

PUBLIC DISCLOSURE

July 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commercial State Bank, of Wagner
Certificate Number: 9932

204 South Main Avenue
Wagner, South Dakota 57380

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.

Commercial State Bank, of Wagner's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the institution's Lending Test performance:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small farm, small business, and home mortgage loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Commercial State Bank, of Wagner operates from its sole office in Wagner, South Dakota. The bank is wholly owned by Commercial Holding Company, which is also located in Wagner. Commercial State Bank, of Wagner received a Satisfactory rating at its previous FDIC Performance Evaluation, dated July 11, 2016, based on Interagency Small Institution Examination Procedures.

The institution offers traditional credit products, including agricultural, commercial, home mortgage, and consumer loans, along with credit cards. According to management, the bank's primary focus continues to be agricultural lending, followed by commercial lending. In addition to conventional lending, Commercial State Bank, of Wagner participates in government-sponsored loan programs through the Small Business Administration (SBA). Specifically, the bank originated 676 loans totaling \$17.8 million through the SBA's Paycheck Protection Program during 2020 and 2021, which assisted small businesses struggling with the impact of COVID-19 pandemic. The institution also provides a variety of standard deposit services, including checking and savings accounts and certificates of deposit. Alternative banking services include internet banking, mobile banking, mobile check deposit, and six cash-dispensing ATMs.

As of March 31, 2022, Commercial State Bank, of Wagner reported total assets of \$247.2 million, total loans of \$134.2 million, and total deposits of \$224.1 million. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs. The following table illustrates the bank's loan portfolio composition.

Loan Portfolio Distribution as of 03/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	933	0.7
Secured by Farmland	38,852	29.0
Secured by 1-4 Family Residential Properties	16,701	12.4
Secured by Multifamily (5 or more) Residential Properties	1,954	1.5
Secured by Nonfarm Nonresidential Properties	15,478	11.5
Total Real Estate Loans	73,918	55.1
Commercial and Industrial Loans	16,615	12.4
Agricultural Production and Other Loans to Farmers	35,523	26.5
Consumer Loans	6,481	4.8
Obligations of State and Political Subdivisions in the U.S.	703	0.5
Other Loans	867	0.6
Lease Financing Receivable (net of unearned income)	80	0.1
Less: Unearned Income	0	0
Total Loans	134,187	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The Community Reinvestment Act requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. Commercial State Bank, of Wagner has designated a single assessment area in nonmetropolitan South Dakota. The assessment area includes Census Tracts 9701, 9402, and 9403, which make up Charles Mix County. According to 2015 American Community Survey (ACS) data, the assessment area includes one moderate-income census tract and two middle-income census tracts. The following sections discuss economic and demographic information for the area.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	9,239	0.0	33.9	66.1	0.0	0.0
Housing Units by Geography	3,850	0.0	32.7	67.3	0.0	0.0
Owner-Occupied Units by Geography	2,223	0.0	27.6	72.4	0.0	0.0
Occupied Rental Units by Geography	948	0.0	35.9	64.1	0.0	0.0
Vacant Units by Geography	679	0.0	44.9	55.1	0.0	0.0
Businesses by Geography	785	0.0	20.6	79.4	0.0	0.0
Farms by Geography	263	0.0	20.2	79.8	0.0	0.0
Family Distribution by Income Level	2,076	25.6	17.7	20.2	36.5	0.0
Household Distribution by Income Level	3,171	28.2	16.0	18.5	37.3	0.0
Median Family Income Non-MSAs - SD		\$60,845	Median Housing Value			\$81,141
			Median Gross Rent			\$509
			Families Below Poverty Level			14.5%
<i>Source: 2015 ACS and 2021 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.</i>						

The assessment area includes a number of small, rural communities in south-eastern South Dakota. As such, the assessment area is fairly dependent on the agricultural economy, and the agricultural industry continues to be one of the main sources of employment. Further, the assessment area is situated roughly 60 miles from larger population centers Mitchell and Yankton, to the north and east, respectively. According to 2021 D&B data, area businesses are predominantly small operations; specifically 89.4 percent of the businesses operate from a single location and 89.2 percent employ fewer than ten employees. Service industries represent the largest segment of businesses and farm operations within the assessment area at 27.0 percent followed by Agriculture, Forestry, and Fishing at 25.1 percent. The primary crops grown in Charles Mix County are corn,

soybeans, and wheat. Cattle operations are also a large part of the agricultural economy in the county. According to bank management, the agricultural sector has been stable for the past couple of years.

Management stated there are typically less than five homes for sale in the area at any given time, and recently, homes have been selling quickly and above market value. The houses that are for sale are primarily older. Due to rising construction costs, there have not been any new homes constructed in Wagner for a number of years. The following table illustrates the 2021 median family income ranges for the nonmetropolitan portion of the State of South Dakota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$70,600)	<\$35,300	\$35,300 to <\$56,480	\$56,480 to <\$84,720	≥\$84,720
<i>Source: FFIEC</i>				

According to management, the Covid-19 pandemic did not affect the area as significantly as in more urban areas. According to the U.S. Bureau of Labor Statistics, area unemployment saw an increase in 2020 above statewide unemployment levels. However, the unemployment rate mostly returned to pre-pandemic levels by 2021, and is now below 3 percent as of 2022, which is in line with the State of South Dakota. The hospital, school district, and Indian Health Services continue to be major employers in the area. Management further stated the pandemic brought about more local spending at the grocery store and area restaurants. Additionally, due to the pandemic and the related stimulus checks, recreational spending increased.

Competition

Commercial State Bank, of Wagner operates in a mildly competitive market for financial services. According to June 30, 2021, FDIC Deposit Market Share data (the most recent available), five other banks operate either a main office or a branch office within Charles Mix County. Of these institutions, Commercial State Bank, of Wagner maintains 52.3 percent deposit market share. Management indicated the bank's primary competitors include an area credit union and a few other financial institutions in the area. There is also non-bank financial institution competition from Farm Credit Services.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs. This information helps determine what credit opportunities are available and whether local financial institutions are responsive to credit needs. For this evaluation, examiners conducted an interview with a representative that has knowledge of the local economy.

The contact stated that the businesses in the area, including the small downtown businesses and farms, are doing well. The individual also noted there are several large employers in the area that are integral to the local economy; however, all businesses are having difficulties finding employees to hire. The representative also indicated that there is a housing shortage in the area.

Overall, the individual felt that the local banks were active in the community and were doing a good job of meeting the credit needs of the area.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm loans represent a primary credit need for the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 11, 2016, to the current evaluation dated July 11, 2022. Examiners used the Interagency Small Institution Examination Procedures to evaluate Commercial State Bank, of Wagner’s CRA performance. These procedures evaluate an institution’s performance according to the Lending Test criteria as detailed in the Appendices.

Activities Reviewed

Bank records indicated that the lending focus and product mix remained generally consistent throughout the evaluation period. Given this information, examiners selected 2021, the most recent calendar year, as the review period. This timeframe is considered representative of the bank’s performance during the entire evaluation period. As noted earlier, examiners determined that the bank’s primary lending focus is agricultural lending, followed by commercial and home mortgage lending. Therefore, examiners reviewed all small farm, small business, and home mortgage loans originated, renewed, or extended in calendar year 2021 for the Assessment Area Concentration and Geographic Distribution analyses. As revenue and income information was not readily available, examiners selected samples of these loans that were located in the assessment area for the Borrower Profile analysis. The following table details the loan universes and samples selected for review.

Loan Products Reviewed				
Loan Category	Universe		Sample	
	#	\$(000s)	#	\$(000s)
Small Farm	174	13,387	47	4,222
Small Business	125	12,256	41	3,383
Home Mortgage	33	5,753	20	2,675
<i>Source: Bank Data</i>				

Examiners placed greater weight on the bank’s small farm lending as this is the bank’s primary lending focus. D&B data for 2021 provided a standard of comparison for the small farm and small business loans reviewed, and ACS data for 2015 provided a standard comparison for the home mortgage loans. Paid off loans were not included in the analysis as this data was not readily available.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Commercial State Bank, of Wagner demonstrated satisfactory performance under the Lending Test. The Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance all support this conclusion.

Loan-to-Deposit Ratio

Commercial State Bank, of Wagner's net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. As shown in the table below, the bank's net loan-to-deposit ratio averaged 70.7 percent over the past 23 calendar quarters, which lags behind similar-situated institutions. The comparable institutions were selected based on asset size, geographic location, and lending focus. However, the comparable institutions all have multiple branch locations while Commercial State Bank, of Wagner has only one office. Bank management also stated they had received a large deposit of public funds in 2021 that is skewing this data, and contributed to the decline in the loan-to-deposit ratio since the previous evaluation. Given these factors, the bank's loan-to-deposit ratio is reasonable.

Average Net Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 03/31/2022 (\$000s)	Average Net LTD Ratio (%)
Commercial State Bank, of Wagner – Wagner, SD	247,249	70.7
Merchants State Bank – Freeman, SD	215,192	84.7
Rivers Edge Bank – Marion, SD	264,496	92.7
Security Bank Midwest – Tyndall, SD	287,085	94.2
<i>Source: Reports of Condition and Income 09/30/2016 – 03/31/2022</i>		

Assessment Area Concentration

As detailed in the following table, Commercial State Bank, of Wagner made a majority of its small farm, small business, and home mortgage loans, by number, within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	20	60.6	13	39.4	33	2,675	46.5	3,078	53.5	5,753
Small Business	77	61.6	48	38.4	125	8,150	66.5	4,106	33.5	12,256
Small Farm	120	69.0	54	31.0	174	9,398	70.2	3,989	29.8	13,387
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is supported by the bank’s excellence performance for small farm loans, which received the most weight for this analysis, along with reasonable performance for small business and home mortgage loans. Examiners focused on the percentage of loans in the moderate-income census tract.

Small Farm Loans

The bank’s geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area as indicated in the following table. The bank’s lending to moderate-income areas exceeds comparable data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	20.2	45	37.5	3,655	38.9
Middle	79.8	75	62.5	5,743	61.1
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	120	100.0	9,398	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The bank’s geographic distribution of small business loans reflects reasonable dispersion throughout the assessment as indicated in the following table.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	20.6	15	19.5	1,789	22.0
Middle	79.4	62	80.5	6,361	78.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	77	100.0	8,150	100.0
<i>Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area as indicated in the following table.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	27.6	5	25.0	436	16.3
Middle	72.4	15	75.0	2,238	83.7
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	20	100.0	2,675	100.0
<i>Source: 2015 ACS, Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

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

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes as indicated in the following table. The bank's performance closely mirrors 2021 demographic data for farms with gross annual revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.1	45	95.7	3,992	94.6
>\$1,000,000	1.1	2	4.3	230	5.4
Revenue Not Available	0.8	0	0.0	0	0.0
Total	100.0	47	100.0	4,222	100.0
<i>Source: 2021 D&B Data, Bank Data.</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes as indicated in the following table. The bank's lending to businesses exceeds that of the comparable D&B data within the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	78.0	38	92.7	2,358	69.7
>\$1,000,000	6.5	3	7.3	1,025	30.3
Revenue Not Available	15.5	0	0.0	0	0.0
Total	100.0	41	100.0	3,383	100.0

*Source: 2021 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As indicated on the following table, the bank's performance of lending to low-income borrowers lags the 2015 ACS data, while the bank's performance of lending to moderate-income borrowers is generally in line with the 2015 ACS data. However, 14.5 percent of the families within the assessment area are below the poverty level and would likely have trouble qualifying for a mortgage. In addition, income information was not available for 50 percent of home mortgage loans, which were loans originated to businesses for rental properties, and this skews the data. Given this information, the bank's performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	25.6	1	5.0	34	1.3
Moderate	17.7	3	15.0	164	6.1
Middle	20.2	3	15.0	215	8.0
Upper	36.5	3	15.0	1,109	41.5
Not Available	0.0	10	50.0	1,152	43.1
Total	100.0	20	100.0	2,675	100.0

*Source: 2015 ACS; 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

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

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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