

PUBLIC DISCLOSURE

April 8, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Canton State Bank
Certificate Number: 15285

100 South Fourth Street
Canton, Missouri 63435

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 category 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.

Satisfactory performance under the Lending Test supports the rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- Overall, a majority of the home mortgage and small farm loans reviewed were located within the bank's assessment area.
- Overall, the distribution of borrowers reflects satisfactory penetration among borrowers of different income levels and farms of different sizes.
- The assessment area does not contain any low- or moderate-income census tracts. Therefore, examiners did not evaluate the geographic distribution of loans.
- The institution did not receive any CRA-related complaints since the previous evaluation. As a result, this factor did not affect the rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 11, 2013, to the current evaluation dated April 8, 2019. Examiners used Interagency Small Institution Examination Procedures to conduct the evaluation. These procedures contain a Lending Test, which focuses on the following performance criterion.

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Borrower Profile
- Geographic Distribution
- Response to CRA-related Complaints

The evaluation does not include any affiliate lending activities.

Loan Products Reviewed

The bank's primary lending products are residential real estate and agricultural loans, representing 52.1 percent and 31.3 percent of the loan portfolio, respectively, as of December 31, 2018. These products are central to the bank's business strategy. As a result, examiners reviewed home mortgage and small farm loans to evaluate the institution's CRA performance. No other loan products, such as small business, construction, or consumer loans represent a major product line. Therefore, examiners did not review any other products.

The institution's lending focus has remained consistent throughout the evaluation period. However, home mortgage lending as a percentage of total loans increased approximately 14 percentage points during this time. Agricultural lending as a percentage of total lending was relatively unchanged.

Examiners reviewed all home mortgage and small farm loans originated since the prior evaluation to evaluate the bank's Assessment Area Concentration performance. This consisted of 82 home mortgage loans totaling \$8,882,000 and 92 small farm loans totaling \$6,761,000. Further, examiners randomly sampled loans extended inside the assessment area in 2018 to evaluate the bank's Borrower Profile performance. Specifically, examiners reviewed 13 home mortgage loans totaling \$684,000 and 25 small farm loans totaling \$1,212,000. Management indicated that the loans reviewed were representative of the bank's Borrower Profile performance since the previous CRA evaluation.

Examiners reviewed both the number and dollar volume of loans and presented both figures throughout the evaluation. However, they emphasized performance based on the number of loans over the dollar volume of loans when conducting the Borrower Profile analysis since it is a better indicator of the borrowers and farms served. Home mortgage loans contributed slightly more weight than small farm loans when drawing conclusions due to higher loan volume.

DESCRIPTION OF INSTITUTION

Background

Canton State Bank is a full-service commercial bank located in Lewis County, in northeast Missouri. Canton Bancshares, Inc., a one-bank holding company located in Hannibal, Missouri, owns the institution. The bank received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated March 11, 2013, which utilized Interagency Small Institution Examination Procedures.

Operations

Canton State Bank operates from a single facility in Canton, Missouri and maintains one non-deposit taking automated teller. The bank has not opened or closed any offices or been involved in any mergers or acquisitions since its previous CRA evaluation.

The bank offers traditional credit products such as home mortgage, agricultural, commercial, and consumer loans. Home loan products include conventional mortgages and secondary market loans. Agricultural and commercial products include term and open-end loans. The bank also offers various deposit products include checking and savings accounts, money market accounts, and certificates of deposit. Alternative banking products/services include debit cards, direct deposit, wire transfers, mobile banking, and online banking.

Ability and Capacity

The institution's December 31, 2018, Report of Condition and Income (Call Report) reflected assets of \$32,885,000, loans of \$20,228,000, and deposits of \$27,516,000. The following table details the loan portfolio.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction and Land Development	2	*
Secured by Farmland	4,840	23.9
Secured by 1-4 Family Residential Properties	9,456	46.7
Secured by Multifamily (5 or more) Residential Properties	1,089	5.4
Secured by Nonfarm Nonresidential Properties	1,324	6.6
Total Real Estate Loans	16,711	82.6
Commercial and Industrial Loans	1,112	5.5
Agricultural Loans	1,503	7.4
Consumer Loans	566	2.8
Other Loans	336	1.7
Less: Unearned Income	0	0.0
Total Loans	20,228	100.0
<i>Source: Reports of Condition and Income; * Less than 0.1 percent; Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments, other than the institution's legal lending limit, affecting its ability to meet the assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Canton State Bank designated a single assessment area, consisting of Clark and Lewis counties in northeast Missouri. Neither county is located in a metropolitan statistical area. There have been no changes in the assessment area since the previous CRA evaluation.

Economic and Demographic Data

Clark County contains three census tracts (9501, 9502, and 9503), while Lewis County contains four census tracts (9701, 9702, 9703, and 9704). According to the 2015 American Community Survey (ACS), these census tracts are all middle-income geographies, representing a slight change from the 2010 U.S. Census when one of the census tracts was an upper-income geography. The following table illustrates select demographic information on the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	0.0	100.0	0.0	0.0
Population by Geography	17,091	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	7,966	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,999	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,680	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,287	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	817	0.0	0.0	100.0	0.0	0.0
Farms by Geography	141	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,378	12.6	16.7	26.0	44.7	0.0
Household Distribution by Income Level	6,679	19.7	14.2	18.8	47.3	0.0
Median Family Income Non-MSAs – MO		\$48,553	Median Housing Value			\$85,593
			Median Gross Rent			\$492
			Families Below Poverty Level			7.7%
<i>Source: 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Canton, Kahoka, and La Grange are the largest communities in the assessment area with populations of 2,377, 2,078, and 931, respectively. The assessment area’s remaining communities all have populations of less than 700.

According to 2018 D&B data, the assessment area contains 141 farms. Gross annual revenues for the farms are below.

- 99.3 percent have \$1 million or less.
- 0.7 percent has more than \$1 million.

The analysis of small farm loans under the Borrower Profile criterion compares small farm lending by gross annual revenue level.

Service industries represent the largest portion of businesses and farms at 31.6 percent; followed by agriculture, forestry, and fishing at 14.7 percent; retail trade at 11.9 percent, and non-classifiable establishments at 10.2 percent. In addition, 67.0 percent of the assessment area’s businesses and farms have four or fewer employees and 82.6 percent operate from a single location. According to management, the largest employers in the area include Charles Industries, Culver Stockton College, and Clark County R-1 School District.

Examiners used 2018 FFIEC-updated median family income for nonmetropolitan Missouri (\$53,100) to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the low-, moderate-, middle- and upper-income categories based on this figure.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018	<\$26,550	\$26,550 to <\$42,480	\$42,480 to <\$63,720	≥\$63,720
<i>Source: FFIEC</i>				

The assessment area’s economy is generally healthy and improving. According to the Bureau of Labor Statistics, the unemployment rates for Clark and Lewis counties, and the state of Missouri, generally decreased during the evaluation period, as noted in the following table.

Unemployment Rates						
Area	2013*	2014*	2015*	2016*	2017*	January 2019
Clark County	7.9	6.9	7.1	7.4	5.7	4.6
Lewis County	5.6	5.2	4.9	4.5	3.5	3.4
State of Missouri	6.7	6.1	5.0	4.6	3.8	3.7
<i>Source: Bureau of Labor Statistics</i>						
<i>*Average Rates</i>						

Competition

The assessment area is a relatively competitive market for financial services. According to FDIC’s June 30, 2018 Deposit Market Share data, Clark and Lewis counties contain eight financial institutions operating from 16 offices. Of these institutions, Canton State Bank ranked 8th with 6.6 percent of the deposit market share.

Canton State Bank is not required to collect and report information regarding its small farm loans, and it has not elected to do so. However, this data provides an indicator of loan demand and it is considered in the institution's performance context. The 2017 small farm aggregate lending data reflects a moderate level of small farm loan demand within the assessment area. Specifically, this data revealed that 12 institutions reported 71 small farm loans in 2017.

Similarly, the bank is not required to collect and report its home mortgage loan data, and it has not elected to do so. However, this data also provides an indicator of loan demand and it is considered in the institution's performance context. The 2017 home mortgage aggregate lending data shows 37 institutions reported 111 home mortgage loans in the assessment area, which indicates moderate demand for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners reviewed a recent community contact from an entity that promotes community services in the assessment area. The entity primarily focuses on Lewis County. According to the contact, current economic conditions are stable, with limited growth in new industry and jobs. The area's population is diverse and includes elderly and young professionals. However, the contact noted that the population is declining due to younger people moving to larger cities. The area does not include a substantial low-income population. Agriculture is a major source of income in the area. Many workers commute to the nearby cities of Hannibal, Missouri; Quincy, Illinois; and Keokuk, Iowa for employment. Lewis County's primary credit needs include home mortgage, small farm, and small business loans. Rental housing is limited and aging. The contact stated that additional financial education for students and local residents would benefit the area. According to the contact, the local banks are meeting the community's credit needs, with borrower qualifications representing the primary obstacle for obtaining financing. The contact added that some residents do not submit credit applications because believe they would not qualify for financing.

Credit and Community Development Needs and Opportunities

According to bank management, the local economy is good. Culver Stockton College is experiencing record levels of employment. Restaurants and convenience stores comprise a significant portion of local businesses. Other area businesses have been hurt by the recent expansion in online purchases. There is uncertainty in the agricultural sector as yields are good, but commodity prices are low. The area's primary credit needs are residential and agricultural loans. Bank management described residential loan demand as "good" and agricultural loan demand as "stable."

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

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Canton State Bank demonstrated satisfactory performance under the Lending Test. The bank's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria supports this conclusion.

Loan-to-Deposit Ratio

Canton State Bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 62.1 percent over the past 24 calendar quarters from March 31, 2013, to December 31, 2018. The ratio ranged from a low of 43.3 percent as of March 31, 2014, to a high of 75.5 percent as of June 30, 2016. Between March 31, 2013, and December 31, 2018, the bank's net loan-to-deposit ratio increased 22.2 percentage points, rising from 50.5 percent to 72.7 percent.

The bank's average net loan-to-deposit ratio compares reasonably to similarly-situated institutions. Similarly-situated institutions are defined as institutions located in or near the assessment area that are comparable based on asset size, market served, product offerings, loan portfolio composition, and/or branching structure. The following table provides details.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2018 \$(000s)	Average Net Loan- to-Deposit Ratio (%)
Canton State Bank Canton, Missouri	32,885	62.1
Kahoka State Bank Kahoka, Missouri	49,071	56.6
Community Bank of Memphis Memphis, Missouri	47,487	58.9
Community State Bank Shelbina, Missouri	73,439	59.0

Source: Reports of Condition and Income 3/31/2013 through 12/31/2018

Assessment Area Concentration

A majority of the home mortgage and small farm loans reviewed were located inside the assessment area, reflecting satisfactory performance. Collectively, 69.0 percent of the loans, based on the number, and 51.5 percent based on dollar volume, were located within Clark and Lewis counties. The lower percentage of home mortgage lending in the assessment area, based on dollar volume, is primarily attributed to larger dollar loans that were made outside of the assessment area. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	45	54.9	37	45.1	82	2,977	33.5	5,905	66.5	8,882
Small Farm	75	81.5	17	18.5	92	5,082	75.2	1,679	24.8	6,761
Total	120	69.0	54	31.0	174	8,059	51.5	7,584	48.5	15,643

Source: 03/12/2013 – 02/22/2019 Bank Data
Due to rounding, totals may not equal 100.0

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different sizes. As stated within the “Scope of Evaluation” section, examiners sampled home mortgage and small farms loans from within the assessment area in 2018 to evaluate the bank’s performance. Examiners focused on the institution’s record of extending home mortgage loans to low- and moderate-income borrowers and lending to farms with gross annual revenues of \$1 million or less. Details are provided below.

Home Mortgage Loans

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels. The following table reflects the distribution of the home mortgage loans reviewed by borrower income level. The table includes comparative demographic data regarding the percentage of families in the assessment area by income level, based on 2015 ACS data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	12.6	1	7.7	8	1.2
Moderate	16.7	1	7.7	71	10.4
Middle	26.0	3	23.1	160	23.4
Upper	44.7	8	61.5	445	65.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	13	100.0	684	100.0

Source: 2015 ACS Census data; 1/1/2018 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0

The lending percentages to low- and moderate-income borrowers, based on the number of loans, lag the demographic data. Examiners considered the following factors in evaluating the institution’s performance regarding lending to low- and moderate-income borrowers. The fact that the cost of owning and maintaining a home is typically more cost-prohibitive for low- and moderate-income individuals who may have difficulty qualifying for a home mortgage under conventional underwriting standards. The community contact comments regarding borrower qualifications being a common obstacle to obtaining financing and the failure of many individuals to submit loan applications. Finally, management indicated that the assessment area

is a competitive banking environment, with at least seven other assessment area institutions offering home mortgage loans. Considering these factors, the institution’s record of lending to individuals of all income levels is reasonable.

Small Farm Loans

The distribution of small farm loans represents excellent penetration among farms of different sizes. Specifically, all the small farm loans reviewed were to borrowers with gross annual revenues of \$1 million or less, exceeding the demographic data. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	99.3	25	100.0	1,212	100.0
>1,000,000	0.7	0	0.0	0	0.0
Revenue Not Available	0.0	0	0.0	0	0.0
Total	100.0	25	100.0	1,212	100.0
<i>Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Geographic Distribution

The bank’s assessment area does not include any low- or moderate-income census tracts. Therefore, examiners did not evaluate the geographic distribution of loans as it would not yield meaningful results.

Response to Complaints

Canton State Bank did not receive any CRA-related complaints since the previous CRA evaluation. Therefore, this factor did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution’s 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.

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.