

PUBLIC DISCLOSURE

May 15, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers & Merchants Bank of North Dakota
Certificate Number: 8640

101 North Main Street
Tolna, North Dakota 58380

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

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

The following points summarize the bank's satisfactory Community Reinvestment Act (CRA) performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- The bank originated a substantial majority of its small farm and small business loans in its assessment area.
- The geographic distribution of small farm and small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

The Farmers & Merchants Bank of North Dakota (FMBND) is wholly owned by Tolna Bancorp, Inc., a one-bank holding company, located in Tolna, North Dakota. The institution operates its main office in Tolna and two full-service branches in Binford and McVile, North Dakota. No branches have been opened or closed, and no merger or acquisition activities have occurred since the prior evaluation. The institution received a CRA rating of “Satisfactory” at its previous FDIC Performance Evaluation dated August 21, 2017, based on Interagency Small Institution Examination Procedures.

The institution offers a variety of standard loan products, including agricultural, commercial, home mortgage, and consumer loans. However, the bank’s primary lending focus continues to be agricultural lending, followed by commercial lending. Additionally, the institution participated in the Small Business Administration’s Paycheck Protection Program in which it originated 186 loans totaling \$3.5 million. Furthermore, FMBND provides a variety of deposit products, including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and person-to-person payments.

As of December 31, 2022, the institution reported total assets of \$119.3 million, total loans of \$58.1 million, and total deposits of \$107.4 million. The following table illustrates the loan portfolio as of that date.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	350	0.6
Secured by Farmland	16,827	29.0
Secured by 1-4 Family Residential Properties	3,634	6.2
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	5,846	10.1
Total Real Estate Loans	26,657	45.9
Commercial and Industrial Loans	7,717	13.3
Agricultural Production and Other Loans to Farmers	19,927	34.3
Consumer Loans	3,330	5.7
Obligations of State and Political Subdivisions in the U.S.	489	0.8
Other Loans	2	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	0.0
Total Loans	58,122	100.0
<i>Source: Reports of Condition and Income</i>		

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

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. FMBND has designated a single assessment area comprised of Benson, Eddy, Foster, Grand Forks, Griggs, Nelson, and Ramsey counties in northeastern North Dakota. Grand Forks County is part of the Grand Forks, North Dakota-Minnesota Metropolitan

Statistical Area (MSA). The assessment area has changed since the prior evaluation. Previously it included some whole counties (Eddy, Foster, Griggs, Nelson) as well as portions of other counties (Benson, Ramsey, Grand Forks). The bank has since delineated its assessment area to include entire counties. According to the 2020 U.S. Census data, the assessment area includes 1 low-, 10 moderate, 15 middle, and 5 upper-income geographies. It also includes 1 geography with no income designation. All of the bank’s offices are located in middle-income geographies.

Economic and Demographic Data

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)	32	3.1	31.3	46.9	15.6	3.1
Population by Geography	101,804	2.4	27.0	46.9	21.5	2.3
Housing Units by Geography	48,743	1.5	27.7	50.0	17.9	2.8
Owner-Occupied Units by	23,186	0.0	18.8	54.3	24.4	2.5
Occupied Rental Units by Geography	19,749	2.9	38.5	40.9	13.7	3.9
Vacant Units by Geography	5,808	2.8	26.9	63.4	6.1	0.8
Businesses by Geography	10,047	0.4	25.3	50.0	22.7	1.6
Farms by Geography	1,040	0.0	6.3	80.5	12.9	0.3
Family Distribution by Income Level	22,834	24.1	16.0	21.4	38.4	0.0
Household Distribution by Income	42,935	26.8	16.1	17.4	39.6	0.0
Median Family Income - Grand Forks, North Dakota-Minnesota MSA		\$82,257	Median Housing Value			\$173,029
Median Family Income - Nonmetropolitan North Dakota		\$82,366	Median Gross Rent			\$789
			Families Below Poverty Level			9.3%
<i>Source: 2020 U.S. Census and 2022 D&B Data; FFIEC Estimated Median Family Income.</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

According to 2022 D&B data, service industries represent the largest portion of business operations at 31.3 percent; followed by non-classifiable establishments at 18.2 percent; and finance, insurance, and real estate at 10.5 percent. Additionally, 62.4 percent of assessment area businesses have four or fewer employees, and 87.3 percent operate from a single location.

Competition

FMBND operates in a moderately competitive market for financial services, but faces heavier competition in the metropolitan portion of the assessment area. According to June 30, 2022 FDIC Deposit Market Share data, 22 financial institutions operate 50 offices in the assessment area. FMBND ranked 12th with 2.5 percent of the deposit market share. This data does not include competition from credit unions and other non-depository entities, such as mortgage lenders, which are not included in the report.

The bank also faces competition for small farm and small business loans since many area financial institutions offer similar loan products. To demonstrate the level of competition, examiners reviewed aggregate CRA data for 2021, which is the most recent available. While FMBND is not required to report this information, aggregate data is presented as an indicator of the level of demand for small farm and small business loans in the assessment area. The data shows that 19 CRA data reporters

collectively reported 980 small farm loans, and 58 lenders reported 2,389 small business loans in the assessment area. These figures do not include loans originated by smaller institutions that are not required to report small farm and small business lending data but that operate within the assessment area, such as FMBND.

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 utilized an existing community contact with an individual familiar with the agricultural economy within the assessment area.

The community contact indicated that the agricultural economy is strong, and the COVID-19 pandemic has not negatively affected the agricultural industry or the area's economy in general. The individual stated that local farming operations have experienced good yields and high commodity prices in both 2021 and 2022. The strong agricultural conditions have contributed to fewer farming operations in need of financial assistance. In addition, the contact indicated that farm operations continue to grow in acres, with the larger farming operations taking over smaller operations. Finally, the contact indicated that local financial institutions are meeting the credit needs of the area.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural and commercial lending represent the credit needs within the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 21, 2017, to the current evaluation dated May 15, 2023. Examiners used Interagency Small Institution Examination Procedures to evaluate FMBND's CRA performance. These procedures evaluate the institution's performance according to the Lending Test criteria as outlined in the Small Bank Performance Criteria appendix.

Activities Reviewed

The institution's primary product line is agricultural lending, followed by commercial lending. This conclusion considered the bank's business strategy, the lending activity during the evaluation period, and Reports of Condition and Income data. Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Given this information, examiners reviewed small farm and small business loans for the Lending Test. Home mortgage lending was not reviewed as it does not represent a major product line.

Examiners analyzed all small farm and small business loans originated, renewed, extended, or purchased in calendar year 2022 for the Assessment Area Concentration criterion. Specifically, examiners reviewed 176 small farm loans totaling \$21.0 million, and 134 small business loans totaling \$14.4 million. For the Geographic Distribution criterion, examiners analyzed the universes of small farm and small business loans located inside the assessment area. Specifically, examiners reviewed 162 small farm loans totaling \$19.9 million, and 118 small business loans totaling \$11.6 million. For the Borrower Profile criterion, examiners analyzed samples of small farm and small business loans

located inside the assessment area to evaluate this criterion. Specifically, examiners reviewed 51 small farm loans totaling \$6.3 million, and 47 small business loans totaling \$5.6 million. Management confirmed that the loan activity reviewed was representative of the institution’s performance during the entire evaluation period.

While both the number and dollar volume of loans are presented, examiners emphasize performance by the number of loans because the number of loans is a better indicator of the number of farms and businesses served. Small farm loans were given the greatest weight based on the number and dollar volume of loans originated, renewed, extended, or purchased during the review period. D&B data for 2022 provided a standard of comparison for the small farm and small business loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FMBND demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Geographic Distribution, and Borrower Profile performance supports this conclusion. While the bank’s Assessment Area Concentration criterion is excellent, this performance did not enhance the overall Lending Test 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 institution’s net loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 65.4 percent over the past 22 calendar quarters from September 30, 2017, through December 31, 2022. This represents a 34.8 percent decline since September 30, 2017. Management attributed the decline, in part, to economic impact payments received by customers during the COVID-19 pandemic. Furthermore, management stated that the ratio fluctuates with the seasonal nature of agricultural lending. These factors have caused deposit growth to outpace lending growth, resulting in the decline of the loan-to-deposit ratio. As illustrated in the following table, the institution maintained a ratio consistent with comparable institutions, which were selected based on asset size, branching structure, geographic location, and lending focus. Examiners deemed these institutions as comparable for the subject institution, even though not all of the comparable institutions serve the same assessment area. Given the performance context, the institution’s loan-to-deposit ratio is considered reasonable.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
First State Bank of Cando Cando, North Dakota	70,487	53.0
Lincoln State Bank Hankinson, North Dakota	111,099	57.1
FMBND Tolna, North Dakota	119,283	65.4
The Goose River Bank Mayville, North Dakota	157,557	80.8
<i>Source: Reports of Condition and Income 9/30/2017 – 12/31/2022 In order based on Total Asset size</i>		

Assessment Area Concentration

As detailed in the following table, the bank originated a substantial majority of its small farm and small business loans, by number and dollar volume, 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 Farm	162	92.0	14	8.0	176	19,914	94.8	1,098	5.2	21,012
Small Business	118	88.1	16	11.9	134	11,581	80.2	2,858	19.8	14,439

Source: 2022 Bank Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The institution's reasonable small farm and small business lending performance supports this conclusion. Examiners focused on the percentage of loans by number in the low- and moderate-income census tracts within the institution's assessment area.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As indicated in the following table, the bank originated 19 loans in moderate-income census tracts during the evaluation period. While 7 of the 10 moderate-income geographies are in the metropolitan area in which few, if any, farms operate, 3 census tracts are in close proximity to the bank's offices. Furthermore, the majority of the assessment area is a rural area in which fewer financial institutions operate; therefore, there is little competition for these loans. Given this information, the bank's performance is deemed reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	6.3	19	11.7	1,830	9.2
Middle	80.5	142	87.7	17,994	90.4
Upper	12.9	1	0.6	90	0.5
Not Available	0.3	0	0.0	0	0.0
Total	100.0	162	100.0	19,914	100.0

*Source: 2022 D&B Data; 2022 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. As indicated in the following table, the institution did not originate any small business loans in the low-income census tract. Furthermore, the bank's performance in lending to small businesses in moderate-income census tracts lags demographic data. However, the one low-income census tract and a majority of the moderate-income geographies are located in or near the City of Grand Forks, which is approximately 80 miles from the bank's main office in Tolna. Considering the distance, along with the higher level of competition from other financial institutions, the bank's lending performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.4	0	0.0	0	0.0
Moderate	25.3	11	9.3	2,342	20.2
Middle	50.0	104	88.1	8,789	75.9
Upper	22.7	3	2.5	450	3.9
Not Available	1.6	0	0.0	0	0.0
Total	100.0	118	100.0	11,581	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The institution's reasonable small farm and small business lending performance supports this conclusion. Examiners focused on the percentage of loans by number to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

As indicated in the following table, the distribution of sampled small farm loans reflects reasonable penetration among farms with gross annual revenues of \$1 million or less when compared to demographic data. Although lending to farms with gross annual revenues of \$1 million or less lags demographic data slightly, it is reasonable considering that 2017 Agricultural Census data shows that nearly half (48.4 percent) of producers in the counties in the assessment area do not list farming as their primary occupation. This data also reveals that 51.9 percent of the farm operations did not report any interest expense, which indicates that many area farmers have off-farm income and do not rely on credit to support their farm operations.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤ \$1,000,000	96.6	45	88.2	4,538	72.1
> \$1,000,000	2.5	6	11.8	1,760	27.9
Revenue Not Available	0.9	0	0.0	0	0.0
Total	100.0	51	100.0	6,298	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of sampled small business loans reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. As reflected in the following table, the bank's lending lags 2022 demographic data; however, it is reasonable considering the level of competition within the assessment area. Furthermore, revenue information was not available for 14.0 percent of assessment area businesses. Finally, 18 of the 27 loans, or 66.7 percent, that were originated to businesses with gross annual revenues greater than \$1 million were to one borrower. Given that this materially skews all data in the table, examiners compared the number of borrowers in each gross revenue level to the percentage of businesses that reported gross annual revenues in that same revenue category. This analysis revealed that the 47 loans shown below were originated to 24 different borrowers. Of those, 16 borrowers, or 66.7 percent, reported gross annual revenues of \$1 million or

less, which is more comparable to demographic data. Given this information, the institution’s lending performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	81.3	20	42.6	2,648	47.2
> \$1,000,000	4.6	27	57.4	2,961	52.8
Revenue Not Available	14.0	0	0.0	0	0.0
Total	100.0	47	100.0	5,609	100.0
<i>Source: 2022 D&B Data; 2022 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.