

# **PUBLIC DISCLOSURE**

November 28, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

F&M Bank  
Certificate Number: 14922

204 North Main Street  
West Point, Nebraska 68788

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 areas' credit needs.
- A majority of the small farm, small business, and home mortgage loans reviewed were located inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The bank did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

## DESCRIPTION OF INSTITUTION

F&M Bank is headquartered in West Point, Nebraska and owned by West Point Bancorp, Inc., a two-bank holding company. West Point Bancorp, Inc. also owns Town and Country Bank, Las Vegas, Nevada. No affiliate lending was included or otherwise considered in this evaluation. The FDIC assigned a CRA rating of “Satisfactory” at the bank’s November 18, 2019 Performance Evaluation, where examiners used Interagency Small Bank Institution Examination Procedures.

The bank operates six full-service offices with five located in Nebraska and one located in Iowa. There have been no changes to the bank’s branches since the previous evaluation. The bank offers a wide variety of loan products including agricultural, commercial, home mortgage, and consumer loans. The bank sells a large amount of home mortgage loans to the secondary market, which are not included in the bank’s loan portfolio. The bank sold 180 loans totaling \$36.1 million, in 2020, 2021, and 2022. To assist farm operators and businesses struggling with the impact of the COVID-19 pandemic, the bank participated in the Small Business Administration (SBA) Paycheck Protection Program (PPP). The bank originated 706 PPP loans totaling \$26.6 million in 2020 and 2021. In addition, the institution offers multiple deposit products including, checking, savings, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking, electronic bill pay, and seven ATMs.

According to the September 30, 2022 Consolidated Report of Condition and Income, the institution reported total assets of \$370.2 million, total loans of \$236.0 million, and total deposits of \$332.9 million. Agricultural loans are the institution’s primary credit product, followed by commercial and home mortgage loans. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 9/30/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	41,859	17.7
Secured by Farmland	41,068	17.4
Secured by 1-4 Family Residential Properties	46,649	19.8
Secured by Multifamily (5 or more) Residential Properties	1,080	0.5
Secured by Nonfarm Nonresidential Properties	29,012	12.3
<b>Total Real Estate Loans</b>	<b>159,668</b>	<b>67.7</b>
Commercial and Industrial Loans	15,156	6.4
Agricultural Production and Other Loans to Farmers	56,417	23.9
Consumer Loans	3,258	1.4
Obligations of State and Political Subdivisions in the U.S.	546	0.2
Other Loans	28	<0.1
Lease Financing Receivable (net of unearned income)	938	0.4
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>236,011</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. F&M Bank designated the following three assessment areas: Nebraska Nonmetropolitan, Omaha-Council Bluffs Metropolitan, and Sioux City Metropolitan.

The CRA also requires regulatory agencies to assign performance ratings for each state and multistate Metropolitan Statistical Area (MSA) in which the institution operates. As a result, examiners rated the bank’s performance in the State of Nebraska, the Sioux City, Iowa-Nebraska-South Dakota (IA-NE-SD) MSA, and assigned an overall CRA rating. Examiners based the State of Nebraska rating on the bank’s performance in the Nebraska Nonmetropolitan and Omaha-Council Bluffs Metropolitan assessment areas and based the Sioux City, IA-NE-SD rating on the bank’s performance in the Sioux City Metropolitan Assessment Area. Descriptions of the rated areas and assessment areas are presented later in this evaluation.

## SCOPE OF EVALUATION

### **General Information**

The evaluation covers the period from the prior evaluation dated November 18, 2019, to the current evaluation dated November 28, 2022. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank’s performance, which includes a Lending Test. Refer to the Appendix for a description of this test.

Examiners conducted a full-scope review for each assessment area based on the market presence in each area. F&M Bank’s performance in the State of Nebraska received more weight when drawing overall conclusions since the majority of the institution’s loans and deposits are in Nebraska. The following table provides details for the bank’s loans, deposits, and branches.

<b>Breakdown of Loans, Deposits, and Branches</b>						
<b>Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Nebraska Nonmetropolitan	122,571	51.5	184,864	56.9	2	33.3
Omaha-Council Bluffs Metropolitan	74,415	31.3	23,374	7.2	1	16.7
<b>State of Nebraska Subtotal</b>	<b>196,986</b>	<b>82.8</b>	<b>208,238</b>	<b>64.1</b>	<b>3</b>	<b>50.0</b>
Sioux City Metropolitan	40,985	17.2	116,489	35.9	3	50.0
<b>Sioux City MSA Subtotal</b>	<b>40,985</b>	<b>17.2</b>	<b>116,489</b>	<b>35.9</b>	<b>3</b>	<b>50.0</b>
<b>Total</b>	<b>237,971</b>	<b>100.00</b>	<b>324,727</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits (6/30/2022)*

### **Activities Reviewed**

Examiners selected small farm, small business, and home mortgage loans to evaluate the bank’s lending performance. Examiners selected these products based on the bank’s business strategy, assessment areas’ credit needs, and number and dollar volume of loans originated during the evaluation period. Examiners selected calendar year 2021 as the review period as bank management indicated that lending in 2021 was representative of the institution’s performance

during the entire evaluation period, and bank data confirms this statement. Therefore, examiners reviewed small farm, small business, and home mortgage loans originated in 2021. However, examiners only evaluated small farm loans for the Nonmetropolitan Nebraska Assessment Area due to the low volume of small farm lending in the Omaha-Council Bluffs Metropolitan and Sioux City Metropolitan assessment areas. The 2021 D&B data provided a standard of comparison for the bank’s small farm and small business lending performance, and the 2015 American Community Survey (ACS) data provided a standard of comparison for the home mortgage lending performance.

For the Assessment Area Concentration analysis, examiners reviewed all small farm, small business, and home mortgage loans originated during the review period. For the Geographic Distribution analysis, examiners reviewed all small business and home mortgage loans inside the Sioux City Metropolitan Assessment Area. The Nebraska Nonmetropolitan and Omaha-Council Bluffs Metropolitan assessment areas do not include any low- or moderate-income census tracts; therefore, examiners did not conduct a Geographic Distribution analysis in these areas. The Borrower profile analysis varied by assessment area. Examiners reviewed a sample of small farm, small business, and home mortgage loans for the Nebraska Nonmetropolitan Assessment Area; a sample of small business loans and all home mortgage loans inside the assessment area for the Omaha-Council Bluffs Metropolitan Assessment Area; and a sample of small business and home mortgage loans for the Sioux City Metropolitan Assessment Area. The table below details the loan universes and samples reviewed.

<b>Loan Products Reviewed</b>						
<b>Loan Category</b>	<b>Universe</b>		<b>Geographic Distribution</b>		<b>Borrower Profile</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Farm	363	18,427	NA	NA	55	3,273
Small Business	236	13,563	64	2,543	107	4,793
Home Mortgage	166	25,963	48	6,145	70	11,246

*Source: Bank Data*

Examiners placed more weight on small farm loans when drawing overall conclusions because agricultural loans are the bank’s largest credit product. Furthermore, while examiners reviewed both the number and dollar volume of loans, and presented both figures throughout the evaluation, they emphasized performance by number of loans when conducting the Geographic Distribution and Borrower Profile analyses. This is because the number of the loans is a better indicator of the farms, businesses, and individuals served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

F&M Bank demonstrated satisfactory performance under the Lending Test. The bank’s performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria supports this conclusion. This performance is consistent with overall conclusions in the State of Nebraska and the Sioux City, IA-NE-SD MSA.

**Loan-to-Deposit Ratio**

F&M Bank’s net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and the assessment areas’ credit needs. The bank’s loan-to-deposit ratio, calculated from Reports of Condition and Income data, average 79.3 percent over the past 12 quarters from December 31, 2019 to September 30, 2022. The ratio ranged from a low of 70.0 percent on September 30, 2022, to a high of 88.2 percent on March 31, 2020.

Examiners compared the bank’s average net loan-to-deposit ratio to three other comparable banks to evaluate F&M Bank’s performance. Examiners selected the comparable banks based on their asset size, geographical location, and lending focus. F&M Bank’s average net loan-to-deposit ratio is comparable to the similarly situated financial institutions. The following table provides details.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2022 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>F&amp;M Bank, West Point, Nebraska</b>	<b>370,168</b>	<b>79.3</b>
Citizens State Bank, Wisner, Nebraska	490,899	83.6
First Community Bank, Beemer, Nebraska	202,659	81.7
State Nebraska Bank and Trust, Wayne, Nebraska	216,441	65.2
<i>Source: Reports of Condition and Income 12/31/2019 – 9/30/2022</i>		

**Assessment Area Concentration**

Overall, a majority of the small farm, small business, and home mortgage loans reviewed were located inside the assessment areas. The following table provides details.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Farm	297	81.8	66	18.2	363	14,565	79.0	3,862	21.0	18,427
Small Business	185	78.4	51	21.6	236	9,601	70.8	3,962	29.2	13,563
Home Mortgage	101	60.8	65	39.2	166	15,003	57.8	10,960	42.2	25,963
<b>Total</b>	<b>583</b>	<b>76.2</b>	<b>182</b>	<b>23.8</b>	<b>765</b>	<b>39,169</b>	<b>67.6</b>	<b>18,784</b>	<b>32.4</b>	<b>57,953</b>
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%.</i>										

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable performance in the Sioux City, IA-NE-SD MSA supports this conclusion. The assessment areas in the State of Nebraska do not contain any low- or moderate-income census tracts; therefore, a review would not result in meaningful conclusions for those areas. Refer to the Sioux City, IA-NE-SD MSA section for a detailed analysis of the bank’s performance.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Examiners focused on the percentage of small farm and small business loans to entities with gross annual revenues of \$1 million or less, as well as the percentage of home mortgage loans to low- and moderate-income individuals. The bank's reasonable performance in the State of Nebraska and the Sioux City, IA-NE-SD MSA supports this conclusion. Refer to each section for a detailed analysis of the bank's performance.

### **Response to Complaints**

The bank did not receive any complaints regarding its CRA performance since the previous evaluation. Therefore, examiners did not evaluate the bank's record of responding to CRA-related complaints.

## **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.



## STATE OF NEBRASKA

**CRA RATING FOR STATE OF NEBRASKA: SATISFACTORY**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF NEBRASKA**

F&M Bank maintains the Nebraska Nonmetropolitan and Omaha-Council Bluffs Metropolitan assessment areas in Nebraska. The bank operates three offices and three ATMs in the State of Nebraska. Refer to the description of the institution's operations in each assessment area later in this evaluation for more information.

### **SCOPE OF EVALUATION – STATE OF NEBRASKA**

Examiners evaluated the bank's performance in the Nebraska Nonmetropolitan and the Omaha-Council Bluffs Metropolitan assessment areas to draw overall conclusions for the State of Nebraska rating. Examiners reviewed small farm, small business, and home mortgage loans in the Nebraska Nonmetropolitan Assessment Area and small business and home mortgage loans in the Omaha-Council Bluffs Metropolitan Assessment Area. The Nebraska Nonmetropolitan Assessment Area carried the most weight in drawing statewide conclusions since the majority of the institution's loans and deposits are in the Nebraska Nonmetropolitan Assessment Area. Refer to the Overall Scope of Evaluation section for additional details.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE STATE OF NEBRASKA**

#### **LENDING TEST**

F&M Bank demonstrated satisfactory performance under the Lending Test in the State of Nebraska. Reasonable performance under the Borrower Profile criterion supports this conclusion. The bank's lending performance was consistent in both assessment areas.

#### **Geographic Distribution**

The assessment areas do not contain any low- or moderate-income census tracts and a review would not result in meaningful conclusions. Therefore, examiners did not evaluate the geographic distribution of loans.

#### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. This conclusion is consistent with the performance in the Nebraska Nonmetropolitan and the Omaha-Council Bluffs Metropolitan assessment areas.

## NEBRASKA NONMETROPOLITAN ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NEBRASKA NONMETROPOLITAN ASSESSMENT AREA

The Nebraska Nonmetropolitan Assessment Area consists of Wayne and Cuming counties. The bank operates two offices and two ATMs in this assessment area, which are located in West Point and Wayne. The Nebraska Nonmetropolitan Assessment Area is comprised of five middle-income census tracts, according to the 2015 ACS data.

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the Nebraska Nonmetropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	18,503	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	8,007	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,756	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,443	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	808	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,637	0.0	0.0	100.0	0.0	0.0
Farms by Geography	463	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,827	17.0	16.8	24.3	41.9	0.0
Household Distribution by Income Level	7,199	23.3	14.5	17.5	44.8	0.0
Median Family Income Non-MSAs - NE		\$61,457	Median Housing Value			\$110,545
			Median Gross Rent			\$563
			Families Below Poverty Level			6.1%

*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.

The assessment area is rural in nature with some moderately sized communities. The largest communities are Wayne, West Point, and Wisner with populations of 5,990, 3,473, and 1,244, respectively. According to the 2021 D&B data, services represent the largest industry in the area at 29.6 percent, followed by agriculture, forestry, and fishing at 22.1 percent, and retail trade at 11.3 percent. In addition, 71.9 percent of businesses have four or fewer employees and 89.8 percent operate from a single location, which indicates the small nature of businesses in the area.

The Federal Financial Institutions Examination Council (FFIEC) median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for nonmetropolitan Nebraska is provided in the following table for reference.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$70,000)	<\$35,000	\$35,000 to <\$56,000	\$56,000 to <\$84,000	≥\$84,000
<i>Source: FFIEC</i>				

**Competition**

The Nebraska Nonmetropolitan Assessment Area is moderately competitive for financial services. According to the June 30, 2021 FDIC Market Share data, there are 13 financial institutions that operate 17 full-service offices within the Nebraska Nonmetropolitan Assessment Area. Of these institutions, F&M Bank ranked 2<sup>nd</sup> with 15.7 percent of the deposit market share.

**Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area’s 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 with a representative from an economic development organization. The contact stated that agricultural loans are the area’s primary credit need, followed by commercial loans. The area has a shortage of housing for rental and purchase. The agricultural economy has been strained in recent years due to the drought causing lower yields for crop producers. However, the contact stated that the agricultural economy is stable. In addition, the business economy is stable; however, there is concern due to the limited number of employees needed to keep businesses open in the area. The contact stated that overall, financial institutions in the area are serving the credit needs effectively.

**Credit Needs**

Considering information from bank management, the community contact, and demographic and economic data, examiners concluded that small farm, small business, and home mortgage loans are all primary credit needs for the assessment area.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NEBRASKA  
NONMETROPOLITAN ASSESSMENT AREA**

**LENDING TEST**

F&M Bank demonstrated reasonable performance under the Lending Test in the Nebraska Nonmetropolitan Assessment Area. Reasonable Borrower Profile performance supports this conclusion.

**Geographic Distribution**

The assessment area does not include any low- and moderate-income geographies and a review would not result in meaningful conclusions. Therefore, examiners did not evaluate the geographic distribution of loans.

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration in the Nebraska Nonmetropolitan Assessment Area. The bank’s reasonable small farm, small business, and home mortgage lending performance support this conclusion.

***Small Farm Loans***

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The following table notes that lending to farms with revenues of \$1 million or less is below the percentage of farms reporting revenue in this category; however, there are several factors explaining the disparity. According to the 2017 Census of Agricultural data, 46 percent of the producers in the assessment area do not list farming as their primary occupation and 44 percent of farming operations did not report interest expense. Consequently, many assessment area farmers have off-farm income and do not rely on credit to support their operations, which limits small farm lending opportunities. Examiners confirmed this through a review of 2020 CRA aggregate data, which indicates that 58.3 percent of lending by reporting banks in the area was to businesses with gross annual revenues of \$1 million or less.

Examiners also noted that 4 of the 16 loans to farms with gross annual revenues exceeding \$1 million were to repeat borrowers, which skews the data. Bank management indicated that a large number of the bank’s long-time farm customers operate larger operations and have regular financing needs that increase the number of loans to farms with gross annual revenues exceeding \$1 million. Based on this information, the bank’s performance is reasonable.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	97.0	39	70.9	1,938	59.2
>\$1,000,000	2.6	16	29.1	1,335	40.8
Revenue Not Available	0.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>3,273</b>	<b>100.0</b>

*Source: 2021 D&B Data; 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. The bank’s performance in lending to businesses with gross annual revenues of \$1 million or less is comparable to the percentage of business reporting revenue in this category. Additionally, the bank demonstrated a willingness to meet the credit needs of businesses of varying sizes, including small businesses, by originating SBA PPP loans during the COVID-19 pandemic. The five loans made to businesses without revenues available were SBA PPP loans. For these loans, examiners used loan size as a proxy to evaluate the bank’s performance further. All of the SBA PPP loans were less than

\$25,000, indicating that the bank is helping to serve the needs of small businesses in the assessment area. Additionally, three of the five loans made to businesses with gross annual revenues exceeding \$1 million were to repeat borrowers, which skews the data. The following table provides details.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	81.6	31	75.6	1,025	66.8
>\$1,000,000	6.3	5	12.2	446	29.1
Revenue Not Available	12.2	5	12.2	63	4.1
<b>Total</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>1,534</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

### ***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank’s lending performance to low- and moderate-income borrowers is reasonably comparable with the demographic data for the area. The following table provides details.

<b>Distribution of Home Mortgage Loans by Borrower Income Category</b>					
<b>Assessment Area: Nebraska Nonmetropolitan</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	17.0	4	13.3	400	7.5
Moderate	16.8	4	13.3	539	10.1
Middle	24.3	6	20.0	1,092	20.4
Upper	41.9	16	53.3	3,320	62.0
<b>Totals</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>5,351</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

## OMAHA-COUNCIL BLUFFS METROPOLITAN ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE OMAHA- COUNCIL BLUFFS METROPOLITAN ASSESSMENT AREA

The Omaha-Council Bluffs Metropolitan Assessment Area consists of nine census tracts in the western portion of Sarpy County, Nebraska. Specifically, the assessment area includes census tracts 106.25, 106.26, 106.27, 106.28, 106.29, 106.30, 106.31, 106.32, and 107.01. Sarpy County is part of the Omaha-Council Bluffs, Nebraska-Iowa (NE-IA) MSA. According to the 2015 ACS data, the assessment area consists of four middle-income and five upper-income census tracts. The bank operates one office and one ATM in this assessment area, located in Gretna, Nebraska.

#### **Economic and Demographic Data**

The following table illustrates selected demographic characteristics of the Omaha-Council Bluffs Metropolitan Assessment Area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	9	0.0	0.0	44.4	55.6	0.0
Population by Geography	34,751	0.0	0.0	41.3	58.7	0.0
Housing Units by Geography	12,849	0.0	0.0	44.0	56.0	0.0
Owner-Occupied Units by Geography	9,661	0.0	0.0	36.8	63.2	0.0
Occupied Rental Units by Geography	2,624	0.0	0.0	71.2	28.8	0.0
Vacant Units by Geography	564	0.0	0.0	41.5	58.5	0.0
Businesses by Geography	3,702	0.0	0.0	44.7	55.3	0.0
Farms by Geography	214	0.0	0.0	32.7	67.3	0.0
Family Distribution by Income Level	9,554	8.7	13.2	23.8	54.3	0.0
Household Distribution by Income Level	12,285	8.7	11.8	18.6	60.8	0.0
Median Family Income MSA - 36540 Omaha-Council Bluffs, NE-IA MSA		\$73,632	Median Housing Value			\$192,875
			Median Gross Rent			\$874
			Families Below Poverty Level			3.5%
<i>Source: 2015 ACS and 2021 D&amp;B Data. Due to rounding, totals may not equal 100.0%</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area supports a diverse variety of industries. According to the 2021 D&B data, services represent the largest portion of the business sector in the assessment area at 32.3 percent, followed by non-classifiable establishments at 15.9 percent, construction trade at 12.6 percent, and retail trade at 10.1 percent. In addition, 65.4 percent of area businesses have four or fewer

employees and 89.4 percent operate from a single location, which indicates the small nature of businesses in the area.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for Omaha-Council Bluffs, NE-IA MSA is provided in the following table for reference.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$87,700)	<\$43,850	\$43,850 to <\$70,160	\$70,160 to <\$105,240	≥\$105,240

*Source: FFIEC*

### **Competition**

Financial service competition in the area is moderate. According to the June 30, 2021 FDIC Market Share data, there are 4 financial institutions operating 8 offices in the assessment area. Of these institutions, F&M Bank ranked 4<sup>th</sup> with 2.9 percent of the deposit market share.

### **Credit Needs**

Considering information from bank management and demographic and economic data, examiners concluded that small business and home mortgage loans represent the assessment area’s primary credit needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE OMAHA-COUNCIL BLUFFS METROPOLITAN ASSESSMENT AREA**

### **LENDING TEST**

F&M Bank demonstrated reasonable performance under the Lending Test in the Omaha-Council Bluffs Metropolitan Assessment Area. Reasonable Borrower Profile performance supports this conclusion.

### **Geographic Distribution**

The assessment area does not include any low- and moderate-income geographies and a review would not result in meaningful conclusions. Therefore, examiners did not evaluate the geographic distribution of loans.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels in the assessment area. The bank’s reasonable small business and home mortgage lending performance support this conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The percentage of loans made to businesses with gross annual revenues of \$1 million or less is significantly lower than the percentage of businesses reporting revenue in this category. However,

the bank demonstrated a willingness to meet the credit needs of businesses of varying sizes, including small businesses, by originating SBA PPP loans during the COVID-19 pandemic. The nine loans made to businesses without revenues available were SBA PPP loans. For these loans, examiners used loan size as a proxy to evaluate the bank’s performance further. All of the SBA PPP loans had loans sizes of less than \$50,000, indicating that the bank is helping to serve the needs of small businesses in the assessment area. In addition, CRA aggregate performance data for 2020 indicates that only 36.3 percent of CRA reporters made loans to businesses with revenues of \$1 million or less. This indicates limited credit needs for the small businesses in the area. Examiners also note that 5 of the 12 loans made to businesses with gross annual revenues exceeding \$1 million were to repeat borrowers, which skews the data. The following table provide details.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	83.3	9	30.0	512	26.8
>\$1,000,000	6.9	12	40.0	1,202	62.8
Revenue Not Available	9.8	9	30.0	199	10.4
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>1,913</b>	<b>100.0</b>

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

### ***Home Mortgage Loans***

The overall distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank did not make any loans to low-income borrowers in the assessment area. However, the bank’s lending performance to moderate-income borrowers significantly exceeded the demographic data, by number and dollar volume. Therefore, the bank’s performance is reasonable. Refer to the following table for details.

<b>Distribution of Home Mortgage Loans by Borrower Income Category</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	8.7	0	0.0	0	0.0
Moderate	13.2	4	40.0	512	26.0
Middle	23.8	2	20.0	415	21.1
Upper	54.3	4	40.0	1,044	53.0
<b>Totals</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>1,971</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%.*



## SIOUX CITY, IA-NE-SD MSA – Full-Scope Review

**CRA RATING FOR SIOUX CITY, IA-NE-SD MSA: SATISFACTORY**

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SIOUX CITY, IA-NE-SD MSA

The bank designated one assessment area in the Sioux City, IA-NE-SD MSA. The Sioux City Metropolitan Assessment Area includes 28 census tracts that cover some portions of Nebraska, Iowa, and South Dakota. Specifically, the assessment area includes all of Dakota County, Nebraska; Census Tract 9778 in Dixon County, Nebraska; census tracts 1-15, 18-20, 21.01, 21.02, 33, and 36 in Woodbury County, Iowa; and Census Tract 203 in Union County, South Dakota. According to the 2015 ACS data, this assessment area has 2 low-, 8 moderate-, 10 middle-, and 8 upper-income census tracts.

F&M Bank operates three offices and four ATMs in the Sioux City Metropolitan Assessment Area. Two offices are located in South Sioux City, Nebraska, in middle-income census tracts, and one office is located in Sioux City, Iowa, in a low-income census tract.

#### **Economic and Demographic Data**

The following table illustrates selected demographic characteristics of the Sioux City Metropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	7.1	28.6	35.7	28.6	0.0
Population by Geography	121,742	4.2	25.2	36.9	33.7	0.0
Housing Units by Geography	48,576	4.9	23.8	36.8	34.6	0.0
Owner-Occupied Units by Geography	29,962	1.4	18.6	37.5	42.5	0.0
Occupied Rental Units by Geography	15,421	11.1	33.0	36.1	19.8	0.0
Vacant Units by Geography	3,193	7.5	27.5	32.7	32.3	0.0
Businesses by Geography	10,329	17.9	14.3	24.8	43.1	0.0
Farms by Geography	481	4.0	8.1	36.4	51.6	0.0
Family Distribution by Income Level	30,278	22.8	17.9	23.0	36.3	0.0
Household Distribution by Income Level	45,383	25.2	17.6	18.7	38.6	0.0
Median Family Income MSA - 43580 Sioux City, IA-NE-SD MSA	\$59,402		Median Housing Value			\$108,431
			Median Gross Rent			\$679
			Families Below Poverty Level			12.1%
<small>Source: 2015 ACS and 2021 D&amp;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.</small>						

According to the 2021 D&B data, services represent the largest portion of the business sector in the assessment area at 35.3 percent, followed by non-classifiable establishments at 15.7 percent, retail trade at 13.0 percent, and finance, insurance, and real estate at 12.0 percent. In addition, 62.7 percent of area businesses have four or fewer employees and 87.5 percent operate from a single location, which indicates that area businesses are smaller operations.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for Sioux City, IA-NE-SD MSA is provided in the following table for reference.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2021 (\$70,300)	<\$35,150	\$35,150 to <\$56,240	\$56,240 to <\$84,360	≥\$84,360
<i>Source: FFIEC</i>				

**Competition**

The Sioux City Metropolitan Assessment Area is highly competitive for financial services. According to the June 30, 2021 FDIC Market Share data, there are 27 financial institutions operating 56 offices in the assessment area. Of these institutions, F&M Bank ranked 12<sup>th</sup> with 2.6 percent of the deposit market share.

**Credit Needs**

Considering information from bank management and demographic and economic data, examiners concluded that small business and home mortgage loans represent the assessment area’s primary credit needs.

**SCOPE OF EVALUATION – SIOUX CITY, IA-NE-SD MSA**

Examiners evaluated the bank’s performance in the Sioux City Metropolitan Assessment Area to draw overall conclusions for the Sioux City, IA-NE-SD MSA rating. Examiners reviewed small business and home mortgage loans for this assessment area. Small business and home mortgage loans contributed equal weight to overall conclusions since they represent similar volumes of lending in the assessment area. Refer to the Overall Scope of Evaluation section for additional details.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SIOUX CITY, IA-NE-SD MSA**

**LENDING TEST**

F&M Bank demonstrated satisfactory performance under the Lending Test in the Sioux City, IA-NE-SD MSA. Reasonable Geographic Distribution and Borrower Profile performance in the Sioux City Metropolitan Assessment Area supports this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable small business and home mortgage lending performance in the assessment area’s low- and moderate-income census tracts supports this conclusion.

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The percentage of loans in low-income census tracts is lower than comparable demographic data; however, the percentage of loans in moderate-income census tracts significantly exceeds the percentage of businesses located in those tracts. Bank management indicated that a significant number of businesses in the low-income census tracts operate on a cash basis and do not typically borrow to fund their operations. Additionally, the overall number of businesses in the assessment area increased by 28.2 percent since the previous evaluation, but only a small amount of the increase was in the low-income census tracts. Consequently, loan demand and opportunities to lend in moderate-, middle-, and upper-income census tracts increased compared to low-income census tracts. Overall, the bank’s performance is reasonable. The following table provides details.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	17.9	1	1.6	256	10.1
Moderate	14.3	17	26.6	667	26.2
Middle	24.8	23	35.9	506	19.9
Upper	43.1	23	35.9	1,114	43.8
<b>Totals</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>	<b>2,543</b>	<b>100.0</b>

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

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The percentage of home mortgage loans in both low- and moderate-income census tracts is comparable to the demographic data. Refer to the following table for details.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	1.4	1	2.1	96	1.6
Moderate	18.6	8	16.7	860	14.0
Middle	37.5	18	37.5	2,230	36.3
Upper	42.5	21	43.8	2,959	48.2
<b>Totals</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>6,145</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%.*

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. The bank’s reasonable small business and home mortgage lending performance supports this conclusion.

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The percentage of loans to businesses with gross annual revenues of \$1 million or less is significantly lower than comparable demographic data. However, the bank demonstrated a willingness to meet the credit needs of businesses of varying sizes, including small businesses, by originating SBA PPP loans during the COVID-19 pandemic. The 13 loans made to businesses without revenues available were SBA PPP loans. Examiners used loan size as a proxy for these loans to evaluate the bank’s performance further. All of the SBA PPP loans had loans sizes of less than \$50,000, indicating that the bank is helping to serve the needs of small businesses in the assessment area. In addition, CRA aggregate performance data for 2020 indicates that only 38.2 percent of CRA reporters made loans to businesses with revenues of \$1 million or less. This indicates limited credit needs for the smallest businesses in the area. The following table provide details.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	82.3	16	44.4	316	26.6
>\$1,000,000	5.5	7	19.4	707	59.4
Revenue Not Available	12.2	13	36.1	167	14.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>1,190</b>	<b>100.0</b>

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

***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The percentage of home mortgage loans made to low-income borrowers is slightly less than the demographic data, while the percentage of home mortgage loans made to moderate-income borrowers exceeds the demographic data. Overall, the bank’s performance is comparable to demographic data, reflecting reasonable performance. The following table provides details.

<b>Distribution of Home Mortgage Loans by Borrower Income Category</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	22.8	5	16.7	352	9.0
Moderate	17.9	7	23.3	1,000	25.5
Middle	23.0	9	30.0	1,037	26.4
Upper	36.3	9	30.0	1,535	39.1
<b>Totals</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>3,924</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%.*

## 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 institution'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).

## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Rating</b>
Institution	Satisfactory
State of Nebraska	Satisfactory
Sioux City, IA-NE-SD MSA	Satisfactory

## 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 institution 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.