

PUBLIC DISCLOSURE

June 5, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Guaranty State Bank and Trust Company
Certificate Number: 10907

201 South Mill Street
Beloit, Kansas 67420

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 bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. 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 home mortgage, small farm, and small business loans reviewed were located in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects a reasonable penetration of lending among farms and businesses of different revenue sizes and individuals of different income levels
- The institution has not received any complaints relating to its CRA performance since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Guaranty State Bank and Trust Company is a community bank headquartered in Beloit, Kansas, which operates a total of nine offices. Full-service offices are located in the north-central Kansas cities of Beloit, Burr Oak, Esbon, Glen Elder, Jamestown, Jewell, Smith Center, and Tipton. The bank also operates a loan production office in Rossville, Kansas, which is in northeastern Kansas. The bank has six automated teller machines located at all their full-service offices, except Burr Oak and Esbon. There have been no branch openings or closings since the prior evaluation, and no merger or acquisition activity.

Although there have been no changes to the bank's branching structure during the review period, four of the bank's branches were located in moderate-income tracts during this evaluation period due to changes in the US Census data; at the previous examination, all of the bank's branches were located in middle-income geographies. Refer to Description of Assessment Area on page 2 for more details on area demographics.

The bank is owned by Guaranty, Inc., a one-bank holding company located in Beloit, Kansas. The bank received a Satisfactory rating under the Interagency Small Institution Examination Procedures at its prior FDIC Performance Evaluation dated September 21, 2020.

Guaranty State Bank and Trust Company offers agricultural, commercial, home mortgage, and consumer loans. Agricultural lending continues to be the bank's primary business focus. The bank also participated in the Small Business Administration's Payment Protection Program (PPP), which was established in 2020 to provide financial relief to small businesses during the COVID-19 pandemic. A variety of deposit products, including checking, savings, money market deposit accounts, and certificates of deposit are offered by the bank. Alternative banking services include online banking, mobile banking, telephone banking, and bank-owned ATMs.

According to the March 31, 2023, Reports of Condition and Income, the bank reported total assets of \$367.1 million, total loans of \$219.0 million, and total deposits of \$309.4 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,738	0.8
Secured by Farmland	93,650	42.8
Secured by 1-4 Family Residential Properties	25,086	11.5
Secured by Multifamily (5 or more) Residential Properties	--	--
Secured by Nonfarm Nonresidential Properties	11,881	5.4
Total Real Estate Loans	132,355	60.5
Commercial and Industrial Loans	25,767	11.8
Agricultural Production and Other Loans to Farmers	55,831	25.5
Consumer Loans	4,176	1.9
Obligations of State and Political Subdivisions in the U.S.	--	--
Other Loans	332	0.1
Lease Financing Receivable (net of unearned income)	498	0.2
Less: Unearned Income	--	--
Total Loans	218,959	100.0
<i>Source: 03/31/2023 Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

Guaranty State Bank and Trust Company continues to designate five counties in north-central Kansas as its assessment area: Cloud, Jewell, Mitchell, Osborne, and Smith. The assessment area is categorized as nonmetropolitan and consists largely of rural pasture and farmland.

Economic and Demographic Data

Based on 2020 US Census Data, the Bank's assessment area consists of ten census tracts, including two moderate- and eight middle-income tracts. There have been some changes in the assessment area census tracts since the prior evaluation. Jewell County consisted of two middle-income census

tracts at the prior evaluation, however at this evaluation the county is made up entirely of one moderate-income census tract. Additionally, one census tract in Cloud County changed from moderate-income to middle-income and one census tract in Smith County changed from middle-income to moderate-income. Since the prior evaluation, Jewell, Mitchell, Osborne, and Smith counties included census tracts designated as underserved (remote), and census tracts designated as distressed (population loss) were located in Jewell, Osborne, and Smith counties.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	80.0	0.0	0.0
Population by Geography	24,830	0.0	18.8	81.2	0.0	0.0
Housing Units by Geography	14,304	0.0	20.5	79.5	0.0	0.0
Owner-Occupied Units by Geography	8,181	0.0	20.8	79.2	0.0	0.0
Occupied Rental Units by Geography	2,790	0.0	15.6	84.4	0.0	0.0
Vacant Units by Geography	3,333	0.0	23.7	76.3	0.0	0.0
Businesses by Geography	2,717	0.0	19.7	80.3	0.0	0.0
Farms by Geography	656	0.0	22.3	77.7	0.0	0.0
Family Distribution by Income Level	6,803	21.9	21.8	23.6	32.7	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income Non-MSAs - KS		\$65,467	Median Housing Value			\$75,376
			Median Gross Rent			\$570
			Families Below Poverty Level			7.5%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2022 D&B data, the service industry represents the largest portion of businesses in the assessment area at 27.7 percent, followed by agriculture, forestry and fishing at 19.5 percent. The data also indicates a notable number of these operations are relatively small, with 68.7 percent of the businesses having four or fewer employees, and 86.2 percent are operating out of a single location.

The 2022 Federal Financial Institutions Examination Council’s (FFIEC) median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the nonmetropolitan area of Kansas are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$73,400)	<\$36,700	\$36,700 to <\$58,720	\$58,720 to <\$88,080	≥\$88,080
<i>Source: FFIEC</i>				

Competition

Guaranty State Bank and Trust Company operates in a moderately competitive environment. According to FDIC Deposit Market Share data, as of June 30, 2022, there are 16 financial institutions operating from 32 locations within the bank's assessment area. Guaranty State Bank and Trust Company ranked first with 24.5 percent of deposit market share. The majority of the bank's competition is located in Cloud and Mitchell counties, where 7 financial institutions operate from 11 locations and 5 financial institutions operate from 7 locations, respectively.

Community Contacts

Examiners may contact community members or other third parties in the assessment area to help gain insight into the area's economy, demographic trends, and business environment. This information helps in identifying credit and community development needs and opportunities, and in determining whether local financial institutions are responsive to those needs.

Examiners utilized an existing community contact conducted recently with a representative of an agricultural services organization within the assessment area. The contact indicated agriculture is the primary driver of the local economy and the primary credit need in the area. Although the overall agricultural economy has been strong, farmers are experiencing rising input costs and it does not appear commodity prices are high enough to cover the increasing costs. He indicated there are local assistance programs that provided direct payments to agricultural producers during the pandemic that helped prevent financial issues. He also stated that local small businesses were generally doing well, but they struggle to find employees. Finally, the contact indicated local financial institutions are meeting the credit needs of the community.

Credit Needs

Examiners identify the credit needs of the assessment area based on information from the community contact, bank management, and demographic and economic data. Based on this information, examiners determined agricultural lending continues to be the primary credit need.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated September 21, 2020, to the current evaluation dated June 5, 2023, and does not include any lending activity performed by an affiliate. Examiners conducted this CRA evaluation using the Interagency Small Institution Examination Procedures.

Activities Reviewed

Examiners reviewed small farm, small business, and home mortgage loans to evaluate the bank's performance. These products were selected based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The small farm category received the most weight when determining overall conclusions for each criterion since it is the institution's primary lending focus.

For all three loan categories, examiners focused on outstanding loans originated in 2022. Bank management confirmed the outstanding loan activity for 2022 is reasonably representative of overall lending patterns throughout the evaluation period. Bank records show a universe of 432 small farm loans totaling \$52.8 million, 113 small business loans totaling \$8.8 million, and 52 home mortgage loans totaling \$4.9 million were originated in 2022.

Examiners reviewed all of these loans for the Assessment Area concentration analysis. Loans originated within the bank's assessment area were further reviewed for the Geographic Distribution analysis, consisting of 277 small farm loans totaling \$29.4 million, 77 small business loans totaling \$4.7 million, and 39 home mortgage loans totaling \$3.1 million. For the Borrower Profile analysis, examiners reviewed a random sample of the small farm, small business and home mortgage loans extended to borrowers in the assessment area. The sample included 55 small farm loans totaling \$6.7 million, 41 small business loans totaling \$2.3 million, and 30 home mortgage loans totaling \$2.5 million.

D&B data for 2022 provided the standards of comparison for the small farm and small business loan categories, and the 2020 US Census data provided the standard of comparison for the home mortgage loan category. Although both the number and dollar volume of loans are included in the tables throughout this evaluation, examiners emphasized performance by number of loans because it is a better indicator of the number of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Guaranty State Bank and Trust Company demonstrates satisfactory performance under the Lending Test. The bank's overall Loan-to-Deposit Ratio, Assessment Area concentration, Geographic Distribution, and Borrower Profile performance supports 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 performance is based on the average net loan-to-deposit ratio since the previous evaluation (10 quarters). The bank's average net loan-to-deposit ratio of 76.4 percent compares favorably to similarly situated institutions that were selected based on their asset size, geographic location, and lending focus. As shown in the following table, the bank's average ratio leads the ratios of the other institutions listed.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 \$(000s)	Average Net Loan-to-Deposit Ratio (%)
Guaranty State Bank and Trust Company, Beloit, Kansas	360,681	76.4
Citizens State Bank and Trust Company, Ellsworth, Kansas	253,886	69.8
First National Bank and Trust, Phillipsburg, Kansas	281,572	66.4
The Peoples Bank, Pratt, Kansas	490,849	53.2

Source: Reports of Condition and Income 09/30/2020 through 12/31/2022

Assessment Area Concentration

The bank originated a majority of its small farm, small business, and home mortgage loans inside the assessment area. The following table presents a breakdown of lending inside and outside the 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 Farm	277	64.1	155	35.9	432	29,426	55.7	23,380	44.3	52,806
Small Business	77	68.1	36	31.9	113	4,667	53.1	4,118	46.9	8,785
Home Mortgage	39	75.0	13	25.0	52	3,069	63.0	1,799	37.0	4,868

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's performance in this area has improved since the previous examination given changes in geography income classification within the assessment area, which directed more of the bank's lending to moderate-income areas. Based on 2020 US Census data, four of the bank's branches were located in moderate-income geographies during the review period.

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. The following table shows the bank's small farm lending in moderate-income census tracts exceeds the percentage of farms located in moderate-income census tracts.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	22.3	77	27.8	6,534	22.2
Middle	77.7	200	72.2	22,892	77.8
Totals	100.0	277	100.0	29,426	100.0

Source: 2022 D&B Data; Bank Data.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table shows the bank's small business lending in moderate-income census tracts significantly exceeds the percentage of businesses located in those moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	19.7	35	45.5	2,703	57.9
Middle	80.3	42	54.5	1,964	42.1
Totals	100.0	77	100.0	4,667	100.0

Source: 2022 D&B Data; Bank Data

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The following table shows the bank's home mortgage lending in moderate-income census tracts significantly exceeds the percentage of owner-occupied homes located in those moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	20.8	18	46.2	1,245	40.6
Middle	79.2	21	53.8	1,824	59.4
Total	100.0	39	100.0	3,069	100.0

Source: 2020 U.S. Census, Bank Data

Borrower Profile

The distribution of borrowers reflects a reasonable penetration of lending to farms and businesses of different revenue sizes and among individuals of different income levels. For this criterion, examiners focused on the percentage of small farm and small business loans to operations with gross annual revenues of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Farm Loans

The borrower distribution for small farm loans reflects reasonable penetration among farms of different revenue sizes. Consideration was given to 2017 Agricultural Census data that revealed 51.7 percent of farms had no interest expense, and 21.2 percent of farms generated sales of less than \$2,500. This information indicates a sizable percentage of farms in the assessment area had little or no need for credit. Therefore, although the table below shows bank performance lags behind comparable data for farms with gross annual revenues of \$1 million or less, it is still considered to be reasonable penetration.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.0	48	87.3	5,365	79.6
>\$1,000,000	0.8	7	12.7	1,372	20.4
Revenue Not Available	1.2	--	--	--	--
Total	100.0	55	100.0	6,737	100.0
<i>Source: 2022 D&B Data, Bank Data.</i>					

Small Business Loans

The borrower distribution of small business loans reflects reasonable penetration to businesses with revenues of \$1 million or less. As shown in the following table, the bank's lending performance is comparable to demographic data in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	77.8	35	85.4	1,534	66.1
>\$1,000,000	4.5	6	14.6	787	33.9
Revenue Not Available	17.7	--	--	--	--
Total	100.0	41	100.0	2,321	100.0
<i>Source: 2022 D&B Data, Bank Data.</i>					

Home Mortgage Loans

The borrower distribution for home mortgage loans is reasonable. The bank's lending to low-income borrowers is below the comparable data of percentage of low-income families in the assessment area. However, it is important to consider that 7.5 percent of families generated incomes below the poverty level. These families likely face significant difficulties qualifying for traditional home mortgage loans. Additionally, the bank's percentage of lending to moderate-income borrowers exceeds the comparable data of percentage of moderate-income families in the assessment area. Overall, the bank's lending demonstrates a willingness to lend to borrowers of all income levels and therefore considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	21.9	4	13.3	168	6.8
Moderate	21.8	11	36.7	831	33.7
Middle	23.6	8	26.7	493	20.0
Upper	32.7	7	23.3	972	39.4
Total	100.0	30	100.0	2,464	100.0
<i>Source: 2020 U.S. Census; Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

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 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.