

# **PUBLIC DISCLOSURE**

March 4, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Republic Bank of Arizona  
Certificate Number: 58271

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Phoenix, Arizona 85012

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
San Francisco Regional Office

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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 COMMUNITY REINVESTMENT ACT (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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Republic Bank of Arizona (RBAZ) demonstrated satisfactory performance under the Lending Test. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the institution's Lending Test performance.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- The bank made a substantial majority of its loans in its AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different revenue sizes.
- Since the previous evaluation, the institution did not receive any CRA-related complaints; therefore, this factor did not affect the Lending Test rating.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners used the Interagency Small Institution Examination Procedures to evaluate RBAZ's CRA performance. This evaluation covers the period from the prior evaluation dated June 13, 2016, to the current evaluation dated March 4, 2019. The procedures consist of the Small Institution Lending Test, which considers the bank's performance according to the following criteria:

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The current evaluation was completed at the bank's main office in Phoenix, Arizona. Examiners relied on information from the following sources: public loan and financial information, 2015 American Community Survey (ACS) Census data, D&B demographic data, a community contact, and bank records. The Geographic Distribution and Borrower Profile criteria focus on the bank's performance inside of its AA. This evaluation does not include any lending activity performed by affiliates. Examiners did not identify any lending trends between 2017 and 2018 that would materially affect the overall conclusions; therefore, this evaluation only presents information for 2018.

### **Loan Products Reviewed**

Examiners determined that the bank's major product line is small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. For example, in 2018, 44.0 percent of the bank's originated loans by number and 70.2 percent by dollar volume were commercial real estate and commercial and industrial loans.

Although RBAZ originates loans secured by 1 to 4 family residential properties, they are for business or commercial purposes and not considered home mortgage loans. Additionally, the bank originates no small farm loans. Therefore, this evaluation will not consider home mortgage or small farm lending because such loans do not provide material support for examiners' conclusions. The following table shows the bank's originations and purchases over the most recent calendar year by loan type.

<b>Loans Originated or Purchased in 2018</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	6,726	15.6	58	40.6
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	6,030	14.0	21	14.7
Multi-family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	19,880	46.1	28	19.6
Commercial and Industrial Loans	10,368	24.1	35	24.4
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	100	0.2	1	0.7
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>43,104</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>
<i>Source: Bank Records 1/1/2018 through 12/31/2018</i>				

Examiners reviewed and analyzed a sample of small business loans originated from January 1, 2017 through December 31, 2018. The bank originated or purchased 38 small business loans totaling approximately \$10.7 million in 2017, of which 30 totaling approximately \$8.3 million were sampled. In 2018, the bank originated or purchased 52 small business loans totaling approximately \$18.9 million, of which 36 totaling approximately \$12.0 million were sampled. Examiners used 2015 ACS Census data and D&B demographic data as the standards of comparison for small business loans.

For the Lending Test, examiners reviewed both the number and dollar volume of small business loans. Examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

RBAZ is a widely-held Arizona-chartered community bank headquartered in Phoenix, Arizona. The bank received a Satisfactory rating at its prior CRA Evaluation dated June 13, 2016, based on Interagency Small Institution Examination Procedures. The prior evaluation was conducted by the Office of the Comptroller of the Currency. In August 2017, RBAZ became a state non-member institution, and the FDIC became its primary federal regulator.

### **Operations**

RBAZ operates one full-service branch in Maricopa County at the bank's headquarters in Phoenix. The branch is located in an upper-income census tract (CT). During the evaluation period, the bank closed no branches and participated in no mergers or acquisitions. In 2018, the bank relocated its single branch to a new location less than one mile away.

RBAZ offers commercial real estate loans, business term loans, equipment loans, accounts receivable financing, and business lines of credit. The bank also originates commercial loans guaranteed by the Small Business Administration (SBA). RBAZ provides consumer and business deposit products, including checking, savings, money market, and time deposit accounts. Other bank products include debit cards, business cash management services, and remote deposit capture services. Alternate delivery systems offered by the bank include on-line banking, on-line bill pay, and access to the nationwide MoneyPass automated teller machine network.

### **Ability and Capacity**

RBAZ's assets totaled \$104.1 million as of the December 31, 2018 Consolidated Reports of Condition and Income (Call Report). Over the 11 calendar quarters since the prior evaluation, from June 30, 2016 to December 31, 2018, total assets averaged \$100.9 million. In the same period, average total loans were \$61.8 million, average total securities were \$24.2 million, and average equity capital was \$14.0 million. The distribution of the loan portfolio by loan type is shown in the following table.

<b>Loan Portfolio Distribution as of 12/31/2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	3,967	6.4
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	10,088	16.3
Secured by Multi-family (5 or more) Residential Properties	1,136	1.8
Secured by Nonfarm Nonresidential Properties	38,646	62.3
<b>Total Real Estate Loans</b>	<b>53,837</b>	<b>86.8</b>
Commercial and Industrial Loans	8,184	13.2
Agricultural Loans	0	0.0
Consumer Loans	94	0.2
Other Loans	0	0.0
Less: Unearned Income	(98)	(0.2)
<b>Total Loans</b>	<b>62,017</b>	<b>100.0</b>
<i>Source: 12/31/2018 Call Report</i>		

Loans secured by commercial real estate and commercial and industrial loans account for 75.5 percent of the loan portfolio. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of the AA.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more AAs within which its CRA performance is evaluated. RBAZ designated its lone AA as the Phoenix-Mesa-Scottsdale, Arizona Metropolitan Statistical Area (MSA) #38060, encompassing Maricopa and Pinal Counties. RBAZ's AA has not changed since the prior CRA Performance Evaluation. The AA complies with the technical requirements of the CRA.

### **Economic and Demographic Data**

RBAZ's AA consists of 991 CTs reflecting the following income designations:

- 110 low-income CTs
- 231 moderate-income CTs
- 326 middle-income CTs
- 311 upper-income CTs
- 13 CTs without an income designation

The AA does not contain any distressed or underserved nonmetropolitan middle-income geographies. The following table provides a summary of demographic, housing, and business information within the bank's AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	991	11.1	23.3	32.9	31.4	1.3
Population by Geography	4,407,915	10.6	23.5	33.7	31.9	0.3
Housing Units by Geography	1,832,045	9.4	23.9	35.6	31.1	0.1
Owner-Occupied Units by Geography	967,478	4.5	19.6	37.1	38.7	0.0
Occupied Rental Units by Geography	602,639	16.7	29.7	32.6	20.8	0.2
Vacant Units by Geography	261,928	10.7	26.4	36.5	26.3	0.1
Businesses by Geography	354,586	6.4	16.7	29.7	46.6	0.5
Farms by Geography	7,237	5.6	20.0	32.2	41.8	0.3
Family Distribution by Income Level	1,036,417	21.9	17.3	19.5	41.3	0.0
Household Distribution by Income Level	1,570,117	23.4	16.5	17.9	42.2	0.0
Median Family Income MSA - 38060 Phoenix-Mesa-Scottsdale, AZ MSA		\$63,686	Median Housing Value			\$197,320
			Median Gross Rent			\$991
			Families Below Poverty Level			12.5%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data            Due to rounding, totals may not equal 100.0            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Service companies form the largest industry in the AA at 46.7 percent of all businesses. The finance, insurance, and real estate business (11.1 percent of all businesses in the AA) and retail businesses (10.6 percent) are the next most common in the AA. A total of 72.1 percent of businesses in the AA have 4 or fewer employees and 92.0 percent operate from a single location.

The following economic data about the Phoenix-Mesa-Scottsdale MSA was obtained from Moody's Analytics as of November 2018:

Phoenix is in the expansion phase of its business cycle and economic growth outpaces the national average led by the professional service, hospitality, and construction industries. A large workforce, low costs, and friendly business environment have helped attract business to the area, especially in the finance and technology sectors. Large defense and aerospace companies are also located in the area. Housing prices are increasing, leading to a rise in construction of new homes. Net migration is positive, population growth is 2.0 percent, and the unemployment rate is 4.1 percent. Major employers include Banner Health, Wal-Mart, Wells Fargo, and Arizona State University.

### **Competition**

The AA is highly competitive and includes a number of large national and regional institutions. According to the June 30, 2018 FDIC Deposit Market Share data, there were 61 financial institutions operating 815 full-service branches within the AA. Of these institutions, RBAZ ranked 43<sup>rd</sup> with a 0.1 percent deposit market share. Large financial institutions operating in the AA include JPMorgan Chase Bank, National Association (NA); Wells Fargo Bank, NA; Bank of America, NA; and Western Alliance Bank. Together, these 4 institutions have a 72.7 percent deposit market share in the AA.

RBAZ is not required to collect or report its small business loan data and has elected not to do so. Therefore, the analysis of small business loans under the Lending Test does not include direct comparisons to aggregate reported data. The aggregate reported data, however, does reflect the level of demand for small business loans in the AA. Aggregate data for 2017, the most recent year for which such data is available, shows that 213 institutions reported 101,037 small business loans in the AA, indicating a highly competitive market. Large financial institutions originating small business loans in the AA include American Express, Federal Savings Bank; Chase Bank USA, NA; CitiBank, NA; and Wells Fargo Bank, NA. Together, these 4 institutions have a 56.5 percent small business loan market share in the AA.

### **Community Contact**

As a part of the evaluation process, examiners conducted a community contact with an economic development organization in the AA. This information helps to determine the credit needs and opportunities of the AA and whether local financial institutions are responsive to such needs and opportunities.

The community contact was with an organization that promotes economic development and small business growth in the local area. The organization said that the Phoenix economy is growing. Businesses are moving to and opening in the region, including small businesses; construction is ongoing and development in outlying areas of the metropolitan area is significant. While financial institutions compete for larger business loans and SBA loans, there remains a need for small-dollar and micro-loans to small and start-up businesses. Local financial institutions do not often provide loans of \$100,000 or less, creating a barrier for small business owners and entrepreneurs, many of whom are not experienced in obtaining business financing. Additionally, while there are a number of free or low-cost resources available to small business owners, many may not know they are available or how to find them. Increasing the awareness and availability of small business financial resources and technical assistance is another area where local financial institutions can serve small businesses.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

RBAZ's Lending Test Rating is Satisfactory. The rating is largely supported by the bank's performance under the Geographic Distribution and Borrower Profile criteria.

### Loan-to-Deposit Ratio

RBAZ's LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio averaged 71.2 percent over the previous 11 calendar quarters according to Call Report data from June 30, 2016 through December 31, 2018. The ratio ranged from a high of 84.6 percent to a low of 53.7 percent and remained generally stable throughout most of the evaluation period. Examiners identified no significant trends. The ratio decreased in 2017 and 2018 due to changes in the bank's funding strategy; however, the ratio has increased in recent quarters. The bank's LTD ratio is similar to comparable institutions as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2018 (\$000s)	Average Net LTD Ratio (%)
Republic Bank of Arizona	104,105	71.2
Gateway Commercial Bank	121,654	70.1
West Valley National Bank	57,941	73.9
Metro Phoenix Bank	199,245	89.8

*Source: Reports of Condition and Income 6/30/2016 through 12/31/2018*

### Assessment Area Concentration

RBAZ made a substantial majority of small business loans, by number and dollar volume, within its AA, as shown in the following table.

Lending Inside and Outside of the Assessment Area										
	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$	%	\$	%	\$(000s)
2017	29	96.7	1	3.3	30	7,400	89.7	850	10.3	8,250
2018	34	94.4	2	5.6	36	10,774	89.6	1,252	10.4	12,026
<b>Total</b>	<b>63</b>	<b>95.5</b>	<b>3</b>	<b>4.5</b>	<b>66</b>	<b>18,174</b>	<b>89.6</b>	<b>2,102</b>	<b>10.4</b>	<b>20,276</b>

*Source: Evaluation Period: 1/1/2017 - 12/31/2018 Bank Data  
Due to rounding, totals may not equal 100.0*

Overall, the bank originated approximately 95.5 percent by number and 89.6 percent by dollar volume of small business loans within its AA.

## Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Examiners compared the bank's performance by number to the percentage of businesses as reported by D&B. The following table shows the distribution of small business loans by CT income level.

<b>Geographic Distribution of Small Business Loans</b>			
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>
Low	6.4	5	14.7
Moderate	16.7	4	11.8
Middle	29.7	9	26.5
Upper	46.6	16	47.1
Not Available	0.5	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>			

RBAZ's penetration in low-income CTs was more than double demographics while the bank's performance in moderate-income CTs is below demographics. Overall, the bank's performance is reasonable.

## Borrower Profile

The distribution of small business loans reflects reasonable penetration of loans to businesses of different revenue sizes. For analysis purposes, examiners compared the bank's lending performance to 2018 D&B data. The following table illustrates the distribution of small business loans by gross annual revenues (GARs) of businesses.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>			
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>
<=\$1,000,000	87.8	15	44.1
>1,000,000	4.2	18	52.9
Revenue Not Available	7.9	1	2.9
<b>Total</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>			

At 44.1 percent, the bank's performance is below D&B data of 87.8 percent. Although the bank's performance is below demographics, D&B data does not correlate directly to the demand for credit by qualified commercial applicants because not all small businesses have credit needs or are creditworthy. To gain additional context on the credit needs and demands in the AA, examiners reviewed aggregate reported small business loan data. Aggregate data for 2017, the most recent year that such data is available, shows that reporting institutions made 50.9 percent of their small business loans to businesses with GARs of \$1 million or less. In 2017, the bank made 58.6 percent of its loans to businesses with GARs of \$1 million or less. Considering the overall context, the bank's performance is reasonable.

### **Response to Complaints**

RBAZ did not receive any CRA-related complaints since the prior 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.

**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.