

PUBLIC DISCLOSURE

November 6, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Bluffs
Certificate Number: 10883

115 N Bluffs St
Bluffs, Illinois 62621

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

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Chicago, Illinois 60606

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 **Outstanding**.

An institution in this group has an outstanding 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 loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs.
- The bank made a substantial majority of its loans within the assessment area overall, based on the number and dollar volume of lending. Examiners noted stronger performance regarding small farm and small business loans.
- The assessment area does not include any low- or moderate-income census tracts; therefore, examiners did not evaluate this criterion, and it did not affect the CRA rating.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable performance overall, with a reasonable penetration of lending among farms of different sizes and excellent penetrations of lending to businesses of different sizes and home mortgage borrowers of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.
- The bank’s qualified investments and small dollar loans positively affected overall performance and were considered in the assignment of the “Outstanding” rating.

DESCRIPTION OF INSTITUTION

Bank of Bluffs is headquartered in Bluffs, Illinois, located in Scott County. The bank operates in central Illinois in the contiguous Counties of Scott, Morgan, and Brown. Bank of Bluffs is wholly owned by Scott Morgan Bancorp, Inc., also in Bluffs, Illinois. The institution received an “Outstanding” rating at its previous FDIC Performance Evaluation dated October 9, 2018, based on Interagency Small Institution Examination Procedures.

Bank of Bluffs operates two full-service locations in its assessment area including the main office in Bluffs, Illinois and a branch in the Village of Meredosia, Illinois. Both offices are in the eastern part of Morgan County, Illinois. Bank of Bluffs offers loan products including agriculture, commercial, home mortgage, and consumer loans, primarily focusing on agricultural lending. The bank provides a variety of deposit products and services such as checking, savings, and money market and NOW accounts. Trust services, safety deposit boxes, debit card services, automated teller machines, and drive-up window services are available at each location. Alternative banking services include internet and mobile banking. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

As of the September 30, 2024, Consolidated Reports of Condition and Income (Call Report), Bank of Bluffs’ assets totaled approximately \$60.1 million and included total loans of \$37.6 million and securities totaling \$16.4 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 09/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	15,831	42.1
Secured by 1-4 Family Residential Properties	6,358	16.9
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	4,517	12.0
Total Real Estate Loans	26,706	71.0
Commercial and Industrial Loans	2,031	5.4
Agricultural Production and Other Loans to Farmers	5,410	14.4
Consumer Loans	1,892	5.0
Obligations of State and Political Subdivisions in the U.S.	6	0.0
Other Loans	1,573	4.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	37,618	100
<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 assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

Each financial institution is required to define one or more assessment areas within which its CRA performance will be evaluated. Bank of Bluffs designated a single assessment area containing five contiguous census tracts spanning Scott, Morgan, and Brown Counties in Illinois. The assessment area meets the requirements of the CRA regulation, as it consists of whole political subdivisions, includes tracts in which the bank's main and branch offices are located, and does not arbitrarily exclude any low- or moderate-income geographies. The following sections provide additional details about the assessment area.

Economic and Demographic Data

The assessment area consists of five census tracts in Scott (9706 and 9707), Morgan (9514) and Brown Counties (9704 and 9705). These counties are not part of a Metropolitan Statistical Area (MSA). The Department of Housing and Urban Development (HUD) categorizes individual non-MSA census tracts as low-, moderate-, middle-, or upper income based on individual geography's Median Family Income (MFI) as a percentage of the Illinois non-MSA area. These tracts reflect the following income designation according to the 2020 U.S. Census:

- 4 middle-income tracts; and
- 1 upper-income tract

A portion of the bank’s assessment area is considered an underserved, remote rural area. The single tract (9705) is in Brown County and was designated as rural and underserved throughout the entire evaluation period.

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

Demographic Information of the Assessment Area						
Assessment Area: Bank of Bluffs - 5 Tracts						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	80.0	20.0	0.0
Population by Geography	13,593	0.0	0.0	82.7	17.3	0.0
Housing Units by Geography	6,207	0.0	0.0	78.2	21.8	0.0
Owner-Occupied Units by Geography	4,092	0.0	0.0	76.8	23.2	0.0
Occupied Rental Units by Geography	1,034	0.0	0.0	86.8	13.2	0.0
Vacant Units by Geography	1,081	0.0	0.0	75.3	24.7	0.0
Businesses by Geography	904	0.0	0.0	85.4	14.6	0.0
Farms by Geography	147	0.0	0.0	78.9	21.1	0.0
Family Distribution by Income Level	3,331	17.9	18.0	21.3	42.8	0.0
Household Distribution by Income Level	5,126	21.7	15.9	18.7	43.7	0.0
Median Family Income Non-MSAs - IL		\$68,958	Median Housing Value			\$92,682
			Median Gross Rent			\$544
			Families Below Poverty Level			7.6%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Federal Financial Institutions Examinations Council (FFIEC) median family income is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area 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%
IL NA Median Family Income (99999)				
2023 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
<i>Source: FFIEC</i>				

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of business and farms by gross annual revenues (GARs). According to the 2023 D&B data, 904 businesses in the bank’s assessment area reported the following GAR levels:

- 77.9 percent have \$1 million or less,
- 4.8 percent have greater than \$1 million, and
- 17.3 percent have unknown revenues

According to 2023 D&B data, 100.0 percent of assessment area farms have GARs of \$1 million or less.

Among all non-farm businesses, service industries represent the largest portion of businesses (25.6 percent) followed by agriculture, forestry and fishing (14.0 percent). In addition, 90.9 percent of assessment area businesses have nine or fewer employees and 85.7 operate from a single location.

Unemployment data obtained from the U.S. Bureau of Labor Statistics are shown in the following table for the counties that comprise the assessment area. At the beginning of the evaluation period, unemployment rates were 2.4, 3.7 and 3.8 percent for Brown, Morgan and Scott Counties, respectively. Brown and Morgan County rates remained consistent, while Scott County shows a slight increase currently. All three counties are below the statewide rate as of September 2024.

Unemployment Rates				
Area	2021	2022	2023	Sept. 2024
	%	%	%	%
Brown County	2.5	2.1	2.1	2.4
Morgan County	4.2	3.9	3.9	4.1
Scott County	5.7	6.3	5.8	4.6
Illinois	4.8	4.5	4.7	5.3
National Average	3.7	3.3	3.5	3.9
<i>Source: Bureau of Labor Statistics</i>				

Competition

The assessment area is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, 18 financial institutions operated 28 full-service branches within the bank’s assessment area. Of these institutions, Bank of Bluffs ranked 12th with a 3.6 percent deposit share.

Community Contacts

As part of the evaluation process, examiners contact third-parties active in the assessment area to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to those needs.

Examiners contacted a government agency that promotes economic development and community services in Morgan and Scott Counties. The contact is heavily involved in economic development in the area and expressed a need for small business lending. The contact also noted the difficulty with food banks as well as grocery store stability. A grocery co-op closed due to lack of support. Agriculture remains a significant industry; a lack of employment opportunities exists; and many

residents commute to Jacksonville or Springfield for employment. Additionally, homelessness and available rental assistance continue to be issues. The contact mentioned there is a low availability of housing stock and limited housing development. The contact also expressed a need for affordable housing assistance.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 9, 2018, to the current evaluation dated November 6, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate Bank of Bluffs' CRA performance.

Activities Reviewed

Examiners determined that the bank's major product lines are small farm, small business and home mortgage loans. This conclusion was based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Given the bank's loan portfolio composition and business strategy, examiners placed the most emphasis on small farm lending in the overall conclusions. Examiners also reviewed small business and home mortgage loans, but gave them less weight in the overall conclusions.

Bank records and Call Report data indicate that while the lending focus on small farm loans remains consist throughout the evaluation period, small business lending has increased, and as a result, small business lending is included in the analysis.

Examiners reviewed the universe of small farm, small business, and home mortgage loans originated from January 1, 2023 through December 31, 2023. These are considered representative of the bank's performance throughout the entire review period. The bank is not required to collect or report data under with the Home Mortgage Disclosure Act or the CRA regulations.

The bank originated 19 home mortgage loans totaling \$955,000 in 2023. Examiners compared the bank's activities to 2020 U.S. Census data. Also in 2023, the bank originated 54 small farm loans totaling \$6.7 million and 42 small business loans totaling \$1.8 million. Examiners used 2023 D&B data to assess the bank's performance.

Examiners reviewed the number and dollar volume of home mortgage, small farm, and small business loans. While both number and dollar volume of loans are presented, examiners emphasized

performance by number of loans because it is a better indicator of the number of individuals, businesses, and farms served.

At the bank’s option, examiners also reviewed its qualified community development investments for calendar years 2022 and 2023, and year-to-date 2024. In addition, examiners also considered the bank’s small dollar loan program that conforms to the FDIC’s guidelines for such loans. The bank originates small dollar loans in amounts of \$2,500 or less with terms of 90 days or more and annual percentage rates of 36.0 percent or less. These loans feature affordable terms that are responsive to the credit needs of the bank’s assessment area. In 2023, the bank originated 105 small dollar loans totaling \$147,000. In 2023, roughly 25.0 percent of these loans were originated in amounts of \$1,000 or less. Overall, qualified investments and small dollar loans had a positive impact on the bank’s performance, garnering support for the overall “Outstanding” CRA rating.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bank of Bluffs demonstrated more than reasonable performance under the Lending Test, based primarily on the Borrower Profile and Assessment Area Concentration criteria.

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 ratio, calculated from the Call Report data, averaged 72.7 percent over the past 24 quarters from December 31, 2018 to September 30, 2024. The ratio ranged from a low of 63.2 percent as of March 31, 2022, to a high of 77.9 percent as of June 30, 2024. Examiners compared the bank’s performance to three comparable institutions, selected based on their asset size, geographic location, and lending focus. Bank of Bluffs maintained a ratio lower than two comparable institutions and above that of one comparable institution, as shown in the following table.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2024 \$(000s)	Average Net LTD Ratio over 24 Quarters (%)
Bank of Bluffs	60,105	72.7
Institution A	147,758	89.5
Institution B	165,136	64.4
Institution C	137,476	78.8
<i>Source: Reports of Condition and Income 12/31/2018 to 9/30/2024</i>		

Assessment Area Concentration

Bank of Bluffs originated substantial majorities of its small farm and small business loans inside of the assessment area based on both number and dollar volume of loans. Additionally, the bank made a majority of its home mortgage loans inside the assessment area based on number of loans.

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										
2023	49	90.7	5	9.3	54	6,290	93.5	434	6.5	6,724
Small Business										
2023	39	92.9	3	7.1	42	1,727	98.0	36	2.0	1,763
Home Mortgage										
2023	11	57.9	8	42.1	19	437	45.8	518	54.2	955
Total	99	86.1	16	13.9	115	8,454	89.5	988	10.5	9,442
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The assessment area contains four middle- and one-upper income census tracts. Since there are no low- or moderate-income tracts, analysis would not be meaningful. Examiners did not consider this criterion in the overall rating.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among borrowers of different income levels (including low- and moderate-income) and farms and businesses of different sizes. Examiners considered only loans inside the assessment area.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms with GARs of \$1 million or less. Examiners noted that two of the four loans made to borrowers with GARs over \$1 million are to the same borrower.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	100.0	45	91.8	4,528	72.0
>\$1,000,000	0.0	4	8.2	1,762	28.0
Total	100.0	49	100.0	6,290	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of loans reflects excellent penetration among businesses with GARs of \$1 million or less. As shown in the following table, the bank's lending to businesses with GARs of \$1 million or less significantly exceeded the corresponding percentage of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	77.9	38	97.4	1,645	95.3
> \$1,000,000	4.7	0	0.0	0	0.0
Revenue Not Available	17.4	1	2.6	82	4.7
Total	100.0	39	100.0	1,727	100.0
<i>Source: 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among borrowers of different income levels. As shown in the following table, the bank's lending to low-income borrowers significantly exceeded the percentage of low-income families by both number and dollar volume of loans. This is noteworthy because this category includes the 7.6 percent of assessment area families with incomes below the poverty level. These families likely face difficulties qualifying for and/or servicing debts in amounts necessary to afford homes in the assessment area. Lending to moderate-income borrowers also exceeded the percentage of families by number and dollar volume of loans.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.9	6	54.5	171	39.1
Moderate	18.0	2	18.2	116	26.5
Middle	21.3	2	18.2	89	20.4
Upper	42.8	1	9.1	61	14.0
Total	100.0	11	100.0	437	100.0
<i>Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation, therefore, this criterion did not affect the rating.

QUALIFIED INVESTMENTS AND SERVICES

During the review period, Bank of Bluffs invested in its community, and its qualified investments enhanced credit availability in the assessment area and positively impacted the CRA rating.

Bank of Bluffs carries an investment in the Tri-County Community Development Corporation (CDC) in the amount of \$16,500. The goal of Tri-County CDC is to promote economic development in Scott, Morgan, and Cass counties by encouraging job retention and job creation. These jobs primarily target low- and moderate-income individuals. Tri-County CDC promotes economic development by making subordinate loans to new and expanding businesses where a financing gap exists. By filling the financing gap, businesses are able to qualify for bank financing.

Throughout the review period, the bank held one Small Business Investment Companies bond valued at approximately \$80,000 and four Small Business Administration bonds valued at approximately \$210,000.

Donations in the amount of \$500 each year were made to the Jacksonville Regional Economic Development Corporation, which promotes economic growth and development of Scott and Morgan counties. Additionally, the bank made a total of \$1,600 in qualified donations in 2022, 2023, and 2024.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal practices; therefore, this consideration did not affect the overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.