000 to ≤ \$250,000	> \$250,000 to ≤ \$1,000,000	Total Originations
Percentage of Small Business Loans	94.4%	5.6%	0.0%	100.0%
Percentage of Loans to Businesses with Revenues of \$1 Million or Less	96.7%	3.3%	0.0%	83.3%

Small Farm Lending. The bank's lending to farms of different sizes is reasonable. The bank originated 95.6% of its small farm loans to farms with gross annual revenues of \$1 million or less. According to 2018 Dun & Bradstreet data, 96.4% of farms in the assessment area are small farms. The bank's performance is comparable to demographics and is reasonable. Bank management indicated that the bank faces competition for small farm loans from Farm Credit Services of America, a regional agricultural lender. In addition, 44.2% of the bank's small farm loans were for \$50,000 or less, which indicates the bank's willingness to serve the credit needs of small farms.

Small Business Lending. The bank's lending to businesses of different sizes is reasonable. The bank originated 83.3% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to 2018 Dun & Bradstreet data, 89.4% of businesses in the assessment area are small businesses. Although the bank's lending to small businesses is below demographics, it is reasonable. Only six loans were made to larger businesses, and five of those were to one borrower. Finally, the bank demonstrates its willingness to make small dollar loans to small businesses. Of the loans made to small businesses, 93.3% were for amounts of \$50,000 or less.

Consumer Lending. The bank's lending to consumers of different income levels is reasonable. Table 4 shows the bank's consumer lending by income level in 2018.

TABLE 4										
Distribution of Consumer Loans in the Assessment Area by Borrower Income Level*										
Loan Type	Low Income		Moderate Income		Middle Income		Upper Income		Unknown Income	
	#	\$	#	\$	#	\$	#	\$	#	\$
Consumer	39.5%	16.9%	18.4%	16.5%	18.4%	30.8%	21.1%	34.8%	2.6%	1.0%
Percentage of Households by Income Levels**	21.4%		14.5%		19.3%		44.8%		N/A	
*Median family income for the non-metropolitan areas of South Dakota was \$66,600 for 2018.										
**Based on 2018 FFIEC census data.										

The bank originated a majority of its consumer loans by number (57.9%) to low- or moderate-income borrowers. The bank faces competition for consumer loans in the assessment area from branches of larger regional and national banks, and credit unions. The bank's lending to low- and moderate-income borrowers is reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of small farm, small business, and consumer loans in the assessment area is reasonable and does not reveal any unexplained gaps in lending. As previously mentioned, the assessment area includes one moderate-income census tract, which is partly within the city of Brookings.

Table 5 shows the geographic distribution of the bank's small farm, small business, and consumer loans in the assessment area by census tract income level.

TABLE 5 Geographic Distribution of Small Farm, Small Business, and Consumer Loans by Income Level of Census Tract*						
Loan Type Sample	Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$
Small Farm	0	0	74.4%	74.4%	25.6%	25.6%
Small Business	0	0	77.8%	86.5%	22.2%	13.5%
Consumer	0	0	84.2%	83.7%	15.8%	16.3%
Demographic Data						
Number of Census Tracts	1		5		2	
Percentage of Census Tracts	12.5%		62.5%		25.0%	
Percentage of Farms**	1.2%		76.4%		22.4%	
Percentage of Businesses**	28.0%		55.5%		16.5%	
Percentage of Households	17.8%		60.7%		21.5%	
*Income classification of census tracts is based on the 2018 FFIEC adjusted census data.						
**Percentages are based on 2018 Dun & Bradstreet data.						

The bank extended all loan types in most of the census tracts of the assessment area. The bank did not originate any loans in the moderate-income tract. As mentioned, this tract is partially in the city of Brookings. Although the main office and Sinai branch are less than 15 miles from the tract, bank management and community contacts indicated that competition for consumer and commercial loans in the Brookings area is strong. A large national bank and regional banks, as well as credit unions, operate in Brookings. In addition, there are very few farms in this tract. Lack of loans here is reasonable.

The dispersion of the bank's loans throughout the middle- and upper-income tracts is also reasonable. The majority of the bank's lending activity occurred in middle-income tracts and the bank's lending is generally comparable to demographics, which indicates that a majority of the assessment area farms, businesses, and households are within these tracts.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank originated a majority of its loans within its assessment area: 80.4% by number and 89.4% by dollar amount. Table 6 shows lending activity by loan type inside and outside the assessment area.

TABLE 6								
Distribution of Loans Inside and Outside the Assessment Areas								
<i>Loan Category</i>	<i>Inside</i>				<i>Outside</i>			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer	38	77.6	405	75.1	11	22.4	134	24.9
Small Business	36	83.7	1,197	93.4	7	16.3	84	6.6
Small Farm	90	80.4	11,869	89.6	22	19.6	1,375	10.4
TOTAL LOANS	164	80.4	13,471	89.4	40	19.6	1,593	10.6

According to bank management, the bank does not seek new lending relationships outside of the assessment area. Loans outside of the assessment area are a product of existing relationships with the bank, and most of these loans were made to borrowers in adjacent counties or census tracts. By loan type, 24.9% of the consumer loan dollars were originated outside the assessment area; three of these loans were for larger amounts, accounting for 58.4% of these loan dollars. The bank's lending demonstrates its commitment to meeting the credit needs of the small farms, small businesses, and consumers within its assessment area.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio is reasonable given the bank's asset size, financial condition, the assessment area's credit needs, and competition from financial institutions operating in the area. According to the March 31, 2019, Uniform Bank Performance Report, the bank's net loan-to-deposit ratio is 76.3%, which is comparable to the national peer group's net loan-to-deposit ratio of 77.2%. The bank's national peer group includes all insured commercial banks having assets between \$100 million and \$300 million, with three or more full-service banking offices and not located in a metropolitan statistical area.

Since the 2015 evaluation, the bank's quarterly net loan-to-deposit ratio ranged from 73.7% to 88.1%, which reflects normal fluctuations in the seasonality of farming. The bank's average net loan-to-deposit ratio for the past 16 quarters is 82.6%. As mentioned, the bank operates in a competitive environment that includes branches of national and regional banks, as well as credit unions. However, there are no similarly situated financial institutions operating in the bank's assessment area for comparison purposes.

Community contacts did not identify unmet credit needs in the area. Overall, the bank's net loan-to-deposit ratio is reasonable and indicates the bank is an active lender in the assessment area.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints concerning the bank since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B-Equal Credit Opportunity Act, Regulation C-Home Mortgage Disclosure Act, and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

Appendix A

Glossary of Common CRA Terms

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 statistical area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts; or (5) Neighborhood Stabilization Program (NSP)-eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and census tracts.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. It 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.

Distressed nonmetropolitan middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20.0% or more, or (3) a population loss of 10.0% or more between the previous and most recent decennial census or a net migration loss of 5.0% or more over the 5-year period preceding the most recent census.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (i.e., approved, denied, or withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

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 statistical area/assessment area.

Metropolitan statistical area (MSA): An area, defined by the Office of Management and Budget, based on the concept of a core area with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate MSA. 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 MSA, the institution will receive a rating for the multistate metropolitan area.

Small loan to business: A loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or classified as commercial and industrial loans.

Small loan to farm: 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 or classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper income: Individual income that is more than 120 percent of the area median income or a median family income that is more than 120 percent, in the case of geography.

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)