

PUBLIC DISCLOSURE

October 28, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Countryside Bank
Certificate Number: 1438

379 Main Street
Unadilla, Nebraska 68454

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

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

The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the loans reviewed were located inside the assessment area.
- The assessment area consists entirely of middle- and upper-income geographies, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Countryside Bank is a community bank headquartered in Unadilla, Nebraska, and is wholly owned by UB, Inc., a one-bank holding company also located in Unadilla. The institution received a “Satisfactory” rating at its previous FDIC Performance Evaluation dated October 9, 2018, using Interagency Small Institution Examination Procedures.

Countryside Bank continues to operate three full-service offices in southeastern Nebraska, which are located in Burr, Syracuse, and Unadilla. The bank offers traditional credit products including agricultural, home mortgage, commercial, and consumer loans. Countryside Bank also refers a small volume of home mortgage loans for secondary market financing, which is not reflected in the loan portfolio. The bank offers a variety of deposit products including checking, savings, money market, and individual retirement accounts, as well as certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, remote deposit, and two ATMs.

As of the June 30, 2024, Reports of Condition and Income (Call Report), the bank reported total assets of \$112.2 million, total loans of \$59.5 million, and total deposits of \$92.8 million. The lending concentration is consistent with the loan portfolio distribution at the prior evaluation.

| Loan Portfolio Distribution as of 6/30/2024 | | |
|---|---------------|--------------|
| Loan Category | \$(000s) | % |
| Construction, Land Development, and Other Land Loans | 1,044 | 1.8 |
| Secured by Farmland | 12,299 | 20.7 |
| Secured by 1-4 Family Residential Properties | 18,888 | 31.7 |
| Secured by Multifamily (5 or more) Residential Properties | 746 | 1.3 |
| Secured by Nonfarm Nonresidential Properties | 5,951 | 10.0 |
| Total Real Estate Loans | 38,928 | 65.5 |
| Commercial and Industrial Loans | 4,399 | 7.4 |
| Agricultural Production and Other Loans to Farmers | 9,900 | 16.6 |
| Consumer Loans | 4,623 | 7.7 |
| Obligations of State and Political Subdivisions in the U.S. | 1,659 | 2.7 |
| Other Loans | 40 | <0.1 |
| Lease Financing Receivable (net of unearned income) | 0 | 0.0 |
| Less: Unearned Income | 0 | 0.0 |
| Total Loans | 59,549 | 100.0 |
| <i>Source: Reports of Condition and Income</i> <i>Due to rounding, totals may not equal 100.0%</i> | | |

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Countryside Bank designated one assessment area that includes census tracts 9666, 9667, and 9668 in Otoe County, and census tract 9675 in Johnson County. All four census tracts in are in the nonmetropolitan area of southeastern Nebraska. Census tracts 9667 and 9668 remain upper income, while census tract 9675 remains middle-income, according to 2020 U.S. Census data. Census tract 9666 changed from middle to upper income with the release of the 2020 U.S. Census data. Johnson County was designated as underserved throughout the evaluation period.

Economic and Demographic Data

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) | 4 | 0.0 | 0.0 | 25.0 | 75.0 | 0.0 |
| Population by Geography | 10,322 | 0.0 | 0.0 | 18.8 | 81.2 | 0.0 |
| Housing Units by Geography | 4,707 | 0.0 | 0.0 | 19.7 | 80.3 | 0.0 |
| Owner-Occupied Units by Geography | 3,501 | 0.0 | 0.0 | 20.2 | 79.8 | 0.0 |
| Occupied Rental Units by Geography | 713 | 0.0 | 0.0 | 14.0 | 86.0 | 0.0 |
| Vacant Units by Geography | 493 | 0.0 | 0.0 | 24.7 | 75.3 | 0.0 |
| Businesses by Geography | 1,219 | 0.0 | 0.0 | 16.1 | 83.9 | 0.0 |
| Farms by Geography | 299 | 0.0 | 0.0 | 14.7 | 85.3 | 0.0 |
| Family Distribution by Income Level | 2,987 | 12.5 | 14.5 | 21.8 | 51.3 | 0.0 |
| Household Distribution by Income Level | 4,214 | 15.6 | 13.7 | 17.5 | 53.3 | 0.0 |
| Median Family Income – Nonmetropolitan Nebraska | \$71,424 | Median Housing Value | | | | \$151,249 |
| | | Median Gross Rent | | | | \$716 |
| | | Families Below Poverty Level | | | | 4.5% |

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.

The assessment area is predominantly rural, and economics are highly dependent on agriculture. According to 2022 U.S. Census of Agriculture data, farm operations generated \$310.1 million in commodity sales in Johnson and Otoe counties. The assessment area also supports a variety of other businesses. According to 2023 D&B data, the largest business segments, by number of operations, were services at 25.6 percent; agriculture, forestry, and fishing at 19.7 percent; and non-classifiable establishments at 19.3 percent. Businesses and farms are predominantly small operations, with 93.9 percent operating from a single location and 70.8 percent having five or fewer employees.

The assessment area has had moderate growth since the previous evaluation. The population increased by 362 people, the number of businesses increased by 547, and farms increased by 49. Total housing units in the assessment area also increased by 163 units. This included a 5 percent increase in owner-occupied units since the previous evaluation. Bank management indicated that several new housing developments in Syracuse and Unadilla accounted for much of the growth, although most of those developments are not affordable for low- and moderate-income individuals.

The Federal Financial Institution Examination Council (FFIEC)-estimated Median Family Income (MFI) levels are used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the 2023 FFIEC-estimated MFI for nonmetropolitan Nebraska, as well as the low-, moderate-, middle-, and upper-income ranges.

| Median Family Income Ranges - Nonmetropolitan Nebraska | | | | |
|--|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| 2023 (\$88,400) | <\$44,200 | \$44,200 to <\$70,720 | \$70,720 to <\$106,080 | ≥\$106,080 |
| Source: FFIEC | | | | |

Competition

Countryside Bank operates in a moderately competitive environment for financial services. According to 2024 FDIC Summary of Deposits data, five institutions operate nine branches within the assessment area. Of these institutions, Countryside Bank ranked second with 30.4 percent of the deposit market share. Additionally, Countryside Bank faces competition for agricultural loans from Farm Credit Services, as well as nontraditional creditors and dealers.

There is also competition for home mortgage loans among area banks, credit unions, and non-depository mortgage lenders. According to Home Mortgage Disclosure Act (HMDA) aggregate data, 26 lenders originated 147 home mortgage loan within the bank's assessment area in 2023. Countryside Bank is not a HMDA reporter; therefore, their data is not included in the aggregate data.

Community Contact

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

Examiners conducted a community contact interview with a representative from an economic development organization that serves southeastern Nebraska. The contact stated that the economy is strong and largely driven by agricultural production. Smaller communities in the area have some employment opportunities in education, healthcare, and manufacturing. The contact indicated that affordable housing inventory is low. High construction costs and aging infrastructure have made it difficult for many to find homes. According to the community contact, the primary credit needs are home mortgage and commercial loans.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 9, 2018, to the current evaluation dated October 28, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate Countryside Bank's CRA performance, which includes the Lending Test. Refer to the Appendices for a description of the criteria evaluated under the Lending Test.

Activities Reviewed

Countryside Bank's primary products are agricultural, home mortgage, and commercial loans. Therefore, examiners selected small farm, home mortgage, and small business loans to review the bank's CRA performance. The products reviewed were selected based on the volume of loans originated, the loan portfolio composition, and the credit needs of the assessment area. Examiners placed the greatest weight on small farm loans since agricultural lending makes up the largest percentage of the bank's loan portfolio, followed by home mortgage and small business loans.

Examiners selected calendar year 2023 as the review period. The lending focus and product make-up remained consistent throughout the evaluation period, and bank management indicated the review period was an accurate representation of the lending activity throughout the evaluation period. For Assessment Area Concentration, examiners reviewed all small farm, home mortgage, and small business loans originated or purchased in 2023. Countryside Bank's assessment area does not include any low- or moderate-income census tracts; therefore, examiners did not evaluate the Geographic Distribution criterion. For Borrower Profile, examiners reviewed all small farm, home mortgage, and small business loans originated within the assessment area. D&B data from 2023 provided the standard of comparison for small farm and small businesses loans, and 2020 U.S. Census data provided the standard of comparison for home mortgage loans. The following table provides details on the loan products reviewed.

| Loan Products Reviewed | | | | |
|-------------------------------|--------------------------------------|-----------------|-------------------------|-----------------|
| Loan Category | Assessment Area Concentration | | Borrower Profile | |
| | # | \$(000s) | # | \$(000s) |
| Small Farm | 38 | 2,289 | 26 | 1,295 |
| Home Mortgage | 40 | 3,808 | 30 | 3,165 |
| Small Business | 18 | 1,314 | 11 | 496 |
| <i>Source: Bank Data</i> | | | | |

While examiners reviewed both the number and dollar volume of loans and presented both figures throughout the evaluation, they emphasized performance by the number of loans because the number of loans is generally a better indicator of borrowers served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Countryside Bank demonstrated satisfactory performance under the Lending Test. The bank's collective performance under the evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

Countryside Bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 61.9 percent over the past 23 quarters from December 31, 2018, to June 30, 2024. The average net loan-to-deposit ratio decreased slightly since the previous evaluation when it was calculated at 64.8 percent.

Examiners compared Countryside Bank's average net loan-to-deposit ratio to four similarly-situated financial institutions to evaluate the bank's performance. These institutions were selected based on their asset size, geographic location, and lending focus. As shown in the table below, Countryside Bank's net loan-to-deposit ratio is reasonably comparable to three institutions, which are all significantly lower than one institution.

| Loan-to-Deposit (LTD) Ratio Comparison | | |
|--|---|---------------------------------|
| Bank | Total Assets as of 6/30/2024 (\$000s) | Average Net LTD Ratio (%) |
| Countryside Bank, Unadilla, Nebraska | 112,200 | 61.9 |
| FirstBank of Nebraska, Wahoo, Nebraska | 436,407 | 68.0 |
| State Bank of Table Rock, Table Rock, Nebraska | 131,640 | 101.8 |
| Tecumseh Federal Bank, Tecumseh, Nebraska | 52,254 | 72.1 |
| Tri-Valley Bank, Randolph, Iowa | 79,528 | 61.5 |
| Source: Reports of Condition and Income 12/31/2018 – 6/30/2024 | | |

Assessment Area Concentration

Overall, the bank made a majority of small farm, home mortgage, and small business loans, by number and dollar volume, within the assessment area. By dollar volume, the bank made a majority of small businesses loans outside of the assessment area due to a small number of large dollar loans. 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 |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Small Farm | 26 | 68.4 | 12 | 31.6 | 38 | 1,295 | 56.6 | 994 | 43.4 | 2,289 |
| Home Mortgage | 30 | 75.0 | 10 | 25.0 | 40 | 3,165 | 83.1 | 643 | 16.9 | 3,808 |
| Small Business | 11 | 61.1 | 7 | 38.9 | 18 | 496 | 37.7 | 818 | 62.3 | 1,314 |
| Total | 67 | 69.8 | 29 | 30.2 | 96 | 4,956 | 66.9 | 2,455 | 33.1 | 7,411 |
| Source: Bank Data Due to rounding, totals may not equal 100.0% | | | | | | | | | | |

Geographic Distribution

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

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels. The bank's excellent small farm and home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Farm Loans

The distribution borrowers reflect excellent penetration among farms of different sizes. Although the percentage of small farm loans to farms with gross annual revenues of \$1 million or less is slightly below the percentage of farms reporting revenues in this category, the opportunity to lend to farms in the assessment area is limited, as many farms do not have credit needs. Specifically, according to 2022 Census of Agriculture data, 59.3 percent of farms in Johnson and Otoe counties do not report interest expense, indicating that they do not borrow funds for their operations. In addition, 61.3 percent of agriculture producers report a primary occupation other than farming. Considering this information, the bank's performance is excellent.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | 98.7 | 25 | 96.2 | 1,238 | 95.6 |
| >\$1,000,000 | 0.7 | 1 | 3.8 | 57 | 4.4 |
| Revenue Not Available | 0.7 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 26 | 100.0 | 1,295 | 100.0 |
| Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among borrowers of different income levels. As shown in the table below, the percentage of home mortgage loans made to both low- and moderate-income borrowers exceeds the demographic data. Bank management indicated that the recent housing developments in Syracuse and Unadilla temporarily drove home mortgage lending demand for middle- and upper-income borrowers during the review period. Given the limited supply of affordable housing options in the assessment area, the bank's performance is excellent.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|---|---------------|-----------|--------------|--------------|--------------|
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | 12.5 | 4 | 13.3 | 125 | 3.9 |
| Moderate | 14.5 | 5 | 16.7 | 336 | 10.6 |
| Middle | 21.8 | 8 | 26.7 | 291 | 9.2 |
| Upper | 51.3 | 13 | 43.3 | 2,413 | 76.2 |
| Total | 100.0 | 30 | 100.0 | 3,165 | 100.0 |
| Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0% | | | | | |

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the table below, the percentage of small business loans to businesses with gross annual revenues of \$1 million or less is comparable to the percentage of businesses reporting revenues in this category.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|---|-----------------|-----------|--------------|------------|--------------|
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | 89.8 | 9 | 81.8 | 439 | 88.5 |
| >\$1,000,000 | 2.0 | 2 | 18.2 | 57 | 11.5 |
| Revenue Not Available | 8.2 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 11 | 100.0 | 496 | 100.0 |
| Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

