PUBLIC DISCLOSURE

August 22, 2022

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Heartland State Bank
RSSD# 837653

401 Main Street
Edgeley, North Dakota 58433

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P. O. Box 291
Minneapolis, Minnesota 55480

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Heartland State Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans are originated inside the AA.
- A reasonable distribution and dispersion of loans occurs throughout the bank's AA.
- Overall, lending reflects an excellent distribution among individuals of different income levels, including low- and moderate-income (LMI), and farms of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio.
- A statistical sample of 43 small farm loans and 43 consumer loans originated between January 1, 2021, and December 31, 2021.[1]

Of the five core performance criteria, examiners placed the greatest weight on borrower distribution. They placed equal weight on NLTD ratio, lending inside the AA, and geographic distribution and dispersion of loans. By loan product, examiners placed the greatest weight on small farm loans. The bank and the Reserve Bank have not received any CRA complaints since the previous evaluation.

DESCRIPTION OF INSTITUTION

Heartland State Bank is a community bank headquartered in Edgeley, North Dakota. The bank's characteristics include:

- The bank is a wholly owned subsidiary of JBS, Inc.

[1] In 2020 and 2021, the bank participated in Paycheck Protection Program (PPP) lending through the Federal Reserve System and the Small Business Administration (SBA). These loans are designed to help businesses, including farms, keep their workforces employed during the COVID-19 pandemic. Examiners considered the bank's PPP loans in their evaluation of the bank's small farm loans.

- The bank has total assets of $74.9 million as of June 30, 2022.
- In addition to its main office in Edgeley, North Dakota, the bank has a branch in Kulm, North Dakota. Both offices offer drive-up services.
- The bank operates four cash-dispensing-only ATMS; two are in Edgeley, and two are in Kulm (one at the branch). In addition, bank customers have free access to a third-party-owned, cash-dispensing-only ATM in Ellendale, North Dakota.
- As shown in Table 1, the bank's primary business focus is agricultural lending.
- The overall composition of the loan portfolio did not change significantly since the previous evaluation. Since December 31, 2017, total loans at the bank decreased from $40.1 million to $35.2 million. All loan types saw slight decreases except for consumer real estate, which experienced a slight increase.

Table 1
Composition of Loan Portfolio as of June 30, 2022

Loan Type	$(000)	%
Agricultural	29,669	84.3
Commercial and Industrial	2,900	8.2
Consumer	1,654	4.7
Residential Real Estate	769	2.2
Other	186	0.5
Gross Loans	35,178	100.0

Note: Percentages may not total 100.0 percent due to rounding.

The bank was rated Satisfactory under the CRA at its April 2, 2018, performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's Edgeley AA consists of Logan, LaMoure, and McIntosh counties and portions of Stutsman and Dickey counties in southeastern North Dakota. See Appendix A for an AA map and Appendix B for additional demographic data.

- The bank has not changed its AA since the previous evaluation.
- The bank's AA consists of seven census tracts. One tract in Dickey County is moderate income, while the remaining six tracts of the AA are middle income. The tracts within LaMoure, Logan, and McIntosh counties are classified as distressed and underserved, and one middle-income tract within Dickey County is classified as underserved.
- According to the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 11th out of 13 FDIC-insured financial institutions with offices in the AA, capturing 4.4% of the deposits.
- Examiners spoke with a community contact who works at an organization that specializes in the agricultural economy.

Table 2 Edgeley AA Population Change			
Area	**2010 Population**	**2015 Population**	**Percent Change**
Edgeley AA	35,327	35,088	-0.7%
Dickey County, ND	5,289	5,195	-1.8%
LaMoure County, ND	4,139	4,113	-0.6%
Logan County, ND	1,990	1,945	-2.3%
McIntosh County, ND	2,809	2,759	-1.8%
Stutsman County, ND	21,100	21,076	-0.1%
NonMSA North Dakota	345,327	371,134	7.5%
North Dakota	672,591	721,640	7.3%
Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey			

- The population in the AA has decreased slightly since the 2010 census, as shown in Table 2. Although the state of North Dakota has seen an overall population increase, the counties within the bank's AA have not experienced similar growth.

Table 3 Edgeley AA Median Family Income Change			
Area	**2010 Median Family Income**	**2015 Median Family Income**	**Percent Change**
Edgeley AA	$62,410	$67,945	8.9%
Dickey County, ND	$58,077	$66,563	14.6%
LaMoure County, ND	$66,352	$66,140	-0.3%
Logan County, ND	$56,911	$67,452	18.5%
McIntosh County, ND	$50,307	$59,489	18.3%
Stutsman County, ND	$65,523	$72,576	10.8%
NonMSA North Dakota	$63,321	$72,414	14.4%
North Dakota	$68,517	$74,708	9.0%
Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.			

- As shown in Table 3, the median family income in LaMoure County decreased slightly since the 2018 census; however, the remaining counties in the AA have experienced considerable increases in median family income. The median family income in Dickey, Logan, McIntosh, and Stutsman counties has grown at a more rapid rate than the state of North Dakota as a whole.
- Based on 2021 FFIEC adjusted census data, low- and moderate-income households comprise 44.9% of all households in the AA.

- The same data indicates that 12.6% of households in the AA live below the poverty line, which is consistent with the state at 11.8%.

Table 4 Edgeley AA Unemployment Rates				
Area	**2018**	**2019**	**2020**	**2021**
Edgeley AA	2.1%	2.0%	3.3%	2.9%
Dickey County, ND	1.6%	1.7%	3.3%	2.7%
LaMoure County, ND	1.8%	1.9%	2.7%	2.3%
Logan County, ND	2.2%	2.1%	3.2%	3.0%
McIntosh County, ND	2.4%	2.8%	3.3%	3.5%
Stutsman County, ND	2.3%	2.1%	3.5%	3.0%
NonMSA North Dakota	2.5%	2.3%	5.8%	4.3%
North Dakota	2.4%	2.1%	5.1%	3.7%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics				

- The unemployment rates in the AA and the state have increased slightly since the previous evaluation, as Table 4 shows. The rate of unemployment in the AA continues to be lower than NonMSA North Dakota and lower than the state.
- The economy is primarily based on agriculture. A community contact and bank management noted that the agricultural economy has been strong over the last couple of years, with commodities prices very favorable. Many local farmers received economic support to withstand the COVID-19 pandemic and continue to benefit from ongoing government aid.
- The main nonfarm employers include schools and farm-related equipment suppliers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to a similarly situated FDIC-insured institution. The similarly situated institution was selected based on asset size, product offerings, market share, and location (operating within the AA). The bank's NLTD ratio is reasonable.

As shown in Table 5, the bank's average NLTD for the past 18 quarters is 68.6%, which is slightly below the similarly situated bank's ratio of 71.6%. At the previous evaluation the bank's 16-quarter average NLTD was 74.2%. Since then, the bank's quarterly NLTD ratio has ranged from a low of 47.8% to a high of 82.0%. The bank's NLTD ratio is typically cyclical in nature, tapering off at the end of the first quarter as farmers pay off their operating lines, and rising for the remaining three quarters. This fluctuation is expected given the agricultural nature of the economy.

As of June 30, 2022, the bank's NLTD ratio was 50.8%, which is below the peer group NLTD ratio of 55.9%. The bank's peer group includes insured commercial banks having assets between $50 million and $100 million, with two or fewer full-service banking offices, and not located in a metropolitan statistical area. The bank's ratio has fallen over the last year, due to increased deposits and weakened loan demand.

Table 5
Comparative NLTD Ratios as of June 30, 2022

Institution	Location	Asset Size $(000)	NLTD Ratio (%) 18 Quarter Average
Heartland State Bank	Edgeley, ND	74,927	68.6%
Similarly Situated Institution			
McIntosh County Bank	Ashley, ND	112,137	71.6%

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a substantial majority of the bank's loans, by number and dollar, inside the AA (see Table 6).

Table 6
Lending Inside and Outside the Edgeley AA

Loan Type	Inside				Outside			
	#	#%	$(000)	$%	#	#%	$(000)	$%
Other Loan Data	39	90.7	$582	94.1	4	9.3	$36	5.9
Small Farm	39	90.7	$2,918	80.9	4	9.3	$690	19.1
Total Loans	**78**	**90.7**	**$3,500**	**82.8**	**8**	**9.3**	**$726**	**17.2**

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of small farm and consumer loans reflects reasonable distribution and dispersion among the different census tracts in the AA.

Although the bank did not originate any consumer or small farm loans in its only moderate-income census tract, the lack of lending there is explainable. The moderate-income tract (9734.00 in Dickey County) includes the city of Ellendale and is approximately 30 miles from the bank's offices. Bank management noted significant competition in Ellendale, with several other banks and credit unions dominating the area. The bank has historically struggled to reach the lower portion of Dickey County, including Ellendale, due to these factors. The lack of lending in this area is reasonable because of these circumstances.

Small Farm Lending

The geographic distribution of small farm lending is reasonable. Table 7 shows the geographic distribution of the bank's small farm loans. The lack of small farm loans in the moderate-income tract is explainable. According to demographic data, only 1.4% of farms in the AA were in the moderate-income census tract. Given the distance from the bank's branches, borrowers in the moderate-income tract are likely more conveniently served by the other banks and credit unions located in Ellendale. Competition for agricultural loans is strong in the area, making it difficult for the bank to lend there. Despite this, the bank did originate small farm loans near the moderate-income census tract, which shows a willingness to lend in the southern portion of Dickey County. Additionally, the bank's small farm loans in the sample demonstrate reasonable dispersion throughout the assessment area, reaching all six of the bank's middle-income tracts.

Table 7
Edgeley AA
Distribution of 2021 Small Farm Lending By Income Level of Geography

Geographic Income Level	Bank Loans				Total Farms %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	1.4
Middle	39	100.0	2,918	100.0	98.6
Upper	0	0.0	0	0.0	0.0
Tract-Unknown	0	0.0	0	0.0	
Total	39	100.0	2,918	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Consumer Lending

The geographic distribution of consumer lending is reasonable. Table 8 shows the geographic distribution of the bank's consumer loans. The bank did not originate any consumer loans in the moderate-income census tract in 2021, which is consistent with the previous evaluation. Demographic data shows that 9.8% of the households in the Edgeley AA are in the moderate-income tract. Given the distance from this tract to the bank's offices, it is reasonable that consumers would choose a financial institution located in the Ellendale area. Bank management stated that consumers are more likely to borrow from a local institution or travel to larger cities, such as Aberdeen or Jamestown, rather than travel to Edgeley. Additional analysis shows that the bank did originate consumer loans near the moderate-income census tract, demonstrating a willingness to provide credit to consumers in the lower portion of Dickey County. The dispersion of loans shows that the highest volume is originated near the bank's offices, with 87.2% of consumer loans in the AA extended in LaMoure County.

Table 8
Edgeley AA
Distribution of 2021 Consumer Loans By Income Level of Geography

Geographic Income Level	Bank Loans				Households %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	9.8
Middle	39	100.0	582	100.0	90.2
Upper	0	0.0	0	0.0	0.0
Tract-Unknown	0	0.0	0	0.0	
Total	39	100.0	582	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Farms of Different Sizes

This performance criterion evaluates the bank's lending to borrowers of different income levels and farms of different revenue sizes. Overall, the bank's lending has an excellent distribution among individuals of different income levels and farms of different sizes.

Small Farm Lending

The borrower distribution of small farm lending is excellent. The bank originated 97.4% of small farm loans to farms with gross annual revenues of $1 million or less, as shown in Table 9. The bank's lending to small farms is comparable to demographics, which indicate that 98.8% of farms in the AA have gross annual revenues of $1 million or less. A majority (81.6%) of the loans the bank originated to small farms were for $100,000 or less. In addition, 77.4% of these loans were for $50,000 or less, which indicates the bank's willingness to serve the credit needs of smaller farms in the AA.

The bank also participated actively in the PPP lending between April 2020 and May 2021. The bank originated 155 PPP loans in the counties that are part of the bank's AA, totaling approximately $2.4 million. Of these loans, 147 (94.8%) were for loan amounts of $25,000 or less. Bank management noted that many of the PPP loans went directly to small farm customers. The bank's extension of PPP loans during the COVID-19 pandemic was particularly responsive to the credit needs of small farms, which enhances the bank's small farm lending performance.

Table 9 Edgeley AA Distribution of 2021 Small Farm Lending By Revenue Size of Farms					
	Bank Loans				Total Farms %
	#	#%	$(000)	$%	
By Revenue					
$1 Million or Less	38	97.4	2,553	87.5	98.8
Over $1 Million	1	2.6	365	12.5	1.2
Revenue Unknown	0	0.0	0	0.0	0.0
Total	39	100.0	2,918	100.0	100.0
By Loan Size					
$100,000 or Less	31	79.5	1,264	43.3	
$100,001 - $250,000	6	15.4	1,014	34.7	
$250,001 - $500,000	2	5.1	640	21.9	
Total	39	100.0	2,918	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	31	81.6	1,264	49.5	
$100,001 - $250,000	6	15.8	1,014	39.7	
$250,001 - $500,000	1	2.6	275	10.8	
Total	38	100.0	2,553	100.0	

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Consumer Lending

The borrower distribution of consumer lending is reasonable. Overall, 56.4% of the bank's consumer loans were made to LMI borrowers, as shown in Table 10. The bank's lending to low-income borrowers, at 33.3%, is higher than demographics, which indicates that 28.9% of households in the AA are low income. The bank's lending to moderate-income borrowers at 23.1% is also higher than demographics, which indicates that 16.0% of households in the AA are moderate income. By dollar amount, 53.9% of the bank's loans were made to LMI individuals, which further demonstrates the bank's willingness to serve LMI borrowers.

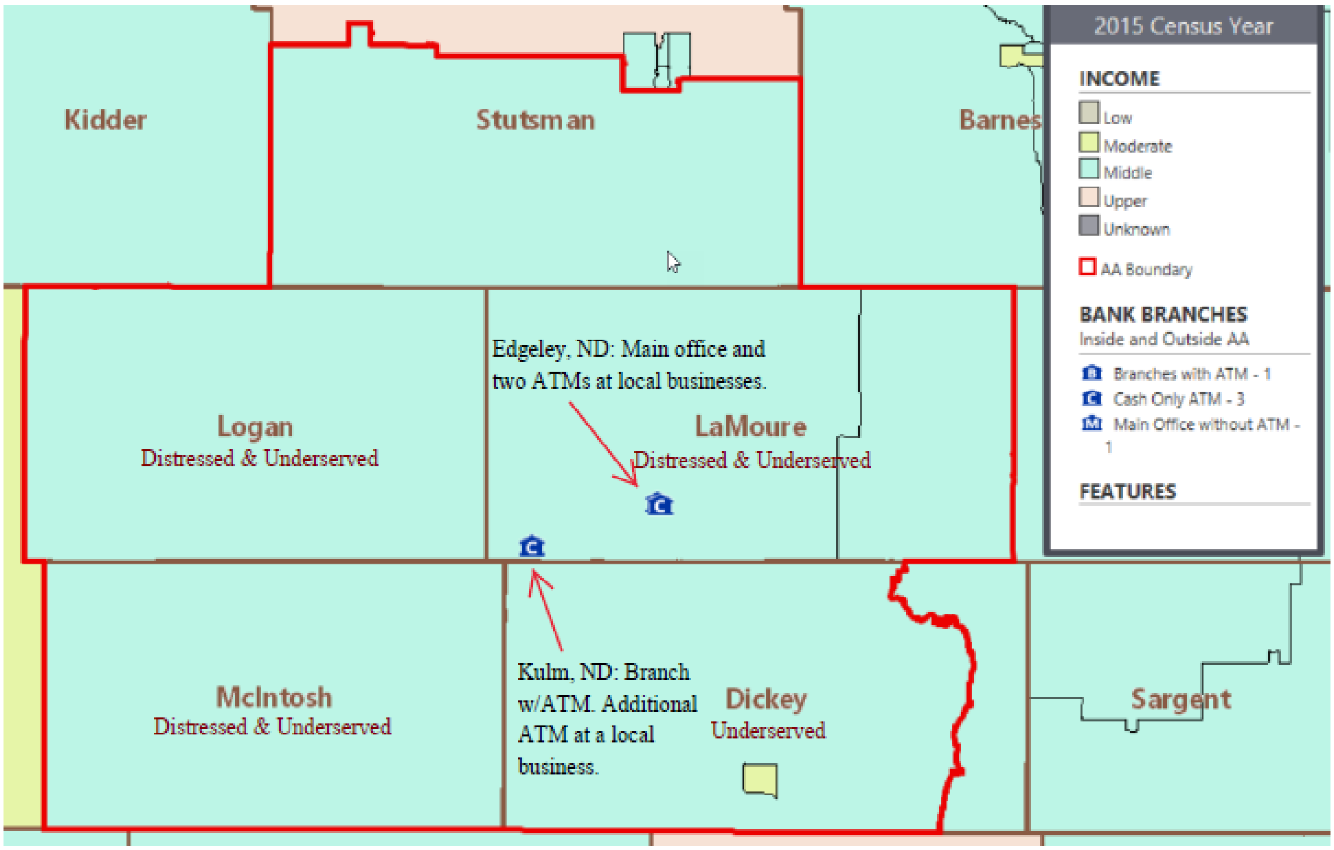
Table 10 Edgeley AA Distribution of 2021 Consumer Loans By Borrower Income Level					
Borrower Income Level	**Bank Loans**				**Households by Household Income %**
	#	**#%**	**$(000)**	**$%**	
Low	13	33.3	130	22.3	28.9
Moderate	9	23.1	184	31.6	16.0
Middle	4	10.3	7	1.2	19.0
Upper	9	23.1	254	43.6	36.1
Unknown	4	10.3	8	1.4	0.0
Total	39	100.0	582	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

EDGELEY AA DEMOGRAPHICS										
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income			
	#	%	#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	904	22.6		
Moderate	1	14.3	342	8.6	39	11.4	743	18.6		
Middle	6	85.7	3,654	91.4	272	7.4	956	23.9		
Upper	0	0.0	0	0.0	0	0.0	1,393	34.9		
Unknown	0	0.0	0	0.0	0	0.0	0	0.0		
Total AA	**7**	**100.0**	**3,996**	**100.0**	**311**	**7.8**	**3,996**	**100.0**		
	Housing Units by Tract	Housing Type by Tract								
		Owner-occupied			Rental		Vacant			
		#	% by tract	% by unit	#	% by unit	#	% by unit		
Low	0	0	0.0	0.0	0	0.0	0	0.0		
Moderate	753	378	7.7	50.2	224	29.7	151	20.1		
Middle	7,272	4,557	92.3	62.7	992	13.6	1,723	23.7		
Upper	0	0	0.0	0.0	0	0.0	0	0.0		
Unknown	0	0	0.0	0.0	0	0.0	0	0.0		
Total AA	**8,025**	**4,935**	**100.0**	**61.5**	**1,216**	**15.2**	**1,874**	**23.4**		
	Total Businesses by Tract		Businesses by Tract & Revenue Size							
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	0	0.0		
Moderate	71	8.0	58	7.6	10	11.4	3	9.7		
Middle	813	92.0	707	92.4	78	88.6	28	90.3		
Upper	0	0.0	0	0.0	0	0.0	0	0.0		
Unknown	0	0.0	0	0.0	0	0.0	0	0.0		
Total AA	**884**	**100.0**	**765**	**100.0**	**88**	**100.0**	**31**	**100.0**		
Percentage of Total Businesses:				**86.5**		**10.0**		**3.5**		
	Total Farms by Tract		Farms by Tract & Revenue Size							
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	0	0.0		
Moderate	6	1.4	6	1.4	0	0.0	0	0.0		
Middle	424	98.6	419	98.6	5	100.0	0	0.0		
Upper	0	0.0	0	0.0	0	0.0	0	0.0		
Unknown	0	0.0	0	0.0	0	0.0	0	0.0		
Total AA	**430**	**100.0**	**425**	**100.0**	**5**	**100.0**	**0**	**0.0**		
Percentage of Total Farms:				**98.8**		**1.2**		**0.0**		

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011 – 2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – 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.

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

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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, other secured consumer loans, and other unsecured consumer loans.

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

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

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

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

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

Rated area: A rated area is a state or multistate 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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