

PUBLIC DISCLOSURE

January 11, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankCherokee
Certificate Number: 8537

607 Smith Avenue South
Saint Paul, Minnesota 55107

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.

BankCherokee's satisfactory Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of the small business and home mortgage loans reviewed were located inside the assessment area.
- The geographic distribution of small business and home mortgage loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects poor penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

BankCherokee (BC) is headquartered in Saint Paul, Minnesota and is wholly owned by Cherokee Bancshares, Inc., a one-bank holding company based in Saint Paul, Minnesota. BC operates its main office in Saint Paul, with additional branch offices in Saint Paul and North Oaks, Minnesota. BC closed a branch located on Randolph Avenue in Saint Paul, Minnesota in May 2021. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated January 6, 2021, which was based on Interagency Small Institution Examination Procedures.

The bank offers various loan products including commercial, home mortgage, and consumer loans. Commercial loans continue to represent the institution’s primary business line, followed by home mortgage loans to a lesser degree. The bank offers loans through the Small Business Administration (SBA) and was named a Top 25 SBA Lender in Minnesota. Additionally, BC introduced Cherokee Express Small Business Lines and Cherokee Express Small Business Loans in February 2021. These new small business loan products were created to provide a more efficient lending solution for small businesses. BC also offers loans through secondary market referrals for long-term mortgage financing.

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

As of September 30, 2023, assets totaled approximately \$371,405,000, loans totaled \$226,449,000, and deposits totaled \$347,598,000. The loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of September 30, 2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,768	2.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	52,561	23.2
Secured by Multifamily (5 or more) Residential Properties	30,430	13.4
Secured by Nonfarm Nonresidential Properties	82,871	36.6
Total Real Estate Loans	171,630	75.8
Commercial and Industrial Loans	52,783	23.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	2,011	0.9
Other Loans	25	0.0
Total Loans	226,449	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. BC designated a single contiguous assessment area in Minnesota that consists of Anoka, Dakota, Hennepin, Ramsey, and Washington counties. The assessment area has changed since the previous evaluation, with Scott County being removed and Hennepin and Washington counties being added, effective January 1, 2022. The census tracts that encompass the assessment area have also been updated for 2020 U.S. Census data. All five counties are located in the Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area.

According to 2020 U.S. Census data, the assessment area is comprised of 49 low-income, 168 moderate-income, 296 middle-income, 203 upper-income, and 11 census tracts with no income designation. The main office located on Smith Avenue in Saint Paul is located in a middle-income census tract, and the North Oaks office and office located on Grand Avenue in Saint Paul are located in upper-income census tracts.

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)	727	6.7	23.1	40.7	27.9	1.5
Population by Geography	2,905,254	6.3	22.0	41.3	29.4	1.0
Housing Units by Geography	1,161,540	5.9	22.2	42.2	29.1	0.7
Owner-Occupied Units by Geography	752,989	2.8	18.1	45.4	33.5	0.1
Occupied Rental Units by Geography	359,894	11.8	30.5	36.0	19.7	2.0
Vacant Units by Geography	48,657	8.9	23.3	37.1	29.5	1.2
Businesses by Geography	356,164	4.7	19.3	39.8	35.3	0.9
Farms by Geography	6,434	2.5	16.2	43.9	37.1	0.2
Family Distribution by Income Level	687,712	20.1	17.9	22.2	39.7	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul- Bloomington, MN-WI MSA	\$103,977		Median Housing Value			\$288,605
			Median Gross Rent			\$1,169
			Families Below Poverty Level			5.5%
<small>Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

According to 2022 D&B data, service industries represent the largest portion of business operations at 36.8 percent; followed by non-classifiable establishments at 25.5 percent; and finance, insurance, and real estate at 10.7 percent. Additionally, 60.7 percent of assessment area businesses have four or fewer employees, and 93.0 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 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%
Minneapolis-St. Paul-Bloomington, MN-WI MSA Median Family Income (33460)				
2022 (\$117,800)	<\$58,900	\$58,900 to <\$94,240	\$94,240 to <\$141,360	≥\$141,360
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for credit products and financial services. According to Consolidated Reports of Condition and Income (Reports of Condition) data filed by financial institutions, there were 138 financial institutions operating 586 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. BC is ranked 45th with approximately 0.1 percent deposit market share.

According to 2021 aggregate CRA data (most recent available), 212 CRA data reporters collectively reported 74,623 small business loans within the assessment area. The top 3 lenders by number accounted for 52.5 percent of the market share. These figures do not include a high number of loans originated by smaller institutions, such as BC, that are not required to report small business lending data but that operate within the assessment area. The overall volume of small business lending reflects significant competition.

According to 2022 aggregate Home Mortgage Disclosure Act (HMDA), 667 HMDA data reporters collectively reported 93,481 home mortgage loans within the assessment area. These figures do not include a high number of home mortgage loans originated by institutions in the assessment area that are not required to report HMDA data, such as BC. The overall volume of home mortgage lending also reflects a highly competitive market.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information also helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners utilized two previous interviews with representatives of community organizations familiar with the assessment area. The first contact noted that the economy has improved and stabilized since the pandemic. Most businesses have improved and are expanding or starting up; however, there is still a need for skilled workers. The contact further noted that local community banks are in a very competitive market for loans and identified small business loans as the primary credit need. The second contact noted that there is a short supply of affordable rental housing and

stated that rents have increased so much that it has become unaffordable. The second contact further noted that home prices have increased along with interest rates, which has affected home affordability. This contact identified home mortgage loans as the primary credit need, specifically down payment assistance and proprietary products that serve low- and moderate-income borrowers.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated January 6, 2021, to the current evaluation dated January 11, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate BC’s CRA performance. These procedures focus on the bank’s performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

Activities Reviewed

Examiners determined that the bank’s major product lines are small business and home mortgage loans. This conclusion considered discussions with management regarding the bank’s business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Reports of Condition data. Small business lending received the most weight when deriving overall conclusions. This is consistent with management’s stated business focus and Reports of Condition data. Examiners did not review small farm or consumer installment lending activities because they represent a minimal portion of the loan portfolio, are not major product lines, and provide no material support for conclusions.

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

Examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans inside the assessment area were further reviewed to evaluate the Geographic Distribution and Borrower Profile criteria. The following table provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	111	24,363	107	23,211
Home Mortgage	62	29,302	55	26,097
<i>Source: 2022 Bank Data</i>				

While both 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 businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BC demonstrated satisfactory performance under the Lending Test. The rating is primarily supported by the Loan-to-Deposit Ratio, Assessment Area Concentration, and Geographic Distribution performance.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable, given the institution’s size, financial condition, and credit needs in the assessment area. The bank’s net loan-to-deposit ratio, calculated from Report of Condition data, averaged 60.1 percent over the past 11 calendar quarters from March 31, 2021, to September 30, 2023. The ratio ranged from a high of 66.5 percent as of June 30, 2023, to a low of 64.6 percent as of March 31, 2022. BC has 31 depositors with deposits over \$1 million, totaling approximately \$69 million, which impacts the data. As previously stated, BC introduced new small business loan products in efforts to increase small business loan volume since the previous evaluation. Further, although limited, loans referred to the secondary market are not included in the loan-to-deposit ratio. Overall, BC maintained an average ratio that is the lowest; however, comparable to the similarly situated institutions shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/31/23 \$(000s)	Average Net LTD Ratio (%)
BankCherokee St. Paul, MN	371,405	60.1
Citizens Independent Bank St. Louis Park, MN	341,530	62.7
North Star Bank Roseville, MN	344,751	70.8
Village Bank Saint Francis, MN	399,521	63.1
<i>Source: Reports of Condition 3/31/2021 through 9/30/2023</i>		

Assessment Area Concentration

BC originated a substantial majority of small business and home mortgage loans within the assessment area as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business	107	96.4	4	3.6	111	23,211	95.3	1,152	4.7	24,363
Home Mortgage	55	88.7	7	11.3	62	26,097	89.1	3,205	10.9	29,302

*Source: 2022 Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table indicates the bank’s lending performance in low- and moderate-income census tracts is comparable to demographic data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.7	5	4.7	2,618	11.3
Moderate	19.3	21	19.6	3,250	14.0
Middle	39.8	39	36.4	7,226	31.1
Upper	35.3	42	39.3	10,117	43.6
NA	0.9	0	0.0	0	0.0
Totals	100.0	107	100.0	23,211	100.0

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table shows that BC’s home mortgage lending performance in low- and moderate-income census tracts was slightly lower than demographic data. However, significant competition is present, which is supported by the community contact statements in addition to deposit market share and HMDA aggregate data previously mentioned.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner Occupied Housing Units	#	%	\$(000s)	%
Low	2.8	1	1.8	5	0.0
Moderate	18.2	7	12.7	1,542	5.9
Middle	45.4	11	20.0	4,148	15.9
Upper	33.5	36	65.5	20,402	78.2
NA	0.1	0	0.0	0	0.0
Totals	100.0	55	100.0	26,097	100.0

*Source: 2020 U.S. Census; 2022 Bank Data
Due to rounding, totals may not equal 100.0%*

Borrower Profile

Overall, the bank’s lending performance reflects poor penetration among businesses of different revenue sizes. BC’s small business lending performance supports this conclusion. Examiners focused on the percentage of small business loans to operations with gross annual revenues of \$1 million or less. The home mortgage analysis did not result in meaningful conclusions.

Small Business Loans

The distribution of small business loans reflects poor lending penetration to businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s lending performance to businesses with gross annual revenues of \$1 million or less is significantly lower than demographic data. Although significantly lower than demographic data, the bank was an active SBA lender throughout the evaluation period and named a Top 25 SBA Lender in Minnesota, including originating loans through the Paycheck Protection Program, illustrating its willingness to extend loans to businesses of all sizes, including smaller businesses. The bank also introduced the Cherokee Express Small Business Lines and Cherokee Express Small Business Loans as previously mentioned, which assists small businesses with streamlined financing, even though there has been limited volume for these products since inception. Lastly, the existence of 16 loans to 5 businesses skews the data for businesses with gross annual revenues of greater than \$1 million.

Although these factors provide some context for the low level of lending among businesses with gross annual revenues of \$1 million or less, the overall distribution of small business loans reflects poor penetration among businesses of different revenue sizes given it significantly lags demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.5	41	38.3	9,601	41.4
>1,000,000	3.7	66	61.7	13,610	58.6
Revenue Not Available	6.8	0	0.0	0	0.0
Total	100.0	107	100.0	23,211	100.0
<i>Source: 2022 D&B Data, 2022 Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

Examiners use the Borrower Profile analysis to show the dispersion of loans to individuals of low-, moderate-, middle-, and upper-income home mortgage borrowers. Because BC's home mortgage lending focus is primarily for investment properties, a majority of the home mortgage loans reviewed were to businesses. Specifically, only 8 loans in the universe of 55 were to natural persons for consumer purposes. Of the 8 loans reviewed, 2 were to low-income borrowers, 2 to moderate-income borrowers, 3 to middle-income borrowers, and 1 to and upper-income borrower. The remaining 47 loans were to businesses. Because a majority of the loans are to businesses and there are a limited number of loans to individuals, a review of the borrower profile criterion for home mortgage loans would not result in meaningful conclusions.

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 did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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.