

PUBLIC DISCLOSURE

December 7, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Schaller
Certificate Number: 13931

100 West Second
Schaller, Iowa 51053

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the small farm and small business loans reviewed were originated inside the assessment area.
- The assessment area does not contain any low- or moderate-income census tracts. Therefore, examiners did not evaluate the geographic distribution of loans.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes.
- The institution did not receive any complaints regarding its CRA performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

DESCRIPTION OF INSTITUTION

State Bank of Schaller is headquartered in Schaller, Iowa, and operates in the northwestern part of Iowa, in Sac County. State Bank of Schaller is owned by Century Bancshares, Inc., a one-bank holding company in Schaller. The bank received a Needs to Improve rating at its previous FDIC Performance Evaluation dated December 3, 2018, based on Interagency Small Institution Examination Procedures.

State Bank of Schaller operates one full-service facility in the rural Iowa community of Schaller. The institution has not opened or closed any offices or been involved in any mergers or acquisitions since the prior evaluation.

The bank offers a variety of lending products including agricultural, commercial, residential real estate, and consumer loans. Agricultural lending is the institution's primary business focus followed by commercial lending. In addition, the bank offers several deposit products including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online banking and mobile banking.

Assets totaled approximately \$35.5 million as of September 30, 2020, and included total loans of approximately \$11.2 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	2,377	21.3
Secured by 1-4 Family Residential Properties	731	6.6
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	885	7.9
Total Real Estate Loans	3,993	35.8
Commercial and Industrial Loans	1,580	14.2
Agricultural Production and Other Loans to Farmers	4,866	43.5
Consumer Loans	723	6.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	11,162	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet 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. State Bank of Schaller designated a single assessment area which includes census tract 0801.0 in Sac County, Iowa. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

According to the 2015 American Community Survey (ACS), the assessment area contains one middle-income census tract. This census tract has been designated as distressed due to population loss and underserved due to the area being remote and rural throughout the entire evaluation period. The following table provides select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0
Population by Geography	2,665	0.0	0.0	100.0	0.0
Housing Units by Geography	1,233	0.0	0.0	100.0	0.0
Owner-Occupied Units by Geography	932	0.0	0.0	100.0	0.0
Occupied Rental Units by Geography	194	0.0	0.0	100.0	0.0
Vacant Units by Geography	107	0.0	0.0	100.0	0.0
Businesses by Geography	195	0.0	0.0	100.0	0.0
Farms by Geography	84	0.0	0.0	100.0	0.0
Family Distribution by Income Level	748	20.1	17.5	23.4	39.0
Household Distribution by Income Level	1,126	20.2	21.0	19.7	39.2
Median Family Income Nonmetropolitan IA	\$61,681	Median Housing Value			\$79,100
Families Below Poverty Level	7.6%	Median Gross Rent			\$530
<i>Source: 2015 ACS; 2019 D&B Data. Due to rounding, totals may not equal 100.0%</i>					

The assessment area is sparsely populated and predominantly rural in nature. Schaller and Early are the two largest communities in the assessment area with populations of 724 and 511, respectively.

Competition

The bank's assessment area has a low level of competition for financial services. According to the June 30, 2020, FDIC Deposit Market Share data, two financial institutions operate two offices in the assessment area. State Bank of Schaller is ranked first among these institutions, with a 56.0 percent deposit market share.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying 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 conducted a community contact with a local business. The contact reported the local economy is stable and indicated that there have been no recent significant changes to either farms or main street businesses. Further, the contact stated that the local financial institutions are meeting the area's financial needs and that agricultural loans represent the area's primary credit need.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners concluded that agricultural loans are the assessment area's primary credit need.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 3, 2018, to the current evaluation dated December 7, 2020. Examiners used the Interagency Small Institution Examination Procedures to conduct the evaluation. Refer to the Appendices later in the evaluation for a description of the criteria used to evaluate the bank's performance under the Lending Test.

Activities Reviewed

Examiners reviewed small farm and small business loans to evaluate the bank's performance. These products were selected based on the bank's business strategy. No other loan types, such as consumer loans or residential real estate loans, represent a major product line. As a result, examiners did not review any other loan products as they would provide no material support for conclusions for the rating.

Examiners reviewed all small farm and small business loans originated in 2019 to evaluate the bank's record of lending inside the assessment area (Assessment Area Concentration analysis). This consisted of 64 small farm loans totaling approximately \$6.0 million, and 25 small business loans totaling approximately \$991,000. Examiners then reviewed a sample of small farm loans located inside the assessment area to evaluate the bank's record of lending to farms of all sizes (Borrower Profile analysis). This consisted of 38 small farm loans totaling approximately \$3.6 million. Due to the limited number of small business loans located inside the assessment area, examiners reviewed all small business loans inside the assessment area to conduct the small business Borrower Profile analysis. This consisted of 21 small business loans totaling approximately \$881,000. Bank management indicated that the loans reviewed were representative of the institution's performance during the entire evaluation period, and bank data confirms this statement. As a result, examiners did not evaluate any additional years of data.

Examiners placed greater weight on small farm loans when drawing conclusions since agricultural lending comprised the majority of loans originated in 2019. The standard of comparison for small farm and small business loans was 2019 D&B data. When conducting the Assessment Area Concentration analysis, examiners placed equal weight on the number and dollar volume of loans. When conducting the Borrower Profile analysis, examiners placed greater weight on the number of loans than the dollar volume of loans. This is because the number of loans is a better indicator of the number of farms and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

State Bank of Schaller demonstrated satisfactory performance under the Lending Test. Loan-to-Deposit ratio, Assessment Area Concentration, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s loan-to-deposit ratio, calculated from the Reports of Condition and Income data, averaged 36.3 percent over the past eight (8) quarters from December 31, 2018, to September 30, 2020. The ratio ranges from a low of 32.2 percent as of June 30, 2019, to a high of 40.6 as of December 31, 2019. The ratio has fluctuated during this evaluation period, but has been on an upward trend since the previous evaluation. The loan-to-deposit ratio for the most recent quarter was 35.5 percent.

The performance of comparable institutions serves as another method to assess the loan-to-deposit ratio criterion. Examiners selected the comparable institutions based on their asset size, branching structure, geographic location, and lending focus. State Bank of Schaller’s average net loan-to-deposit ratio, as reflected in the following table, is less than the comparable institutions; however, it has increased by more than 13 percentage points since the previous evaluation at which time the average loan-to-deposit ratio was 23.0 percent. Conversely, the average net loan-to-deposit ratios for the comparable institutions in Sac City and Laurens have increased by 7.3 percentage points and decreased by 1.9 percentage points during the same period, respectively. This demonstrates the institution’s increased focus on lending and willingness to extend credit.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/20 \$(000s)	Average Net LTD Ratio (%)
State Bank of Schaller, Schaller, IA	35,517	36.3
Citizens Bank, Sac City, IA	60,962	62.5
Laurens State Bank, Laurens, IA	74,530	45.1

Source: Reports of Condition and Income 12/31/18 through 9/30/20

Although the bank’s average net loan-to-deposit ratio is less than the two comparable institutions, State Bank of Schaller’s net loans have grown by 8.3 percent since the prior evaluation which has outpaced net loan growth at the two comparable institutions. The two comparable institutions experienced an increase in net loans of 6.9 percent and a decrease of 9.8 percent, respectively. Management stated that loan growth has continued since the previous evaluation. Specifically, the bank’s primary growth has been in commercial and residential real estate, with an increased focus in these two areas.

Furthermore, examiner review of all banks chartered in Iowa revealed that the bank’s loan growth has improved the bank’s loan-to-deposit ranking in the State of Iowa. At the last evaluation, the bank had one of the lowest loan-to-deposit ratios in Iowa. The net loan growth since the previous evaluation has improved the bank’s loan-to-deposit ratio state ranking to seventh lowest as of September 30, 2020. Five of these seven institutions with the lowest loan-to-deposit ratios in the State had negative loan growth; however, State Bank of Schaller had positive loan growth. The increasing average loan-to-deposit ratio as well as the increase in net loans since the previous evaluation support the reasonable loan-to-deposit criterion.

Assessment Area Concentration

The majority of small farm and small business loans reviewed were located inside 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		
	#	%	#	%		\$	%	\$	%	
Small Farm	53	82.8	11	17.2	64	5,010	83.6	982	16.4	5,992
Small Business	21	84.0	4	16.0	25	881	88.8	110	11.2	991

Source: 1/1/2019 – 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0

Geographic Distribution

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

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. Examiners focused on lending to farms and businesses with gross revenues \$1 million or less.

Small Farm

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's lending to farms with gross annual revenues less than or equal to \$1 million lags the comparable D&B data; however, all nine loans to borrowers with gross annual revenues greater than \$1 million were to the same borrower which skews the percentages. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.8	29	76.3	2,523	70.2
>1,000,000	0.0	9	23.7	1,072	29.8
Revenue Not Available	1.2	0	0.0	0	0.0
Total	100.0	38	100.0	3,595	100.0

Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data.

Small Business

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's record of lending to businesses with gross annual revenues of less than or equal to \$1 million is similar to the comparable D&B data. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.0	16	76.2	500	56.7
>1,000,000	5.6	5	23.8	381	43.3
Revenue Not Available	15.4	0	0.0	0	0.0
Total	100.0	21	100.0	881	100.0
<i>Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data.</i>					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs; therefore, this consideration did not affect the institution’s CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

Assessment Area: A geographic area delineated by the 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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g. geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g. innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.