

PUBLIC DISCLOSURE

August 5, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**McMullen Bank
Certificate Number: 22393**

**205 Elm Street
P. O. Drawer 299
Tilden, Texas 78072-0299**

Federal Deposit Insurance Corporation

**Division of Supervision and Consumer Protection
1910 Pacific Avenue, 19th Floor
Dallas, Texas 75201**

NOTE: 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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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **McMullen Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 5, 2002**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

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

The Federal Deposit Insurance Corporation rated this bank "Satisfactory" at its previous performance evaluation dated November 3, 1997.

Pursuant to the Community Reinvestment Act (CRA), this \$45 million, two-office bank, headquartered south of San Antonio in the rural community of Tilden, Texas was evaluated under small bank performance factors. These factors are loan-to-deposit ratio, lending in assessment area(s), lending to borrowers of different income levels and businesses and farms of different sizes, geographic distribution of loans, and the bank's record of taking action in response to written complaints about its performance in helping to meet the credit needs in its assessment area(s).

At this evaluation, commercial and consumer lending activities were chosen for evaluating the bank's performance. As shown in Table 1 under Description of Institution, commercial related lending represents 64 percent of the loan portfolio and is considered the bank's primary loan product. Consumer loans were chosen because they represent the highest number of loans.

The San Antonio office originates 75 percent of the total number of loans and 92 percent of the dollar volume. As such, this evaluation is based on lending performance in the San Antonio assessment area after considering that credit needs in the McMullen assessment area are being met. Commercial lending performance was assigned the most weight in evaluating the bank's performance. Individual conclusions for the factors reviewed are summarized below.

- The bank's average loan-to-deposit ratio, 55 percent, calculated since the previous CRA evaluation demonstrates satisfactory performance after considering the bank's deposit mix and the lending levels of similarly situated banks in the assessment area.
- Lending in the assessment areas is less than adequate with 42 percent of the number of loans and 37 percent of the dollar volume of loans originated inside the designated geographies. To achieve satisfactory performance, a majority of a bank's lending activity should be within its designated assessment areas. Currently, the less than reasonable performance is not significantly poor enough to affect the overall CRA rating.
- A satisfactory distribution of loans among businesses of different sizes and borrowers of different incomes was noted. The bank originated nearly 62 percent of its commercial loans to businesses reporting gross annual incomes of \$100 thousand or less and over 92 percent to businesses reporting annual incomes of \$1 million or less. The number and dollar volume of consumer loans extended to both low- and moderate-income individuals is reasonable when compared to the percentage of low- and moderate-income households in the assessment area.
- Reasonable performance in lending throughout the assessment area was noted. Less weight was given to this factor since there are no low-income and only two moderate-income census tracts in the assessment area.

DESCRIPTION OF INSTITUTION

McMullen Bank, established in 1977 as an independent community bank, operates from two locations. The main office is in Tilden, Texas, approximately 80 miles south of San Antonio in McMullen County. A full service branch was established in San Antonio in 1989. This office is located in middle-income census tract 1814.01 in northwest San Antonio. A variety of financial and deposit products are offered. Drive through banking and automated teller machines are available at both locations. Banking hours are commensurate with community needs. While the bank's charter is in Tilden, lending and operations are headquartered in San Antonio.

The bank's primary business focus has not changed since the previous CRA evaluation. Commercial lending remains the primary product, while consumer credit needs are met through traditional consumer loan products and residential real estate lending. Management stated that the bank's strategy is to pursue small business loans secured with owner-occupied commercial real estate. Consumer loans are not actively sought and are primarily made to walk-in applicants or as accommodation loans to commercial customers and/or their related interests.

As of March 31, 2002, the bank reported total assets of \$44.7 million, total loans of \$27.7 million, and total equity capital of \$3.8 million. Table 1 details the loan portfolio mix by dollar amount and as a percentage of total loans.

Table 1 - Loan Distribution as of 03/31/2002		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	2,596	9.39
Secured by Farmland	459	1.66
1-4 Family Residential	5,112	18.48
Multi-Family (5 or more) Residential	1,552	5.61
Commercial	5,197	18.79
Total Real Estate Loans	14,916	53.93
Commercial and Industrial	8,217	29.71
Agricultural	124	0.45
Consumer	4,355	15.75
Other	46	0.16
Total Loans	27,658	100.00

Source: Report of Condition

DESCRIPTION OF ASSESSMENT AREAS

McMullen Bank operates in two assessment areas that encompass McMullen County and a portion of San Antonio Metropolitan Statistical Area (MSA) #7240. McMullen County consists of one upper-income block numbering area (BNA). The San Antonio assessment area consists of 28 census tracts in the northwest part of the city, and encompasses 2 moderate-, 9 middle-, and 17 upper-income geographies. Selected demographics for both assessment areas are presented in Tables 2 and 3 below.

Table 2 - San Antonio Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	28	0	7.1	32.2	60.7
Population by Geography	153,479	0	5.4	35.1	59.5
Owner-Occupied Housing by Geography	29,039	0	1.0	17.2	81.8
Business by Geography	8,792	0	5.3	26.7	68.0
Family Distribution by Income Level	40,039	11.1	12.0	17.3	59.6
Distribution of Low and Moderate Income Families throughout AA Geographies	9,340	0	11.9	46.0	42.1
Median Family Income 44,807 HUD Adjusted Median Family Income for 2001 45,300 Households Below Poverty Level 5.95%		Median Housing Value Unemployment Rate (1990 US Census)			92,577 2.70%

Source: 1990 US Census and 2001 HUD updated MFI

Table 3 - McMullen County Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	1				100
Population by Geography	817				100
Owner-Occupied Housing by Geography	242				100
Business by Geography	43				100
Family Distribution by Income Level	232	22.8	8.6	12.9	55.7
Distribution of Low and Moderate Income Families throughout AA Geographies	73				100
Median Family Income 31,964 HUD Adjusted Median Family Income for 2001 35,800 Households Below Poverty Level 15.09%		Median Housing Value Unemployment Rate (1990 US Census)			30,800 1.22%

Source: 1990 US Census and 2001 HUD updated MFI

SAN ANTONIO

San Antonio is the county seat of Bexar County and the second largest city in Texas. The city has maintained modest economic growth overall, despite weak performance by several key industries. Telecommunications services employment has decreased and distribution activity is soft. San Antonio's economic base is considered diverse, stable, and improving. San Antonio's economy slowed during the first few months of 2001 but has been expanding at a stable, though weaker, pace. Activity is constrained by modest income levels, crimped cross-border traffic with Mexico, and slumping tourism. The unemployment rate increased 40 basis points in 2001 at 3.8 percent, but still lags behind the state unemployment rate of 4.8 percent and the national unemployment rate of 4.7 percent. This is partially due to low dependence on manufacturing and on the most cyclically weak enterprises such as high-tech and telecommunications equipment and heavy machinery.

SBC Telecom, anchored by SBC Communications (SBC), remains a significant strength. The recently announced restructuring of SBC will not affect local operations. Though the telecom industry's recent period of rapid local expansion is yielding to stabilization, the services (as opposed to equipment) orientation of San Antonio's telecom enterprises translates into notably lower volatility than that affecting much of the telecom industry.

The "Alamo City" is among the more tourism-dependent metro areas. As such it sustained worse than average adverse impact from the September 11, 2001, downturn in travel and recreational activity. A Chamber of Commerce report estimated the value of lost tourism activity attributable to the terrorist attacks at \$100 million, representing about 0.2 percent of total income from the tourist trade. Small businesses lacking cash reserves were particularly hard hit. Numerous eating and drinking places have reduced staff. Some small inns reported very low occupancy. San Antonio faces compounded difficulties because it depends not only on domestic visitors but also on international tourism to and from Mexico.

Disruption from the recent transition of Kelly Air Force Base to a civilian facility after its closure seems to be relatively well contained. A net boost from new private sector ventures locating at the base is highly plausible. Belt-tightening in the retail sector has resulted in a number of store closures. The economy was expected to show weak to negative growth through the first quarter of 2002, followed by a modest recovery. Government, tourism, retail trade, medical and research interests, and apparel manufacturing are the major sectors supporting the economy. Principal employers include Ultramar Diamond Shamrock Corporation, USAA Insurance Company, Randolph Air Force Base, Fort Sam Houston, Lackland Air Force Base, H-E-B Grocery Company, and SBC Communications, Inc. San Antonio is also an educational center containing 14 colleges.

Building permit information from the U.S. Bureau of Census showed a decline in 2000 for new privately owned housing units with a substantial increase and upward trend in 2001. There were 7,205 single-family housing permits issued in Bexar County in 2001. Of 254 Texas counties, only Tarrant, Collin, and Dallas Counties issued more building permits.

The U.S. Department of Housing and Urban Development (HUD) recently designated San Antonio as one of the nation's seven newest Federal Empowerment Zones, which will allow businesses inside the zone to claim a variety of tax credits and other incentives until the program expires in 2009. The zone covers a large portion of the metro area, including downtown, adjoining districts on both the east and west sides, and some areas around the former Kelly Air Force Base and Brooks Air Force Base.

A community contact performed in June 2002 was reviewed. The organization interviewed is committed to improving quality of life and economic conditions by lending funds to underserved small businesses and non-profit entities. The organization primarily serves Bexar County. The interviewee indicated that small businesses suffered noticeable adverse economic effects from the September 11, 2001, terrorist attacks that created severe adverse effects on tourism. Many small businesses are dependent on tourism, especially gift shops and the food and service industries. Economic conditions for first quarter 2002 were perceived as slow, but improving. It was revealed that credit-related projects are available for bank participation such as city loan pools and SBA participation in local development companies. Most area banks are involved in the community and display a willingness to meet the credit needs of the areas served. No negative feedback has been received by this organization concerning area financial institutions.

McMULLEN COUNTY

McMullen County is a rural area with an economic base centered in the oil and gas, cattle, and hunting industries. Government, education, and the service industry are the major sectors supporting the local economy. Principal employers include McMullen County Independent School District, McMullen County School, Tilden Public Library, McMullen County Courthouse, and Williams Field Services Company. As displayed in Table 3, the county is sparsely populated with over 50 percent of the residents living in the county seat, Tilden. McMullen Bank is the only financial institution in the county. The local economy has remained sluggish for several years. Low oil and gas and cattle prices contribute to the county's weak economy. The unemployment rate decreased 50 basis points in 2001 at 3.1 percent, and continues to lag behind the state unemployment rate of 4.8 percent and the national unemployment rate of 4.7 percent.

One community contact was performed in McMullen County. The interviewee confirmed that oil and gas and cattle prices have gotten progressively worse. There are two farmers in the county and they barely survive. Cattle ranchers are becoming fewer in number. Drought conditions have forced cattle ranchers to reduce the size of their herds and many lease their land for hunting deer, wild hogs, and quail. The majority of the working populace commutes to larger towns for employment. Several local residents have voiced displeasure over getting credit applications approved. This process has been delayed since management moved its main operations and loan approval authority to San Antonio. These individuals would rather drive to neighboring towns where they can obtain faster approval.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

San Antonio Assessment Area Conclusion

After reviewing the data with respect to the San Antonio MSA Assessment Area, examiners determined that the conclusions for this assessment area are generally consistent with those stated herein for the five major performance criteria.

Sampling Information

McMullen Bank's performance under the various performance factors was evaluated using loans originated from August 1, 2000, through July 31, 2002, with the exception of lending in the assessment area, which was based on the entire loan portfolio. Since the various commercial loan products total approximately 64 percent of the bank's loan portfolio, commercial lending was chosen for the primary analysis in evaluating the bank's performance. Consumer loans account for the highest number of loans and were reviewed as the secondary loan product.

While the Tilden location serves as the main office, it accounts for less than 8 percent of the volume of loans originated. Therefore, loan data in the preparation of this evaluation was based on a review of loans originated at the San Antonio branch during the 24-month period ending July 31, 2002. From January 1, 2001 through July 31, 2002, the bank originated 255 commercial, 53 residential real estate, 482 consumer, and 12 farm loans. Random samples of 40 commercial and 50 consumer loans were selected for this evaluation. Loans originated inside the assessment area were used in evaluating the bank's performance for borrower profile and the geographic distribution of lending.

Loan-to-Deposit Ratio

Satisfactory performance was displayed for this criterion. One measure of a bank's lending activity is the loan-to-deposit ratio (LTD), which compares the volume of loans to the volume of deposits held. The bank's average quarterly LTD was calculated from December 31, 1997, through March 31, 2002, utilizing data from Consolidated Reports of Condition and Income. During those 18 quarters, the ratio ranged from a low of 45.59 percent to a high of 66.14 percent, with an average of 54.72 percent. Table 4 presents a summary of loan-to-deposit ratios of the subject bank and two banks serving the San Antonio area that are similar in asset size and have similar loan mixes. Banks are listed in alphabetical order to avoid the appearance of ranking.

Bank	Total Assets (000)	Average LTD	Current LTD	Public Funds
Clear Lake National Bank	\$46,108	75.49%	70.99%	\$ 10,000
<i>McMullen Bank</i>	44,657	54.72%	66.14%	3,509,000
Mission National Bank	43,758	59.84%	69.95%	None

The bank's average LTD was adversely affected by large sums of public funds that sometimes represented over 24 percent of total deposits. Public funds are not available for lending and State law requires them to be secured by qualifying bank investments. Public funds have decreased by \$8 million and the quarterly LTD has gone from lagging competing banks' ratios to about the same. As noted in the table, the competing banks have minimal or no public funds. After adjusting for public funds, McMullen Bank's current LTD would be 72.35 percent. As such, the LTD compares very favorably with competing banks.

Lending in Assessment Areas

Less than satisfactory performance was displayed for lending in the San Antonio and McMullen assessment areas. An assessment area is a geographical area in which the bank intends to concentrate the majority of its lending. The size of the assessment area is relative to the asset size of the bank, the office structure, and the loan products reviewed. The analysis was based on the entire loan portfolio of 902 loans with original amounts totaling \$38.6 million. The analysis revealed that 42.46 percent of the number of loans and 37.34 percent of the dollar volume were made inside the assessment areas, demonstrating weak performance for this factor. An analysis of loans outside the assessment areas revealed that 59.73 percent of the loans by number and 72.48 percent by amount were made to borrowers residing in San Antonio. Currently, the less than reasonable performance for assessment area concentration is not significantly poor enough to affect the overall CRA rating.

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

Overall performance for this factor is reasonable after taking into consideration management's business strategy, lending focus, and the weight placed on commercial lending activity in evaluating the bank's performance. Also taken into consideration was the limited number of loans in the sample sizes that were inside the assessment area. The reasonable lending performance for both commercial and consumer loans support the satisfactory rating for this factor.

Commercial Loans

Tables 5 and 6 detail the stratification of commercial loans reviewed by loan size and revenue. As disclosed in the tables, adequate performance was displayed in lending to businesses of different sizes. Performance for this criterion was weighted more heavily on the number of loans originated rather than dollar volume. The distribution of loans by size and gross annual income displays adequate performance as the majority of the loans extended were for \$100 thousand or less. Lending to borrowers reporting gross annual incomes of \$1 million or less at 92 percent compares favorably to Dun and Bradstreet data indicating that 86 percent of all businesses in the assessment area reported revenues in this range.

Table 5 - Distribution of Commercial Loans by Loan Size				
Loan Size (000s)	# of Loans	% of Number	\$ Volume (000s)	% of Volume
≤ \$100	9	69.24	337,341	27.18
> \$100 & ≤ \$250	2	15.38	300,000	24.17
> \$250	2	15.38	604,000	48.65
Total	13	100.00	1,241,341	100.00

Table 6 - Distribution of Commercial Loans by Borrowers' Gross Annual Income				
Revenue (000s)	# of Loans	% of Number	\$ Volume (000s)	% of Volume
≤ \$100	8	61.55	695,500	56.03
> \$100 & ≤ \$250	1	7.69	65,000	5.24
> \$250 & ≤ \$500	2	15.38	145,000	11.68
> \$500 & ≤ 1,000	1	7.69	300,000	24.17
Subtotal	12	92.31	1,205,500	97.12
> \$1,000	1	7.69	35,841	2.88
Total	13	100.00	1,241,341	100.00

Consumer Loans

Consumer lending performance to borrowers of different income levels, particularly low- and moderate-income borrowers, is generally satisfactory. Benchmarks used for analyzing lending to consumers are income levels for the assessment area based upon the area median family income (MFI) as established annually by the Department of Housing and Urban Development (HUD). The 2001 and 2002 median family income levels for the San Antonio Metropolitan Statistical Area (MSA) are \$45,300 and \$46,200, respectively. Table 7 depicts income levels for each year.

Table 7 - 2001/2002 Income Ranges for the San Antonio MSA			
Income Level	% of MFI	2001 Income Ranges	2002 Income Ranges
Low	< 50%	≤\$22,649	≤\$23,099
Moderate	=50% to <80%	\$22,650 ≤ \$36,239	\$23,100 ≤ \$36,959
Middle	=80% to <120%	\$36,240 ≤ \$54,359	\$36,960 ≤ \$55,439
Upper	>120%	\$54,360 or greater	\$55,440 or greater

Table 8 details the bank's lending performance regarding lending to consumers of different income levels. The number and dollar volume of loans extended to low-income borrowers is reasonable compared to the percentage of low-income households and exceeds the percentage of moderate-income households. Although, the number and volume of lending to low-income borrowers is less than the percentage of low-income households, performance is considered satisfactory. Low-income borrowers typically have more difficulty qualifying for loans, as most of their disposable income is applied to housing and everyday living expenses.

Income Level	% of Households	# of Loans	% of Number	\$ Volume (000s)	% of Volume
Low	16.00	2	10.00	20,239	7.88
Moderate	14.55	5	25.00	67,126	26.15
Middle	18.61	4	20.00	44,939	17.51
Upper	50.84	9	45.00	124,408	48.46
Total	100.00	20	100.00	256,712	100.00

Geographic Distribution of Lending

Since the bank's assessment area is heavily skewed to middle- and upper-income geographies and there are no low-income census tracts in the assessment area, this criterion is weighted less heavily in assessing the bank's performance. Nevertheless, reasonable performance in commercial and consumer lending throughout the assessment area was noted. Tables 9 and 10 illustrate the dispersion of loans sampled compared to the percentage of businesses and the percentage of households in the geographies per 1990 Census.

Commercial Loans

The geographic distribution of business lending in the moderate-income geographies is reasonable. Although the dispersion of loans in the middle income geographies is noticeably low in comparison to the percent of businesses, the level is not significant enough to affect the overall performance factor.

Tract Income Level	Percent of Tracts	Percent of Businesses*	Number of Loans		Volume (000s)	
			Count	Percent	Amount	Percent
Moderate	7.14	5.32	1	7.70	25	2.01
Middle	32.15	26.68	2	15.38	173	13.94
Upper	60.71	68.00	10	76.92	1,043	84.05
Total	100.00	100.00	13	100.00	1,241	100.00

*Source: Dun and Bradstreet Data

Consumer Loans

The consumer lending performance for geographic distribution as reflected in Table 10 is typically less than reasonable. Currently, mitigating factors alter the situation and result in a marginally adequate performance for this loan product. The San Antonio office is located in a middle-income census tract that is next to a moderate-income census tract. Generally, consumer loans are originated in geographies near the offices of the bank. Although the bank shows no consumer lending activity in moderate-income geographies, performance is considered adequate

when limited lending opportunities from the small percentage of households in these census tracts are considered. Other mitigating factors include the location of the office in relation to other competitors in the area and the small branch office presence in the San Antonio metro area of a rural bank headquarters in McMullen County.

Table 10 – Distribution of Consumer Loans by Category of Census Tract						
Tract Income Level	Percent of Tracts	Percent of Households	Number of Loans		Volume (000s)	
			Count	Percent	Amount	Percent
Moderate	7.14	5.98	0	0	0	0
Middle	32.15	42.16	7	35.00	74,715	29.10
Upper	60.71	51.86	13	65.00	181,997	70.90
Total	100.00	100.00	20	100.00	256,712	100.00

Response to Complaints

No consumer complaints relative to the bank’s performance under the Community Reinvestment Act have been filed. Therefore, this factor did not impact the bank’s performance evaluation.

Fair Lending

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. Bank policy and practices support nondiscrimination in lending and credit related activities. Lending activities reviewed by examination personnel found no evidence that management has engaged in any unlawful or discriminatory acts.

GLOSSARY

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

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

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions 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. They 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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates, which update median family income for the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

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.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan 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.

Small Bank: A bank that, as of December 31 of either of the prior two calendar years, had total assets of less than \$250 million and was independent or an affiliate of a holding company that, as of December 31 of either of the prior two calendar years, had total banking and thrift assets of less than \$1 billion.

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.

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.