

PUBLIC DISCLOSURE

October 14, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank of San Diego
Certificate Number: 17350

209 East Gravis Street
San Diego, Texas 78384

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

1601 Bryan Street, Suite 1410
Dallas, Texas 75201

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.

First State Bank of San Diego demonstrated a satisfactory record regarding the Lending Test. Reasonable geographic and borrower profile records primarily support this conclusion. The bank also demonstrated a reasonable record regarding its loan-to-deposit (LTD) ratio and originated a majority of loans in the bank's assessment area. The following points summarize the applicable performance factors discussed in detail in the evaluation.

- The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- First State Bank of San Diego has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

First State Bank of San Diego is a \$74.7 million bank headquartered in San Diego, Texas, which began its operations in 1954. San Diego Bancshares, Inc., a one-bank holding company, also located in San Diego, Texas, owns the bank. The bank does not maintain any banking affiliates or subsidiaries. First State Bank of San Diego received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation dated August 17, 2015, based on Interagency Small Institution Examination Procedures. The bank continues to operate with its only office in San Diego, Texas and has not opened or closed any offices, or participated in any merger or acquisition activity since the previous evaluation.

With a primary focus on commercial lending, the bank offers a variety of loan products including agricultural, residential, consumer, and commercial loans. Deposit services include checking, savings, money market deposit accounts, and certificates of deposits. Alternative banking services

include online banking, 24-hour telephone banking, night depository, and automated teller machine (ATM) cards. The bank maintains an ATM at the office in San Diego. The bank's services and business hours are consistent with area and industry norms.

As of June 30, 2021, assets totaled approximately \$74.7 million, consisting primarily of net loans and leases of \$27.7 million, securities of \$24.5 million, and cash of \$21.9 million. Total deposits totaled approximately \$67.4 million as of the same date. Since the last evaluation, on average per year, total assets increased 7.8 percent, net loans increased 10.9 percent, and total deposits increased 7.6 percent.

As shown in the following table, the loans outstanding as of June 30, 2021, reflect a distribution generally consistent with that of the loans originated and purchased during 2020, as discussed under the Scope of Evaluation. Commercial loans (Secured by Nonfarm Nonresidential Properties and Commercial and Industrial Loans) at 73.2 percent by dollar volume represent the largest loan category.

Loan Portfolio Distribution as of 06/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	412	1.5
Secured by Farmland	1,342	4.8
Secured by 1-4 Family Residential Properties	2,017	7.2
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	4,649	16.5
Total Real Estate Loans	8,420	30.0
Commercial and Industrial Loans	15,918	56.7
Agricultural Production and Other Loans to Farmers	1,939	6.9
Consumer Loans	1,619	5.8
Obligations of States and Political Subdivisions in the U.S.	38	0.1
Other Loans	144	0.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	28,078	100.0
<i>Source: Reports of Condition and Income (06/30/2021)</i>		

Based on the information discussed in this section, as well as other regulatory data, First State Bank of San Diego's financial condition, size, product offerings, prior performance, and lack of legal impediments did not affect the institution's ability to meet its assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. First State Bank of San Diego designated one assessment area, consisting of Duval County in its entirety and five of seven census tracts in contiguous Jim Wells County, that are in a Non-Metropolitan Statistical Area of Texas (Non-MSA AA) in South Texas. The assessment area conforms to CRA regulatory requirements. The Non-MSA AA accounts for 100 percent of the bank's loans, deposits, and offices considered in this evaluation. Examiners performed a full-scope review of this area.

First State Bank of San Diego operates one full-service office and one ATM in Duval County’s moderate-income census tract 9501.00. The following table provides information on the assessment area.

Description of Assessment Area			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Non-MSA AA	Duval and Jim Wells	8	1 Full-Service Office
<i>Source: Bank Data</i>			

Economic and Demographic Data

Based on 2015 American Community Survey (ACS) Census data, the Non-MSA AA contains eight contiguous census tracts with the following income designations: 3 moderate-income tracts, 4 middle-income tracts, and 1 upper-income tract. The 2015 ACS Census data also indicates that the income designations have shifted slightly with corresponding population shifts since the previous evaluation.

Duval County census tract 9502.00 and Jim Wells County census tracts 9502.00, 9504.00, and 9505.00 received distressed designations during the review period. The Federal Emergency Management Agency made one major disaster declaration related to the COVID-19 pandemic involving Duval and Jim Wells Counties during the review period. The following table provides additional demographic and economic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	37.5	50.0	12.5	0.0
Population by Geography	40,330	0.0	31.9	50.2	17.9	0.0
Housing Units by Geography	16,673	0.0	34.8	49.3	15.9	0.0
Owner-Occupied Units by Geography	8,945	0.0	31.3	51.0	17.8	0.0
Occupied Rental Units by Geography	4,718	0.0	33.3	47.1	19.6	0.0
Vacant Units by Geography	3,010	0.0	47.5	48.1	4.4	0.0
Businesses by Geography	2,009	0.0	16.7	58.5	24.8	0.0
Farms by Geography	64	0.0	10.9	57.8	31.3	0.0
Family Distribution by Income Level	9,972	29.2	15.7	15.2	39.9	0.0
Household Distribution by Income Level	13,663	28.9	14.9	14.0	42.2	0.0
Median Family Income Non-MSAs – TX		\$52,198	Median Housing Value			\$67,449
			Median Gross Rent			\$712
			Families Below Poverty Level			19.9%

Source: 2015 ACS; 2020 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.

According to business demographic data, the services industry represents the largest portion of businesses at 34.1 percent, followed by non-classifiable trades at 12.6 percent, and retail trade at 15.5 percent. In addition, 58.6 percent of the area's businesses maintain 4 or fewer employees and 78.5 percent operate from a single location.

Major employers in the bank's assessment area include Duval County, Jim Wells County, San Diego Independent School District, Alice Independent School District, and the City of Alice. The Texas Workforce Commission noted that Duval and Jim Wells Counties reported August 2021, unemployment rates of 8.2 percent and 9.9 percent, respectively, compared to the State of Texas' rate of 5.3 percent and the U.S.' rate of 5.3 percent for the same period.

Competition

The assessment area contains a low level of competition from other chartered banks based on its population. According to the FDIC Deposit Market Share data as of June 2021, there were 10 financial institutions that operated 14 offices within the bank's assessment area. Of these institutions, First State Bank of San Diego ranked 4th with a 10.3 percent deposit market share. Credit unions and mortgage and finance companies also compete for loans in the area; however, the competition level allows for lending opportunities.

Community Contact

Examiners conducted one community contact in Jim Wells County familiar with the economic environment to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the assessment area. The community contact indicated that Jim Wells County's economy is relatively stable and remains centered in the oil industry. According to the contact, area businesses suffered from the economic devastation caused by the COVID-19 pandemic; however, local financial institutions worked hard to help small businesses obtain funds from the Small Business Administration's Paycheck Protection Program (PPP). The contact indicated that local financial institutions continue to serve the primary needs of the area, which include commercial loans as well as small business loans.

Credit Needs

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that small business loans represent the area's primary credit need.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 17, 2015, to the current evaluation dated October 14, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate First State Bank of San Diego's CRA performance. These procedures

include the CRA Small Bank Lending Test. See the appendix for a description of the CRA Small Bank performance criteria.

Activities Reviewed

For the Lending Test, Small Institution Examination Procedures require examiners to determine the bank’s major product lines from which to sample. Examiners determined that the bank’s major product line, from those typically reviewed, includes small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. Additionally, no other loan types of those typically reviewed, such as small farm, home mortgage, or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or the rating, and this evaluation does not present them. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. The following table shows the bank’s originations and purchases over the most recent calendar year by loan type.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	297	1.3	2	0.5
Secured by Farmland	991	4.2	10	2.3
Secured by 1-4 Family Residential Properties	707	3.0	9	2.0
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	504	2.2	4	0.9
Commercial and Industrial Loans	15,722	67.3	150	33.9
Agricultural Loans	2,265	9.7	58	13.1
Consumer Loans	1,460	6.2	206	46.6
Other Loans	1,418	6.1	3	0.7
Total Loans	23,364	100.0	442	100.0
<i>Source: 2020 Bank Data</i>				

To assess performance for the bank’s assessment area concentration, examiners selected a sample of small business loans originated in the period January 1, 2020, through December 31, 2020. Examiners considered this sample representative of the bank’s performance during the entire evaluation period. The bank originated 152 small business loans totaling \$13.8 million in 2020, of which examiners sampled 51 loans totaling \$4.5 million. Examiners reviewed the 43 small business loans totaling \$3.3 million originated inside the bank’s assessment area when assessing the geographic and borrower profile distributions. Since this evaluation only discusses small business loans, this loan category received all of the weighting when arriving at overall conclusions. D&B data for 2020 provided a standard of comparison for the small business loans reviewed.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First State Bank of San Diego demonstrated a satisfactory record regarding the Lending Test. Reasonable geographic and borrower profile records primarily support this conclusion. The bank also demonstrated a reasonable record regarding its LTD ratio and originated a majority of loans in the bank's assessment area.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Report of Income and Condition data, averaged 36.8 percent over the past 24 calendar quarters from September 30, 2015, to June 30, 2021, representing a decrease from the 41.4 percent average, net LTD ratio recorded at the prior evaluation. The ratio ranged from a low of 28.1 percent as of June 30, 2019, to a high of 42.9 percent as of March 31, 2021, with a relatively stable trend during the evaluation period.

The following table demonstrates three somewhat comparable institutions operating in close proximity to the First State Bank of San Diego's assessment area and reflecting similar asset sizes. The table demonstrates that two of the three comparable banks reported average, net LTD ratios lower than First State Bank of San Diego's average, net LTD ratio, while one institution reported a higher ratio.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 06/30/2021 (\$000s)	Average Net LTD Ratio (%)
First State Bank of San Diego, San Diego, TX	\$74,741	36.8
Freedom Bank, Freer, TX	\$81,607	55.7
The First National Bank in Falfurrias, Falfurrias, TX	\$91,765	31.1
The First National Bank of Hebbroville, Hebbroville, TX	\$97,768	36.6

Source: Reports of Condition and Income (09/30/2015 – 06/30/2021)

Assessment Area Concentration

A majority of loans and other lending-related activities are in the institution's assessment area. A majority of small business loans originated inside the assessment area supports this conclusion. Examiners considered the bank's asset size and office structure, as well as the loan category reviewed relative to the assessment area's size and economy when arriving at this conclusion.

The following table shows that, both by number and dollar volume of loans, the bank made a majority of its small business loans within the assessment area. This performance demonstrates the bank's willingness to provide credit to businesses within its assessment area.

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 Business										
2020	43	84.3	8	15.7	51	3,269	72.9	1,217	27.1	4,486

Source: Bank Data
Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable performance regarding small business lending in the bank’s sole assessment area supports this conclusion. Examiners considered the loan product type reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. Examiners focused on the percentages by the number of loans when arriving at conclusions.

Small Business Loans

The geographic distribution of small business loans within the Non-MSA AA reflects reasonable performance. Since the area included no low-income census tracts, examiners placed emphasis on the bank’s performance in the moderate-income tracts. The following table shows that the bank’s level of lending in the moderate-income geographies trails D&B data by only 0.4 percentage points, reflecting reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	16.7	7	16.3	166	5.1
Middle	58.5	30	69.8	2,937	89.8
Upper	24.8	6	13.9	166	5.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	43	100.0	3,269	100.0

Source: 2020 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performance regarding small business lending and noted performance context considerations in the bank’s sole assessment area support this conclusion. Examiners considered the loan product type reviewed relative to the available comparative data and focused on the percentages by the number of loans when arriving at conclusions.

Small Business Loans

The borrower profile distribution of small business loans within the Non-MSA AA reflects reasonable penetration among businesses of different sizes. In assessing the bank's performance regarding this factor, examiners considered participation in the Small Business Administration's PPP during the review period and took into account the unique circumstances affecting borrowers and banks resulting from the COVID-19 pandemic.

The following table shows that the bank originated less than a majority, or 46.5 percent, of the sampled small business loans to businesses with gross annual revenues (GARs) of \$1 million or less, typically reflective of poor performance. While the bank's level trails, by 26.9 percentage points, the percent of businesses reporting GARs of \$1 million or less, the table also notes 17 small business loans to businesses with revenues not available. All 17 of these loans originated as PPP loans, which carried no requirement to collect revenue information. First State Bank of San Diego's origination of PPP loans in 2020 illustrates the bank's willingness to meet credit needs of businesses of varying sizes, including small businesses. Of the 26 loans in the table with revenue data, the bank originated over 7 out of every 10 loans to businesses with GARs of \$1 million or less, thus supporting reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	38.2	9	20.9	193	5.9
\$100,000 - \$249,999	21.8	6	14.0	220	6.7
\$250,000 - \$499,999	8.2	2	4.6	134	4.1
\$500,000 - \$1,000,000	5.3	3	7.0	479	14.7
Subtotal <= \$1,000,000	73.4	20	46.5	1,026	31.4
>\$1,000,000	6.3	6	14.0	1,396	42.7
Revenue Not Available	20.3	17	39.5	847	25.9
Total	100.0	43	100.0	3,269	100.0

*Source: 2020 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%*

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.

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).

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.

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.

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.