

PUBLIC DISCLOSURE

September 1, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Grand Timber Bank
Certificate Number: 18719

204 N Maddy Street
McGregor, Minnesota 55760

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.

Grand Timber Bank's Community Reinvestment Act (CRA) performance under the applicable performance criteria 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.
- The institution made a majority of its home mortgage and small business loans within the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Grand Timber Bank, chartered in McGregor, Minnesota, was acquired by MidCountry Acquisition Corporation on December 3, 2021. MidCountry Acquisition Corporation is an eight-bank holding company located in Minneapolis, Minnesota. Therefore, the bank is now affiliated with 1st United Bank, Faribault, Minnesota; Red Rock Bank, Sanborn, Minnesota; MidCountry Bank, Bloomington, Minnesota; First State Bank of Sauk Centre, Sauk Centre, Minnesota; Pine Country Bank, Little Falls, Minnesota; Community Resource Bank, Northfield, Minnesota; and Lake Community Bank, Long Lake, Minnesota. Grand Timber Bank operates a sole office in McGregor, Minnesota. Since the previous CRA evaluation, the bank has not opened or closed any offices, and no merger or acquisition activities have occurred. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated July 12, 2017, based on Interagency Small Institution Examination Procedures.

Grand Timber Bank offers a wide range of loan products, including commercial, home mortgage, and consumer loans. Agricultural loans are offered; however, to a much lesser degree. The bank's business focus continues to be home mortgage lending, followed by commercial lending. Grand Timber Bank offers commercial loans through the Small Business Administration (SBA). The bank also continues to have a third-party relationship to refer long-term mortgage loans to the secondary market, which provides borrowers with long-term financing options.

The institution provides a variety of deposit services, including checking, savings, individual retirement accounts, and certificates of deposit. In addition to traditional banking services, customers have access to two cash-dispensing ATMs; online banking, including electronic bill pay and periodic statements; and mobile banking, including mobile deposit.

As of June 30, 2023, assets totaled approximately \$60,362,000, loans totaled \$46,230,000, and deposits totaled \$48,025,000. The bank's loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of June 30, 2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,193	2.6
Secured by Farmland	81	0.2
Secured by 1-4 Family Residential Properties	24,427	52.8
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	8,358	18.1
Total Real Estate Loans	34,059	73.7
Commercial and Industrial Loans	5,242	11.3
Agricultural Production and Other Loans to Farmers	397	0.9
Consumer Loans	5,617	12.1
Other Loans	915	2.0
Total Loans	46,230	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 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 its CRA performance will be evaluated. Grand Timber Bank has continued to designate a single contiguous assessment area comprised of all census tracts in Aitkin County, Minnesota, and Census Tract 706.00 in the adjacent Carlton County, Minnesota. Aitkin County is located in the nonmetropolitan area of Minnesota, while Carlton County is part of the Duluth, Minnesota Metropolitan Statistical Area (MSA). Grand Timber Bank’s sole office in McGregor is located in a moderate-income census tract within Aitkin County.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area is comprised of two moderate-income and seven middle-income census tracts. The assessment area does not contain any low-income or upper-income census tracts. 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)	9	0.0	22.2	77.8	0.0	0.0
Population by Geography	19,072	0.0	25.5	74.5	0.0	0.0
Housing Units by Geography	19,088	0.0	18.1	81.9	0.0	0.0
Owner-Occupied Units by Geography	7,474	0.0	21.2	78.8	0.0	0.0
Occupied Rental Units by Geography	1,424	0.0	45.9	54.1	0.0	0.0
Vacant Units by Geography	10,190	0.0	12.0	88.0	0.0	0.0
Businesses by Geography	1,755	0.0	36.8	63.2	0.0	0.0
Farms by Geography	103	0.0	15.5	84.5	0.0	0.0
Family Distribution by Income Level	5,729	25.5	21.5	22.7	30.3	0.0
Household Distribution by Income Level	8,898	27.4	18.5	19.9	34.1	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA		\$77,796	Median Housing Value			\$186,236
Median Family Income Non-MSAs - MN		\$74,737	Median Gross Rent			\$760
			Families Below Poverty Level			7.6%
<i>Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2022 D&B data, service industries represent the largest portion of business operations at 33.2 percent; followed by non-classifiable establishments at 15.9 percent; and construction at 11.3 percent. Additionally, 68.4 percent of assessment area businesses have four or fewer employees, and 92.7 percent operate from a single location.

Examiners used the Federal Financial Institutions Examination Council (FFIEC) estimated median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the 2022 median family income ranges for the Duluth MSA and the nonmetropolitan area of Minnesota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Duluth, MN-WI MSA Median Family Income (20260)				
2022 (\$88,200)	<\$44,100	\$44,100 to <\$70,560	\$70,560 to <\$105,840	≥\$105,840
Nonmetropolitan Minnesota Median Family Income (99999)				
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
<i>Source: FFIEC</i>				

Competition

The assessment area is a moderately competitive market for credit products and financial services. According to Consolidated Reports of Condition and Income (Reports of Condition) data filed by financial institutions, there are 6 financial institutions operating 7 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. Grand Timber Bank is ranked 3rd with 17.6 percent of the deposit market share.

Grand Timber Bank faces significant competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. Grand Timber Bank was not required to collect or report home mortgage loan data during the review period and did not elect to do so. Therefore, examiners did not compare the bank’s home mortgage lending performance to aggregate Home Mortgage Lending Act (HMDA) data within this evaluation. However, the aggregate HMDA data provides an indication of the level of demand for home mortgage loans and the level of competition within the assessment area. According to 2022 aggregate HMDA data, 156 HMDA-reporting institutions originated or purchased 714 home mortgage loans in the assessment area, reflecting a highly competitive market.

Grand Timber Bank is not required to collect or report small business CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank’s small business lending performance to aggregate CRA data within this evaluation. However, the aggregate CRA data provides an indication of the level of demand for small business loans and the level of competition within the assessment area. According to 2021 aggregate CRA data (most recent available), 43 CRA data reporters collectively reported 793 small business loans originated within the counties in the assessment area. This figure does not include the number of loans originated by smaller institutions that are not required to report small business lending data but operate within the assessment area. The overall volume of small business lending in the assessment area reflects a highly competitive market.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial

institutions are responsive to these needs. It also shows what credit opportunities are available. For this evaluation, examiners reviewed a recently completed community contact discussion with a representative of a government organization that serves the assessment area.

The contact noted that the main employment industries include mining, logging, healthcare, and government. The economy of the local area is very cyclical and dependent on the profitability of the iron mining industry. The contact indicated that there are many local financial institutions serving the area that range from small institutions to larger national institutions, and that all are adequately serving the credit needs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated July 12, 2017, to the current evaluation dated September 1, 2023. Examiners used Interagency Small Institution Examination Procedures to evaluate Grand Timber Bank's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage lending followed by commercial lending. This conclusion considered discussions with management regarding the bank's business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Reports of Condition data. When deriving overall conclusions, home mortgage loans received the most weight, followed by small business loans. This is consistent with management's stated business focus and the volume of loans originated. Examiners did not review small farm lending activities because it represents a small portion of the loan portfolio, is not a primary business focus of the institution, and provides no material support for conclusions.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all home mortgage and small business loans originated or renewed in 2022, as this period was considered representative of the bank's performance during the entire evaluation period. The 2020 U.S. Census data provided a standard of comparison for the bank's home mortgage lending performance. D&B data for 2022 provided a standard of comparison for the bank's small business lending performance.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans originated inside the assessment area were further reviewed to evaluate the Geographic Distribution criterion. To evaluate the Borrower Profile criterion, examiners reviewed a sample of home mortgage and small business loans originated or renewed

inside the assessment area. The table below provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	89	10,558	36	3,553
Small Business	80	6,740	36	3,463

Source: 2022 Bank Data

While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Grand Timber Bank demonstrated satisfactory performance under the Lending Test. The bank’s performance under the evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 76.6 percent over the past 24 calendar quarters from September 30, 2017, to June 30, 2023. The ratio ranged from a low of 65.1 percent as of September 30, 2021, to a high of 94.9 percent as of June 30, 2023. As illustrated in the following table, Grand Timber Bank’s average net loan-to-deposit ratio exceeds a comparable institution while it trails another comparable institution. Since 2022, Grand Timber Bank’s net loan-to-deposit ratio has been steadily increasing due to loan growth. Examiners selected comparable institutions based on their asset size, lending focus, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/23 \$(000s)	Average Net LTD Ratio (%)
Grand Timber Bank, McGregor, MN	60,362	76.6
Security State Bank of Aitkin, Aitkin, MN	106,247	54.9
Woodland Bank, Deer River, MN	147,895	86.8

Source: Reports of Condition 9/30/2017 through 6/30/2023

Assessment Area Concentration

Grand Timber Bank originated a majority of its home mortgage and small business loans within its assessment area, as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage	64	71.9	25	28.1	89	6,738	63.8	3,820	36.2	10,558
Small Business	64	80.0	16	20.0	80	5,096	75.6	1,644	24.4	6,740

*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. The bank’s reasonable home mortgage and small business lending performance supports this conclusion. Examiners focused on the percentage of loans in the two moderate-income census tracts in the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank’s performance of lending in the moderate-income census tracts in the assessment area is similar to the comparable demographic data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	21.2	14	21.9	1,254	18.6
Middle	78.8	50	78.1	5,484	81.4
Not Available	0.0	0	0.0	0	0.0
Total	100.0	64	100.0	6,738	100.0

*Source: 2020 U.S. Census, Bank Data
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table indicates that the bank’s lending performance in the moderate-income census tracts in the assessment area is lower than demographic data. However, as stated previously, there is a competitive market for small business loans that affects lending opportunities in the assessment area, which was confirmed by management and CRA aggregate data. Examiners’ review of Report of Condition data filed by financial institutions confirmed four competing financial institutions operate four offices in the moderate-income geographies in the assessment area. Further, examiners identified two credit unions also operating in these moderate-income geographies. All of

these financial institutions also engage in small business lending. Considering this factor, the bank’s performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	36.8	17	26.6	1,109	21.8
Middle	63.2	47	73.4	3,987	78.2
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	64	100.0	5,096	100.0
<i>Source: 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects excellent penetration. The bank’s excellent home mortgage and small business lending performance supports this conclusion. Examiners focused on the bank’s record of lending to low- and moderate-income individuals and to businesses with gross annual revenues of \$1 million or less within the assessment area.

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration to individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank’s lending performance to low-income borrowers is slightly below demographic data; however, the bank’s lending performance to moderate-income borrowers significantly exceeds and is over double that of the comparable demographic data. Therefore, the bank’s performance is excellent.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	25.5	7	19.4	424	11.9
Moderate	21.5	16	44.4	1,432	40.3
Middle	22.7	5	13.9	622	17.5
Upper	30.3	7	19.4	996	28.0
Not Available	0.0	1	2.8	80	2.3
Total	100.0	36	100.0	3,553	100.0
<i>Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank’s lending to businesses with gross annual revenues of \$1 million or less exceeds the comparable demographic data for the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.1	34	94.4	3,190	92.1
>\$1,000,000	2.8	2	5.6	273	7.9
Revenue Not Available	10.1	0	0.0	0	0.0
Total	100.0	36	100.0	3,463	100.0
<i>Source: 2022 D&B Data, Bank Data. 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 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.