

PUBLIC DISCLOSURE

May 14, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Florida Business Bank
Certificate Number: 35304**

**340 North Harbor City Boulevard
Melbourne, Florida 32935**

**Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office**

**Ten 10th Street Northwest, Suite 800
Atlanta, Georgia 30309-3849**

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.

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	4
Description of Assessment Area.....	6
Conclusions on Performance Criteria	9
Discriminatory or Other Illegal Credit Practices Review	12
Glossary	13

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(s), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

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

The Lending Test is rated **Satisfactory**.

- The loan-to-deposit ratio is reasonable.
- The bank originated a substantial majority of the small business loans in the assessment area.
- The geographic distribution of the small business loans reflects an excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects a reasonable penetration of loans among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

GENERAL INFORMATION

This evaluation covers the period from the previous evaluation dated June 18, 2012, to the current evaluation dated May 14, 2018. The CRA performance evaluation of Florida Business Bank was completed according to the Interagency Small Institution Examination Procedures. Effective January 1, 2018, small institutions are banks with assets of less than \$1.252 billion as of December 31 of either of the prior two calendar years. The asset threshold level adjusts annually based on changes in the Consumer Price Index. As of December 31, 2016, and December 31, 2017, Florida Business Bank's assets totaled \$113.4 million and \$124.1 million, respectively. The Interagency Small Institution Examination Procedures evaluate the following criteria relative to a bank's lending activities:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile distribution
- Response to CRA-related complaints

Florida Business Bank designated Brevard County as its assessment area. Brevard County is also known as the Palm Bay-Melbourne-Titusville Metropolitan Statistical Area (MSA). Full-scope procedures were used to analyze the bank's CRA performance in the assessment area.

LOAN PRODUCTS REVIEWED

The CRA regulation requires a review of a bank's lending performance with respect to small business, home mortgage, and small farm loans, if significant. This evaluation does not include any lending activity by affiliates as the bank has no lending affiliates.

The December 31, 2017, Consolidated Reports of Condition and Income (Call Report) was used to determine the bank's portfolio mix. Based on the Call Report, the bank's major product line was commercial loans at 85.2 percent of gross loans. Home loans were not a major product line as they represented only 2.1 percent of gross loans. Farm loans were also not a major product line as only one loan has been originated since the previous evaluation.

The bank's record of originating small business loans is the basis for the overall Lending Test conclusions as they comprise a substantial portion of the portfolio. Further, the bank's lending focus is commercial. The bank was subject to the Home Mortgage Disclosure Act (HMDA) in 2016. The HMDA requires banks of a certain size to collect and report data on home purchase and refinance loans to Federal regulatory agencies. However, the bank only originated one HMDA-reportable loan in 2016. For 2017, the bank did not meet the HMDA reporting threshold. Lastly, the only consumer-purpose residential loan product offered by the bank is temporary construction loans.

For CRA purposes, a small business loan is defined as a loan included in "loans to small businesses" as defined in the Call Report. These loans are either secured by non-farm, non-

residential properties or are classified as commercial and industrial loans with loan origination amounts of \$1.0 million or less. In 2017, the bank originated 56 small business loans totaling \$16.8 million. From these loans, a sample was taken to evaluate the bank's CRA performance for the Lending Test. D&B data for 2017 provided a standard of comparison for the small business loans reviewed. The table below further details the loan universe as well as the total of all loans reviewed for the Lending Test.

Loan Product Details				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business 2017	56	16,789	32	10,306
<i>Source: Bank Records</i>				

DESCRIPTION OF INSTITUTION

BACKGROUND

Florida Business Bank is based in Melbourne and operates in the eastern part of Florida in Brevard County. It is wholly-owned by Business Bank of Florida Corporation, Melbourne, Florida, a one-bank holding company. The bank received a Satisfactory rating at the previous FDIC evaluation, dated June 18, 2012, based on Interagency Small Institution Examination Procedures.

OPERATIONS

Florida Business Bank operates one full-service office in the assessment area. The office is located in a moderate-income census tract based on updated census information from the release of the 2015 American Community Survey (ACS). The bank has not opened or closed any offices. Further, no merger or acquisition activities have occurred since the previous evaluation. The bank offers primarily commercial loan products such as construction loans, real estate secured loans, unsecured loans, and lines of credit. Consumer loan products are limited to temporary home construction loans and short-term, unsecured installment loans. The bank provides a variety of deposit services, including checking, savings, and money market deposit, and certificates of deposit accounts. Customers may access their accounts through the ATM, and internet banking and electronic bill pay on the bank's website (www.floridabusinessbank.com).

ABILITY AND CAPACITY

Florida Business Bank's assets totaled \$124.1 million as of December 30, 2017, and included total loans of \$95.8 million and securities totaling \$15.2 million. The bank's loan portfolio is illustrated in the table below.

Loan Portfolio Distribution		
Loan Category	\$ (000s)	%
Construction, Land Development, and Other Land Loans	9,757	10.2
Secured by Farmland	246	0.3
Secured by 1-4 Family Residential Properties (Open-end loans)	0	0.0
Secured by 1-4 Family Residential Properties (Closed-end loans)	2,018	2.1
Secured by Multifamily (5 or more) Residential Properties	1,931	2.0
Secured by Non-farm Non-residential Properties	73,752	76.8
Total Real Estate Loans	87,704	91.4
Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial Loans	8,106	8.4
Consumer Loans	58	0.1
Obligations of States and Political Subdivisions in the United States	0	0.0
Other Loans	126	0.1
Gross Loans	95,994	100.0
Less: Unearned Income	(176)	(0.2)
Total Loans and Leases	95,818	100.0
<i>Source: December 31, 2017 Call Report</i>		

Florida Business Bank provides for the credit needs of the community in a manner consistent with its size, financial condition, resources, and local economic conditions. There are no known impediments that may impact the bank's performance under the CRA.

DESCRIPTION OF ASSESSMENT AREA

GENERAL INFORMATION

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Florida Business Bank designated all 113 census tracts within Brevard County as its assessment area. Brevard County is also known as the Palm Bay-Melbourne-Titusville MSA. The assessment area has been delineated in accordance with the CRA technical requirements. In particular, it consists of whole census tracts that do not arbitrarily exclude low- or moderate-income census tracts and includes the census tracts where the bank’s office is located.

The assessment area has not changed since the previous evaluation. However, the number of census tracts and their income designations has changed due to updated census data. At the previous evaluation, 2000 Census data was used. For this evaluation, ACS data was used. The 2010 Census data was updated by the ACS with data collected during the 2011-2015 survey, referred to as 2015 ACS data. Databases were updated in 2017 to reflect the MSAs and Metropolitan Divisions, states, counties, census tracts, and income level indicators, population, and housing characteristics.

Economic and Demographic Data

Brevard County includes the cities of Cocoa, Melbourne, Merritt Island, Rockledge, and Titusville. The census tracts in the assessment area reflect the following income designations according to the 2015 ACS data:

- 6 low-income tracts
- 26 moderate-income tracts
- 47 middle-income tracts
- 32 upper-income tracts
- 2 census tracts with no income designation

The table on the following page illustrates select demographic characteristics of the assessment area. According to 2017 D&B data, there were 52,122 businesses. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level (GARs). GARs for these businesses were as follows:

- 88.8 percent had \$1.0 million or less
- 3.8 percent had more than \$1.0 million
- 7.4 percent had unknown revenues

The Financial Institutions Examination Council (FFIEC) estimates the Median Family Income for the MSA. The 2017 estimate is presented in the following table.

Median Family Income Ranges for the Palm Bay-Melbourne-Titusville, FL MSA (37340)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$61,700)	<\$30,850	\$30,850 to <\$49,360	\$49,360 to <\$74,040	≥\$74,040
<i>Source: FFIEC</i>				

Per 2017 D&B data, service industries represented the largest portion of businesses in the assessment area at 47.9 percent; followed by retail trade (12.1 percent); finance, insurance, and real estate (8.2 percent); and construction (8.1 percent). In addition, 73.0 percent of area businesses had four or fewer employees, and 92.5 percent operated from a single location. Major employers in Brevard County include Patrick Air Force Base (7,933 employees); Health First, Inc., (7,285); and Harris Corp. (6,700).

Data obtained from the Bureau of Labor Statistics indicates the annual unemployment rate for 2017 was 4.2 percent for both the State of Florida and Brevard County. This rate was slightly lower than the rate for the United States at 4.4 percent. Unemployment rates have declined. Brevard County's monthly unemployment rate declined from 7.7 percent as of January 2014 to 3.8 percent as of March 2018. The March 2018 unemployment rate for Brevard County equals the rate for the State of Florida at 3.8 percent and is lower than the rate for the United States at 4.1 percent.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	113	5.3	23.0	41.6	28.3	1.8
Population by Geography	553,591	3.4	23.5	43.2	29.9	0.0
Housing Units by Geography	271,654	3.7	24.7	42.7	28.8	0.0
Owner-Occupied Units by Geography	159,654	1.6	21.1	43.5	33.8	0.0
Occupied Rental Units by Geography	63,137	8.5	32.5	38.2	20.7	0.0
Vacant Units by Geography	48,863	4.6	26.5	46.0	22.9	0.0
Businesses by Geography	52,122	2.4	23.5	39.1	35.0	0.0
Farms by Geography	1,712	2.4	25.5	42.3	29.8	0.0
Family Distribution by Income Level	141,695	20.2	18.6	20.6	40.6	0.0
Household Distribution by Income Level	222,791	23.1	16.8	18.6	41.5	0.0
Median Family Income MSA – 37340		\$60,408	Median Housing Value		\$147,917	
Palm Bay-Melbourne-Titusville, FL MSA			Median Gross Rent		\$932	
			Families Below Poverty Level		9.9%	
<i>Source: 2015 ACS Census and 2017 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification</i>						

Competition

Brevard County is a competitive market for financial services. According to the FDIC's June 2017 Deposit Market Share data, 18 FDIC-insured financial institutions operated 115 full-service branches within the county. Of these institutions, Florida Business Bank ranked 15th with a 1.09 percent deposit market share. The leaders in deposit market share included the following: Wells Fargo Bank, N.A.; Bank of America, N.A.; SunTrust Bank; and JPMorgan Chase Bank, N.A. These leading institutions collectively accounted for 62.8 percent of the total market share of deposits in Brevard County. The bank also faces competition from credit unions and investment firms, which are not included in the market share data.

Information from Moody's *Economy.com, Inc., Précis Metro*, dated July 2017 notes Brevard County is in a business cycle expansion. Nearly every major industry has added jobs over the past year, with construction, manufacturing, and business/professional services leading gains.

Income growth is outstripping the state average. The strong labor market is fueling house price growth that is near the fastest in the country. The report notes the MSA has the largest manufacturing concentration in Florida due to the aerospace industry and its skilled nature puts the industry's average weekly wage among the top 6.0 percent nationally. Tourism is also important to the local economy. The report notes Port Canaveral is the world's second busiest port, with nearly 4.0 million passengers passing through in 2016. In terms of housing, the report notes house prices remain 20.0 percent below the pre-recession peak. However, a combination of stellar job and population growth and accelerating income gains has sustained some of the fastest house price growth in the country for the past two years.

Community Contact

While preparing CRA evaluations, examiners often contact community representatives to gain insight regarding the credit needs and economic conditions of a bank's assessment area(s).

A contact familiar with the economic conditions in Brevard County reported the county has more than regained the jobs lost due to the loss of the shuttle program and the recession; the county has larger employment than before the shuttle program ended. The contact reported the county has a diverse employment base, a great workforce, and a very low cost of living. Further, the county has a favorable tax climate, incentives to help businesses, little or no mobility (traffic) problems, and a great infrastructure. The factor that hurts growth in the county is lack of industrial space.

The contact stated banks only lend to people who do not need money and feels the county is an underserved market. The contact thinks creditworthy individuals do not obtain loans. The contact explained big banks do not have lenders and instead have tellers who are promoted to office managers. There are no more local bankers, and no decision-making at the local level.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Florida Business Bank demonstrated satisfactory performance under the Lending Test. This conclusion is supported by the institution's small business lending evaluated pursuant to the following criteria: (1) loan-to-deposit ratio (LTDR); (2) assessment area concentration; (3) geographic distribution; (4) borrower profile; and (5) response to CRA-related complaints. These five performance categories are detailed below.

Loan-to-Deposit Ratio

As of December 31, 2017, Florida Business Bank's average net loan-to-deposit ratio (LTDR) of 77.9 percent is reasonable given the bank's size, financial condition, and assessment area's credit needs. The LTDR is calculated by dividing net loans and leases, which excludes loan loss reserves and unearned income, by total deposits. The average net LTDR is calculated by adding the LTDRs for each quarter since the previous evaluation and dividing that sum by the number of quarters. The quarterly ratios have fluctuated each quarter but have overall increased from a low of 67.2 percent on June 30, 2012, to a high of 87.7 percent on December 31, 2017. Since the previous evaluation, the bank's loan volume has increased 40.0 percent, from \$67,211,000, as of June 30, 2012, to \$94,417,000, as of December 31, 2017. The bank also experienced an 8.0 percent increase in total deposits over the same time period.

A bank's average net LTDR is compared to similarly situated institution(s) operating in a bank's assessment area(s). Comparable institutions will typically share similar attributes such as size, location, branch structure, product lines, and will operate under similar economic conditions. The analysis is conducted to determine if the level of lending provided by the bank is comparable to what other institutions are experiencing. As shown in the table below, Florida Business Bank's average net LTDR of 77.9 percent is comparable to one similarly situated institution and almost double the ratio of the other institution.

Similarly Situated Institutions Analysis					
Institution	Average Net LTDR	Total Assets \$(000s)	Percent Commercial Loans	Opened for Business	Number of Offices
Florida Business Bank	77.9%	\$124,136	85.4%	2000	1
Sunrise Bank	77.9%	\$189,394	59.4%	2005	2
Community Bank of the South	37.7%	\$141,216	68.4%	1999	3

Source: Call Report

In addition, Florida Business Bank's peer group, which includes all insured commercial banks having assets between \$100.0 million and \$300.0 million, with two or fewer full-service banking offices and located in a metropolitan statistical area, had a net LTDR of 80.2 percent as of March 31, 2018. On the same date, the bank's net LTDR was 91.0 percent.

Assessment Area Concentration

As shown in the table below, the bank originated a substantial majority of the small business loans, by number and dollar volume, within the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$ (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	28	87.5	4	12.5	32	8,916	86.5	1,390	13.5	10,306

Source: Bank Records

Geographic Distribution

The geographic distribution of the small business loans reviewed reflects an excellent dispersion throughout the assessment area. As shown in the table below, the percentage of loans made by number in low-income census tracts exceeded the percentage of businesses in those tracts. Similarly, the percentage of loans made by number in moderate-income census tracts exceeded the percentage of businesses located in these tracts.

Geographic Distribution of Small Business Loans in Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.4	1	3.6	50	0.6
Moderate	23.5	15	53.6	5,258	59.0
Middle	39.1	6	21.4	1,904	21.3
Upper	35.0	6	21.4	1,704	19.1
Total	100.0	28	100.0	8,916	100.0

Source: 2017 D&B and Bank Data

Borrower Profile

The distribution of the small business loans reviewed reflects a reasonable penetration of loans to businesses with GARs of \$1.0 million or less. The table below shows the bank originated 71.4 percent of the small business loans to businesses with GARs of \$1.0 million or less. This performance is below the percentage of businesses in this revenue category of 88.8 percent but not unreasonably lower.

Distribution of Small Business Loans in Assessment Area by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	88.8	20	71.4	5,098	57.2
>\$1,000,000	3.8	8	28.6	3,818	42.8
Revenue Not Available	7.4	0	0	0	0
Total	100.0	28	100.0	8,916	100.0

Source: 2017 D&B and Bank Data

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

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.

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

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

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

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

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

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

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

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.