

PUBLIC DISCLOSURE

June 24, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First State Bank of Shelby
Certificate Number: 11013

320 Main Street
Shelby, MT 59474

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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 (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is less than reasonable considering seasonal variations and taking into account lending-related activities given the institution's size, financial condition, and AA credit needs.
- A substantial majority of small farm and small business loans are within the institution's AA.
- The geographic distribution of small farm and small business loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among farms and businesses of different revenue sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

The First State Bank of Shelby (FSBS) is a state-chartered, community bank headquartered in Shelby, Montana and primarily operating in the counties of Pondera, Toole, Glacier, and Liberty in northern Montana. The institution is owned by Prairie Bancshares Corporation, a one-bank holding company that is also located in Shelby. No merger or acquisition activities have occurred since the previous CRA performance evaluation. Additionally, the bank does not have any affiliates or subsidiaries. The institution received a "Satisfactory" rating at the previous FDIC CRA performance evaluation dated June 25, 2018, based on Interagency Small Institution Examination Procedures.

The bank has one full-service branch located in Shelby, and no branches have been opened or closed since the previous evaluation. FSBS offers a variety of deposit products, such as checking and savings deposits, and certificate of deposit for personal and commercial consumers. Although FSBS focuses on agricultural and commercial lending products, including real estate and non-real estate loans, and the bank also offers consumer loans (vehicle, personal lines of credit, installment loans, and credit cards). The bank has one ATM located in its only branch and offers some banking options through mobile banking.

According to the Reports of Condition and Income (Call Report) as of March 31, 2024, the bank had \$161.8 million in total assets, \$22.2 million in total loans, and \$117.8 million in total deposits. Refer to the table below for details of the bank's loan portfolio.

Loan Portfolio Distribution as of 03/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	-	-
Secured by Farmland	5,526	24.9
Secured by 1-4 Family Residential Properties	-	-
Secured by Multifamily (5 or more) Residential Properties	-	-
Secured by Nonfarm Nonresidential Properties	3,416	15.4
Total Real Estate Loans	8,942	40.3
Commercial and Industrial Loans	4,097	18.4
Agricultural Production and Other Loans to Farmers	6,667	30.0
Consumer Loans	971	4.4
Obligations of State and Political Subdivisions in the U.S.	1,533	6.9
Other Loans	25	0.1
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	22,235	100.0
<i>Source: Reports of Condition and Income as of 03/31/2024. Due to rounding, totals may not equal 100.0%.</i>		

FSBS is not involved in any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

FSBS's AA is composed of the entirety of Glacier, Liberty, Pondera, and Toole Counties, non-Metropolitan Statistical Areas located in Montana. The AA has not changed since the previous evaluation.

Based on 2020 U.S. Census data, the institution's AA consists of 10 census tracts (CT)s, including 6 middle-income CTs, 1 low-income CT, 1 moderate-income CT, 1 upper-income CT, and 1 tract with no income designation. All six of the bank's middle-income CTs were designated as underserved in 2023. Further, both underserved CTs in Glacier County were also designated as distressed.

Additionally, the Federal Emergency Management Agency designated the following major disaster declarations in the institution's AA since the date of the previous CRA evaluation:

- COVID-19 Pandemic (DR-4508-MT), declared on January 20, 2020.
- Flooding (DR-4388-MT), declared on August 30, 2018.

To conduct the current evaluation, examiners relied on institution records, information obtained from two community contacts, and publicly available information including financial and demographic data from the 2020 U.S. Census and 2023 Dun and Bradstreet (D&B) data.

Economic and Demographic Data

The table below provides select demographics characteristics of the AA using the 2020 U.S. Census and 2023 D&B Data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	10.0	10.0	60.0	10.0	10.0
Population by Geography	26,606	21.3	7.4	68.5	0.2	2.6
Housing Units by Geography	11,622	14.5	9.9	74.4	1.2	0.0
Owner-Occupied Units by Geography	5,690	10.9	8.7	79.8	0.6	0.0
Occupied Rental Units by Geography	3,299	27.2	13.0	59.9	0.0	0.0
Vacant Units by Geography	2,633	6.4	8.7	80.8	4.2	0.0
Businesses by Geography	2,699	7.3	8.2	84.3	0.1	0.1
Farms by Geography	684	0.4	23.8	75.7	0.0	0.0
Family Distribution by Income Level	5,705	26.9	22.7	19.3	31.0	0.0
Household Distribution by Income Level	8,989	29.0	21.2	17.2	32.5	0.0
Median Family Income Non-MSAs - MT		\$70,967	Median Housing Value			\$124,851
			Median Gross Rent			\$569
			Families Below Poverty Level			14.9%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to the 2023 D&B data, there were 684 farms and 2,699 non-farm businesses operating in the AA. The majority of businesses and farms have under 10 employees (69.4 percent of businesses and farms have 1 to 4 employees, and 23.6 percent of business and farms have 5 to 9 employees). In total, 3,021 farms and non-farm businesses operate from a single location. Following the Standard Industrial Classification, the largest activities are in the service industry, followed by the agriculture industry. Under the Borrower Profile criterion, examiners analyzed the distribution of small farm and small business loans by gross annual revenue (GAR) for 2023 (refer to the Lending Test section).

According to Toole County's government, mining, agriculture, utilities, and transportation are the areas with the most growth and business opportunity in the area. The biggest employer of the county is Crossroads Correctional Facility, located in Shelby. The wind industry and the oil and gas production are also relevant to the local economy. According to Liberty County's government, 97.0 percent of the county's economy is supported by agriculture activities, with farm sizes averaging 3,714 acres. Logan Health-Chester, Chester-Joplin-Inverness Public Schools, and the local government are the major non-agricultural employers in the region. Pondera County's most prominent industries are agriculture, forestry, fishing and hunting, and health care and social assistance. Glacier County's largest industries are public administration, educational services, and

health care and social assistance. In addition, Glacier County’s economy relies on tourism, as Glacier National Park is located within this county.

Aside from Glacier County, the counties within the AA had similar annual unemployment rates to the state’s rate. Glacier County’s elevated unemployment rate could be due to the economy’s reliance on tourism, which was significantly impacted by the COVID-19 pandemic. Since the other counties rely mainly on agriculture activities, their economy was less impacted by the pandemic, and the counties’ unemployment rates remained in line with the state’s rate and below the national rate.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Glacier County	6.9	5.2	5.4
Liberty County	2.3	2.5	2.5
Pondera County	3.3	2.7	2.9
Toole County	2.6	2.1	2.2
Montana	3.4	2.7	2.9
National Average	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

According to the FDIC Deposit Market Share data as of June 30, 2023, 8 financial institutions operate 13 branches within the AA. These institutions range from small community banks to larger national financial institutions. Collectively, these 8 institutions had a combined total of approximately \$610.4 million of deposits within the AA. Of the 8 total institutions, including 5 state-chartered institutions and 3 national institutions, FSBS ranked second with a 20.5 percent deposit market share. Further, the top five institutions control approximately 88.4 percent of the AA’s deposit market share.

Examiners noted that the market share data does not include information regarding credit unions, national mortgage lenders, or financial institutions that do not have a physical presence in the area but are able to lend through online portals. Thus, the market share data does not include all of FSBS’s competitors that operate within the AA.

Community Contact(s)

As part of the CRA evaluation performance, examiners conducted two interviews with community contacts from organizations that serve Liberty County and Toole County. The first community contact stated that Liberty County is not a densely populated region. In addition, most people in Liberty County would drive to Chester or to Havre to seek financing alternatives. The contact also affirmed that the area houses thousands of acreages of farmland, in special large farms. Lastly, the contact stated that financing of agricultural activities is the main credit need of the community.

Another community contact asserted that the population in Shelby, Toole County, has remained stable in size in recent years. However, the contact noted that although small business lending represents a credit need within the AA, the small businesses with retail storefronts in the AA must compete with online retailers, such as Amazon and Walmart, and retailers in the Great Falls area that offer more shopping options and better prices. Thus, small businesses are not obtaining loans or opening storefront locations in the AA as frequently as in the past. In addition, residents have issues finding affordable housing. The contact further mentioned that financial institutions are very involved with the community and with events promoted to the community. Lastly, the contact stated that the financing needs of the local population is fulfilled by the local banks and credit unions.

Credit Needs

Based on economic and demographic data, discussions with FSBS management, and information from community contacts, examiners determined that small farm lending, small business lending, and affordable housing represent the credit needs in the AA. Since FSBS does not currently offer consumer-purpose residential real estate loans, examiners only considered credit opportunities related to farm and business needs.

SCOPE OF EVALUATION

General Information

Examiners will use the Interagency Small Institution Examination Procedures to evaluate FSBS's CRA performance. The evaluation ranges from the prior evaluation dated June 25, 2018, to the date of the current evaluation dated June 24, 2024. Examiners conducted a full-scope review for the bank's only AA.

Activities Reviewed

Examiners used the bank's loan data to select the products to be analyzed. Examiners identified small business loans and small farm loans as the bank's major product lines due to FSBS's business strategy and lending volume. The bank did not originate any home mortgage loans in 2023. Thus, examiners did not include home mortgage loans in the scope of evaluation. Additionally, the bank does not have any lending affiliates that were considered as part of the current evaluation.

The bank originated 85 small business loans and 126 small farm loans in 2023, totaling \$5.6 million and \$11.7 million, respectively. Examiners used the universe of loans to analyze AA concentration and geographic distribution criteria and sampled for the borrower profile criterion. The sample for the borrower profile included 41 small farm loans, totaling \$3.7 million, and 36 small business loans, totaling \$4.5 million.

The 2023 D&B data provided the standard of comparison for the small business and small farm loans in the analyses of the borrower profile and geographic distribution of loans within the institution's AA. The 2023 D&B data is based on geographic location using the 2020 U.S. Census data boundaries for the total number of businesses and farms within the AA, and the reported GARs

of those businesses and farms.

The bank's record of originating small farm loans contributed more weight to the overall conclusions due to the larger loan volume by number and dollar volume when compared to small business lending during the review period. The bank did not request a review of its investment and service activity. In addition, given that the AA only contains one low-income census tract and one moderate-income census tract, greater weight was given to the borrower profile performance, followed by geographic distribution performance, AA concentration, and the average net LTD ratio.

Examiners reviewed both the number and dollar volume of small farm and small business loans; however, examiners emphasized performance by number of loans because the number of loans is the most appropriate indicator of the number of farms and businesses served.

Examiners only presented lending data for 2023 because the bank does not collect and report CRA data, and management stated that lending activities for 2023 are appropriately indicative of the bank's lending performance in the years reviewed. Thus, the conclusions presented in the Lending Test section are appropriate for the entire review period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSBS demonstrated reasonable performance under the Lending Test and received a "Satisfactory" rating. The bank's less than reasonable LTD ratio, a substantial majority of loans originated within the AA, a reasonable dispersion of small business and small farm loans throughout the AA, and an excellent penetration among businesses and farms of different revenue sizes support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is less than reasonable, considering seasonal variations and taking into account lending-related activities, given the institution's size, financial condition, and AA credit needs. Examiners considered 24 quarters for the LTD ratio calculation. The quarter with the lowest ratio was Q1 2022 at 10.3 percent and the quarter with the highest ratio was Q3 2019 at 28.9 percent. The LTD ratio has been in a downward trend from the past CRA performance evaluations. The bank's LTD ratio was 31.8 percent and 22.4 percent in the 2012 and 2018 CRA performance evaluations, respectively.

Examiners identified three similarly situated institutions that operate in and serve economic and geographic areas similar to FSBS's AA. These institutions were selected based on asset size, product offerings, and loan portfolio composition. The FSBS's LTD is significantly lower in comparison to the institutions for the same 24 quarters.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 03/31/2024 \$(000s)	Average Net LTD Ratio (%)
The First State Bank of Shelby	161,760	19.5
Similarly Situated Institution #1	167,046	57.3
Similarly Situated Institution #2	86,477	71.0
Similarly Situated Institution #3	82,299	42.6
<i>Source: Reports of Condition and Income 06/30/2018 - 03/31/2024</i>		

Through discussions with bank management, examiners obtained information regarding factors influencing the bank’s LTD ratio. Management stated that oil and gas production have continued in some capacity within the AA since the previous CRA performance evaluation; however, the number of wells being drilled has continued to decrease over time since the previous evaluation, and thus, the need for loans has decreased. Management also stated that the bank’s deposit total for oil and gas producers is approximately \$4 million currently, which has decreased in volume from previous evaluations. Additionally, since the previous evaluation, local farmers and ranchers have had a reduced need for lending due to the reliance on other sources of financing, such as Treasury Bills, to pay farming and ranching expenses.

Assessment Area Concentration

The bank makes a substantial majority of loans and other lending-related activities in its AA. Overall, the percentage of small farm and small business loans originated within FSBS’s AA reflects the bank’s commitment to lend within the communities it serves. Refer to the table below for additional 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 Farm	122	96.8	4	3.2	126	11,455	98.3	203	1.7	11,658
Small Business	71	83.5	14	16.5	85	4,916	87.1	725	12.9	5,641
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of small farm and small business loans reflects reasonable dispersion throughout the AA.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the AA. The moderate-income CT is located in Liberty County. Examiners considered the distance of the Liberty County moderate-income CT of around 45 miles from Shelby, where the only FSBS branch is located. Management also noted that people living in Liberty County are unlikely to bank with

FSBS due to competition from a credit union, as well as from other community banks and national banks in the County and in the AA overall. In addition, management affirmed that, as farms continue to consolidate within the AA and farmers explore other sources of financing, as previously mentioned, the need for agricultural lending has decreased over time in the county.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.4	1	0.8	9	0.1
Moderate	23.8	5	4.1	417	3.6
Middle	75.7	116	95.1	11,029	96.3
Totals	100.0	122	100.0	11,455	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Demographic data and strong competition for small business lending demonstrate limited opportunity to lend in LMI CTs. As discussed above, the bank is located 45 miles from the moderate-income CT in Liberty County. Additionally, FSBS is located over 50 miles from the low-income CT in Glacier County. Furthermore, FSBS competes with credit union and community banks that have branches within the LMI CTs.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	7.3	3	4.2	48	1.0
Moderate	8.2	3	4.2	515	10.5
Middle	84.3	65	91.5	4,353	88.6
Upper	0.1	0	0.0	0	0.0
Not Available	0.1	0	0.0	0	0.0
Totals	100.0	71	100.0	4,916	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among farms and businesses of different sizes.

Small Farm Loans

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among farms of different sizes. This conclusion is supported by the institution's distribution of the small farm loans to small farms with GARs of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.8	40	97.6	3,288	89.2
>\$1,000,000	1.2	1	2.4	400	10.8
Revenue Not Available	1.0	0	0.0	0	0.0
Totals	100.0	41	100.0	3,688	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different sizes. This conclusion is supported by the institution's distribution of the small business loans to small businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.5	30	83.3	2,731	61.3
>\$1,000,000	3.5	6	16.7	1,721	38.7
Revenue Not Available	13.0	0	0.0	0	0.0
Totals	100.0	36	100.0	4,452	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the 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 evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

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

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.