

PUBLIC DISCLOSURE

December 9, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Bank USA
Certificate Number: 1604

1025 Paul Bunyan Drive Northwest
Bemidji, Minnesota 56601

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 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.
- A majority of the home mortgage and small business loans are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different 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

Security Bank USA (Security Bank), headquartered in Bemidji, Minnesota, is owned by Security State Bancshares of Bemidji, Inc., a one-bank holding company in Bemidji. The institution operates two offices in Bemidji - a full-service office and a limited-service branch approximately two miles away. No branches have been opened or closed, and no merger or acquisition activities have occurred since the prior evaluation. Security Bank received a "Satisfactory" rating at the previous FDIC Performance Evaluation dated January 8, 2019, based on Interagency Small Institution Examination Procedures.

The institution offers various loan products including commercial, home mortgage, consumer, and agricultural loans, primarily focusing on home mortgage and commercial lending. It also participates in a variety of loan programs including those through the Small Business Administration (SBA), USDA Rural Development, Minnesota Housing (First Time Homebuyer and Fix Up Fund), Federal Home Loan Bank (down payment assistance), and Headwaters Regional Development Commission (down payment assistance). In addition to lending products and services, the bank offers traditional deposit products including checking, savings, money market deposit accounts, certificates of deposit, and Individual Retirement and Health Savings Accounts. Alternative banking services include internet, telephone, mobile banking, and two cash dispensing ATMs.

As of September 30, 2024, the institution reported total assets of \$253.9 million, total loans of \$172.3 million, and total deposits of \$230.2 million. The following table illustrates the loan portfolio as of that date.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	9,030	5.2
Secured by Farmland	2,255	1.3
Secured by 1-4 Family Residential Properties	61,187	35.5
Secured by Multifamily (5 or more) Residential Properties	1,709	1.0
Secured by Nonfarm Nonresidential Properties	48,740	28.3
Total Real Estate Loans	122,921	71.4
Commercial and Industrial Loans	24,387	14.2
Agricultural Production and Other Loans to Farmers	3,355	1.9
Consumer Loans	21,596	12.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	172,259	100.0
<i>Source: Reports of Condition and Income (Call Report); Due to rounding, totals may not equal 100.0%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of the 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. Security Bank has designated a single assessment area that includes the southern portion of Beltrami County and the northern portion of Hubbard County in northwest Minnesota. The boundaries of the assessment area have not changed since the previous evaluation; however, the demographic makeup of the area has changed. It was previously comprised of two moderate- and seven middle-income geographies; however, it changed to one low-, three moderate-, eight middle-, and one upper-income geography in conjunction with the 2020 U.S. Census. The bank’s main office operates in a low-income census tract, while the branch is in a moderate-income geography.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low	Moderate	Middle	Upper	NA*
Geographies (Census Tracts)	13	7.7	23.1	61.5	7.7	0.0
Population by Geography	44,026	4.4	25.1	67.1	3.4	0.0
Housing Units by Geography	21,114	5.8	23.1	68.0	3.1	0.0
Owner-Occupied Units by Geography	12,192	1.0	19.0	75.7	4.3	0.0
Occupied Rental Units by Geography	5,237	19.8	41.3	37.5	1.4	0.0
Vacant Units by Geography	3,685	1.4	11.2	85.6	1.7	0.0
Businesses by Geography	4,043	6.1	29.9	61.2	2.8	0.0
Farms by Geography	180	2.2	7.8	87.2	2.8	0.0
Family Distribution by Income Level	10,672	23.3	17.8	21.1	37.9	0.0
Household Distribution by Income Level	17,429	26.3	17.6	18.5	37.6	0.0
Median Family Income nonmetropolitan MN		\$74,737	Median Housing Value			\$166,512
			Median Gross Rent			\$817
			Families Below Poverty Level			10.0%
<i>Source: 2020 U.S. Census and 2023 D&B Data. 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>						

According to 2023 D&B data, service industries represent the largest portion of business operations at 35.7 percent; followed by non-classifiable establishments at 14.5 percent; and retail trade at 11.9 percent. Additionally, 68.1 percent of assessment area businesses have 4 or fewer employees, and 91.4 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the FFIEC-estimated median family income levels for nonmetropolitan Minnesota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$90,400)	<\$45,200	\$45,200 to <\$72,320	\$72,320 to <\$108,480	≥\$108,480
<i>Source: FFIEC</i>				

Competition

Security Bank operates in a highly competitive banking environment with 10 other financial institutions operating within a 0.5-mile radius of the bank’s main office. According to June 30, 2024, FDIC Deposit Market Share data, 14 FDIC-insured financial institutions operate 22 offices in Beltrami and Hubbard counties. Of these, Security Bank ranks 3rd with 11.1 percent of the deposit market share.

To demonstrate the level of competition for home mortgage and small business loans in the assessment area, examiners reviewed the most recent aggregate Home Mortgage Disclosure Act (HMDA) and CRA data. While Security Bank is not required to report this information, aggregate data is presented as an indicator of the level of demand for home mortgage and small business loans in the assessment area. Aggregate mortgage data for 2023, which is the most recent year available, revealed that 113 lenders subject to HMDA reporting requirements reported 636 home mortgage loans in the assessment area with an average loan size of \$193,000. The top 3 lenders accounted for 39.9 percent of the market share, by number, which is indicative of a concentrated market. These figures do not include loans originated by non-HMDA reporters, such as Security Bank.

Similarly, aggregate small business data from 2022, the most recent available, revealed that 43 lenders reported 868 small business loans with an average loan size of \$23,000. The top 3 lenders accounted for 53.1 percent of the market share, by number, indicating a highly concentrated market. These figures do not include loans originated by smaller institutions, such as Security Bank, that are not required to report small business lending data but operate within the assessment area.

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 what credit opportunities are available and whether local financial institutions are responsive to these needs. For this evaluation, examiners reviewed a previously conducted interview with a representative of a business and cooperative agency who is familiar with the area.

The individual indicated the primary credit needs in the assessment area are single family housing and small business loans and noted the primary struggle is the lack of employees, adding that employers are actively looking for staff. The contact indicated that area financial institutions are meeting the credit needs of the assessment area and was not aware of any discriminatory practices by any financial institutions in the area.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated January 8, 2019, to the current evaluation dated December 9, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate the institution's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria appendix. Examiners used full-scope examination procedures to assess the bank's performance in the bank's assessment area.

Activities Reviewed

Examiners determined the bank's major product lines are home mortgage and commercial loans. This conclusion considered management discussions regarding the business strategy, review of bank records of the number and dollar volume of loans originated, renewed, extended, or purchased during the evaluation period, and a review of the Consolidated Reports of Condition and Income.

Bank records indicate the product mix remained generally consistent throughout the evaluation period, except for additional loans originated in conjunction with the SBA's Paycheck Protection Program (PPP) in 2020 and 2021. This program was designed to help businesses and farms keep their workforce employed during the COVID-19 crisis. The bank originated 489 of these loans totaling approximately \$17.6 million. All the loans, except for one, were in amounts less than \$1 million, which demonstrates the bank's willingness to meet the credit needs of its community by moving quickly to provide relief to businesses and farms during the pandemic.

Since the institution is not required to collect and report home mortgage or small business data, examiners used bank records to identify the universe of loans originated, renewed, extended, or purchased from January 1, 2023, to December 31, 2023. This also included those originated, renewed, extended, or purchased and subsequently paid off in 2023. This period was considered representative of the bank's performance during the entire evaluation period. In 2023, the bank originated, renewed, extended, or purchased 261 home mortgage loans totaling \$44.8 million, as well as 187 small business loans totaling \$19.3 million. Since sufficient data was not readily available for all these loans, examiners analyzed a sample of home mortgage and small business loans for the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criterion. The home mortgage sample consisted of 60 loans totaling \$9.4 million, while the small business sample included 55 loans totaling \$6.8 million. Census data for 2020 provided a standard of comparison for the home mortgage loans, while 2023 D&B data was used for small business loans. While the 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 and businesses served. Examiners gave more weight to home mortgage lending performance due to the volume and dollar amount originated in 2023. PPP loans are not included in the review since they were forgiven and closed prior to 2023.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Security Bank demonstrated reasonable performance under the Lending Test. This conclusion is supported by the consistent performance across each criterion listed below.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area. As indicated in the following table, the bank's ratio averaged 78.6 percent over the past 24 calendar quarters, from December 31, 2018, through September 30, 2024. This performance is reasonable in comparison to similarly situated institutions which were selected based on size, geographic location, and loan portfolio distribution.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Northwoods Bank of Minnesota Park Rapids, Minnesota	141,145	61.8
Security Bank USA Bemidji, Minnesota	253,879	78.6
United Community Bank Perham, Minnesota	348,803	63.2
Wadena State Bank Wadena, Minnesota	205,006	64.9
Woodland Bank Deer River, Minnesota	157,773	85.3
<i>Source: Reports of Condition and Income 12/31/2018 – 9/30/2024; alphabetical by bank name</i>		

Assessment Area Concentration

As detailed in the following table, the bank originated a majority of home mortgage 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				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	44	73.3	16	26.7	60	7,033	74.7	2,377	25.3	9,410
Small Business	39	70.9	16	29.1	55	4,964	72.7	1,867	27.3	6,831
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is primarily supported by the bank’s reasonable performance of lending to low- and moderate-income individuals and the excellent performance of lending to small businesses in low- and moderate-income census tracts.

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 lags demographic data in the low- and moderate-income census tracts; however, these census tracts are primarily in commercial areas. Furthermore, the bank’s performance is reasonable considering the significant competition in the area.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	1.0	0	0.0	0	0.0
Moderate	19.0	6	13.6	695	9.9
Middle	75.7	37	84.1	6,288	89.4
Upper	4.3	1	2.3	50	0.7
Total	100.0	44	100.0	7,033	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 loans reflects excellent dispersion throughout the assessment area. As shown in the following table, bank performance significantly exceeds demographic data in both low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.1	5	12.8	754	15.2
Moderate	29.9	15	38.5	2,508	50.5
Middle	61.2	19	48.7	1,702	34.3
Upper	2.8	0	0.0	0	0.0
Totals	100.0	39	100.0	4,964	100.0

Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. This conclusion is supported by the consistent performance to individuals of different income levels and businesses of difference sizes.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- or moderate-income borrowers when compared to census data. As reflected in the following table, the bank’s lending to low-income borrowers is slightly below census data; however, demographic data shows that 10.0 percent of families live below the poverty level. This can create a lack of lending opportunities as these families generally do not have the capacity to support a home mortgage loan, limiting the demand and opportunity to lend to low-income borrowers. Finally, the bank’s performance in lending to moderate-income borrowers exceeds census data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	23.3	8	18.2	557	7.9
Moderate	17.8	9	20.5	1,187	16.9
Middle	21.1	11	25.0	1,618	23.0
Upper	37.9	16	36.4	3,671	52.2
Total	100.0	44	100.0	7,033	100.0

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

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The bank’s lending to businesses with gross annual revenues of \$1 million or less is below demographic data; therefore, examiners reviewed performance evaluations of six institutions that operate within the area to gain a better understanding of the economic conditions as well as loan demand. Security Bank’s performance is reasonable considering that the other institutions’ lending performance to businesses with gross annual revenues of \$1 million or less ranged from 50.0 percent to 78.1 percent. Additionally, aggregate lending data for this area suggests that lending opportunities are limited with only 54.1 percent of loans being originated to businesses with gross annual revenues of \$1 million or less. Considering these factors, the bank’s lending performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.2	27	69.2	3,756	75.7
>\$1,000,000	3.9	12	30.8	1,208	24.3
Revenue Not Available	8.9	0	0.0	0	0.0
Total	100.0	39	100.0	4,964	100.0

Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, 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.