

# **PUBLIC DISCLOSURE**

February 11, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Salem  
Certificate Number: 14349

100 West 4<sup>th</sup> Street  
Salem, Missouri 65560

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.

Bank of Salem's Community Reinvestment Act (CRA) performance under the Lending Test 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 majority of home mortgage and small farm loans were made in the assessment area.
- The geographic distribution of home mortgage loans and small farm loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation performed as of February 19, 2019.

## DESCRIPTION OF INSTITUTION

Bank of Salem is a full-service financial institution operating from its main office and a full-service branch, both in Salem, Missouri. The branching structure has not changed since the previous evaluation. Additionally, no merger or acquisition activities have occurred since the previous evaluation. The bank is wholly owned by a one-bank holding company, Salem Bancshares, Inc. The institution does not have any lending affiliates or subsidiaries.

The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated February 19, 2019, which utilized Interagency Small Institution Examination Procedures.

Bank of Salem’s primary lending focus is home mortgage lending and agricultural lending; however, the bank also offers commercial loans and consumer loans. The institution provides a variety of deposit services and accounts including checking, savings, money market, and certificates of deposit. Alternative banking services include online and mobile banking, debit cards, and an ATM at each location.

According to the December 31, 2024, Reports of Condition and Income (Call Report), the institution reported total assets of \$148.4 million, which included total loans of \$93.4 million. Deposits totaled \$134.4 million. These figures represent an increase since the previous evaluation when total assets equaled \$101.1 million, total loans equaled \$51.9 million, and total deposits equaled \$87.7 million. As presented in the following table, home mortgage lending represents the largest portion of the loan portfolio at 57.2 percent, followed by farm and agricultural lending at 22.8 percent. The breakdown of the loan portfolio is consistent with the previous evaluation. Examiners did not identify any financial, legal, or other impediments affecting the institution’s ability to meet the credit needs of its assessment area.

<b>Loan Portfolio Distribution as of 12/31/24</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	4,714	5.1
Secured by Farmland	13,417	14.4
1-4 Family Residential	53,499	57.2
Multi-family (5 or more) Residential	0	0.0
Commercial Real Estate	3,743	4.0
<b>Total Real Estate Loans</b>	<b>75,373</b>	<b>80.7</b>
Commercial and Industrial	3,745	4.0
Agricultural	7,895	8.4
Consumer	6,323	6.8
Obligations of States and Political Subdivisions in the U.S.	0	0.0
Other	69	0.1
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>93,405</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

## DESCRIPTION OF ASSESSMENT AREA

The CRA regulation requires financial institutions to define one or more assessment area within which its CRA performance will be evaluated. Bank of Salem has designated one assessment area in nonmetropolitan Missouri consisting of Dent County. The delineation of the assessment area has not changed since the previous evaluation.

### **Economic and Demographic Data**

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

<b>Demographic Information of the Assessment Area</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	4	0.0	25.0	75.0	0.0
Population by Geography	14,421	0.0	19.7	80.3	0.0
Housing Units by Geography	7,328	0.0	20.9	79.1	0.0
Owner-Occupied Units by Geography	4,545	0.0	16.2	83.8	0.0
Occupied Rental Units by Geography	1,810	0.0	35.2	64.8	0.0
Vacant Units by Geography	973	0.0	16.4	83.6	0.0
Businesses by Geography	1,714	0.0	20.1	79.9	0.0
Farms by Geography	138	0.0	6.5	93.5	0.0
Family Distribution by Income Level	4,169	19.8	21.3	21.2	37.8
Household Distribution by Income Level	6,355	27.1	17.4	16.9	38.6
Median Family Income Non-MSAs - MO		\$56,957	Median Housing Value		\$115,162
Families Below Poverty Level		11.8%	Median Gross Rent		\$596
<i>Source: 2020 U.S. Census and 2024 D&amp;B Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

The FFIEC-updated median family incomes for nonmetropolitan Missouri were used to analyze home mortgage lending performance under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

<b>Nonmetropolitan Missouri Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2024 (\$70,600)	<\$35,300	\$35,300 to <\$56,480	\$56,480 to <\$84,720	≥\$84,720
<i>Source: FFIEC</i>				

### **Competition**

Bank of Salem operates in a moderately competitive market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2024, there were four financial institutions operating six offices in Dent County. These institutions consisted of three community banks and one large national bank. Bank of Salem ranked 1<sup>st</sup> with 39.7 percent of the deposit market share.

The institution is not required to collect or report its home mortgage or small farm loan data; therefore, the analysis does not include comparisons to aggregate data. However, aggregate data

provides an indicator of loan demand in the assessment area for these loan categories. The 2023 home mortgage lending data, which is the most recent data available, shows 60 institutions made 162 home mortgage loans in Dent County. Additionally, the 2022 small farm aggregate data, which is the most recent data available, shows 9 institutions reported 37 small farm loans in Dent County. Collectively, this indicates a moderate level of demand for both home mortgage loans and small farm loans in the assessment area.

### **Community Contacts**

Examiners conduct community contact interviews to obtain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions' responsiveness to those needs. Examiners conducted two community contact interviews for this evaluation.

The first interview was conducted with an individual from an economic development organization familiar with Dent County, Missouri. According to the community contact, the local economy is in a transitional state due to inflation, rising prices, and rising business costs. The major industries in the area are education, government, timber, and agriculture. The contact indicated the overall stability of the local economy is due to the strength of the agriculture sector. The contact indicated a primary challenge the area faces is a lack of affordable housing. Low- and moderate-income individuals are typically able to afford a home; however, there is limited housing stock available in a price range these individuals can afford. The contact communicated that local financial institutions are actively involved in serving the area and are adequately meeting the credit needs of the community.

The second interview was conducted with an individual from a government office familiar with the assessment area. Like the other community contact, it was noted that high housing costs are still prevalent following the COVID-19 pandemic, and it can be difficult for borrowers to obtain financing due to the high-interest rate environment. There is also a need for additional employment opportunities in the area. The contact indicated that creditworthy individuals, businesses, and farms can obtain financing when needed and that the area has a variety of financial institutions to choose from.

### **Credit Needs**

Considering information from bank management, the community contacts, and demographic and economic data, home mortgage and small farm loans represent the primary credit needs in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated February 19, 2019, through February 11, 2025. Examiners used FFIEC Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Please refer to the Small Bank Performance Criteria section of the Appendix for more information about these procedures.

### **Activities Reviewed**

Examiners considered the institution's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. As a result, examiners reviewed home mortgage and small farm loans to evaluate CRA performance. Home mortgage loans received greater weight when drawing overall conclusions since it represents the largest portion of the loan portfolio and is the business focus of the institution. Commercial lending is not a major product line for the bank and comprises a small portion of the loan portfolio; therefore, small business loans were not reviewed.

The evaluation considered all home mortgage and small farms loans originated, renewed, or extended in 2024. Management indicated that a review of lending activity from this timeframe would yield a representative analysis of lending performance since the previous evaluation.

For the home mortgage analysis, examiners reviewed the entire universe of 53 home mortgage loans totaling \$8.5 million for the Assessment Area Concentration analysis. The Geographic Distribution and Borrower Profile analyses focused on all home mortgage loans made within the assessment area. Specifically, the bank originated 43 home mortgage loans totaling \$6.2 million within the assessment area. Examiners compared home mortgage lending performance to 2020 U.S. Census data.

For the small farm analysis, examiners reviewed the entire universe of 128 small farm loans totaling \$7.9 million for the Assessment Area Concentration analysis. The Geographic Distribution analysis focused on all small farm loans made within the assessment area. Specifically, the bank originated 102 small farm loans totaling \$5.0 million in the assessment area. The Borrower Profile analysis included a random sample of 50 small farm loans totaling \$2.3 million made within the assessment area. Examiners compared small farm lending performance to 2024 D&B data.

Examiners analyzed lending performance by both number and dollar volume of loans. However, examiners emphasized the performance by the number of loans for the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the number of individuals and farms served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Bank of Salem demonstrated satisfactory performance under the Lending Test. This conclusion is supported by collective performance under all evaluated criteria.

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Bank of Salem's net loan-to-deposit ratio, calculated from Call Report data, averaged 65.6 percent over 24 calendar quarters from March 31, 2019, to December 31, 2024. The ratio ranged from a low of 55.9 percent, as of March 31, 2022, to a high of 78.4 percent, as of March 31, 2024.

As shown in the following table, Bank of Salem’s average net loan-to-deposit ratio is lower than the comparable institution’s ratio. However, Bank of Salem’s average net loan-to-deposit ratio continues to be reasonable and has increased from 55.4 percent at the prior evaluation. Examiners identified the comparable institution based on asset size, lending focus, branching structure, and product offerings.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Bank of Salem, Salem, Missouri</b>	<b>148,437</b>	<b>65.6</b>
Progressive Ozark Bank, Salem, Missouri	174,883	91.3

*Source: Reports of Condition and Income 03/31/2019 - 12/31/2024*

### **Assessment Area Concentration**

As illustrated in the following table, Bank of Salem originated a majority of home mortgage and small farm loans within the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans</b>				<b>Total \$ (000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$ (000s)</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	
Home Mortgage	43	81.1	10	18.9	53	6,234	73.5	2,248	26.5	8,482
Small Farm	102	79.7	26	20.3	128	5,032	63.9	2,844	36.1	7,876

*Source: 2024 Bank Data  
Due to rounding, totals may not equal 100.0%*

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the percentage of loans (by number) in the moderate-income census tract. The assessment area does not contain any low-income census tracts.

### ***Home Mortgage***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As reflected in the following table, the level of home mortgage lending in the moderate-income census tract is comparable to demographic data.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	16.2	8	18.6	1,458	23.4
Middle	83.8	35	81.4	4,776	76.6
<b>Totals</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>6,234</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2024 Bank Data  
Due to rounding, totals may not equal 100.0%*

***Small Farm***

As shown in the following table, the geographic distribution of small farm loans reflects reasonable dispersion throughout the bank’s assessment area. Although the bank’s lending is slightly lower than demographic data, only 9 of the 138 farms in the assessment area are located in the moderate-income census tract. This data indicates a low level of demand for small farm loans in the moderate-income census tract.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	6.5	2	2.0	154	3.1
Middle	93.5	100	98.0	4,878	96.9
<b>Totals</b>	<b>100.0</b>	<b>102</b>	<b>100.0</b>	<b>5,032</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; 2024 Bank Data Due to rounding, totals may not equal 100.0%</i>					

**Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different revenue sizes. As home mortgage lending received the most weight in drawing overall conclusions, examiners considered borrower profile to be reasonable overall. Examiners focused on the percentage of home mortgage loans made to low- and moderate-income individuals and the percentage of small farm loans made to entities with gross annual revenues of \$1 million or less.

***Home Mortgage***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, lending to low-income borrowers is 5.8 percent below demographic data, and lending to moderate-income borrowers is 5.0 percent below demographic data. However, the community contacts and bank management indicated that there is a lack of affordable housing in the area. While low- and moderate-income individuals are typically able to buy a home, the affordable housing stock is minimal in the price range these individuals can afford. Further, not all low-income families can afford to purchase a home. According to 2020 U.S. Census data, 11.8 percent of families in the assessment area live below the poverty level. These individuals may have difficulty meeting conventional underwriting standards and obtaining the necessary downpayment to purchase a home. Considering this information, the bank’s performance is reasonable.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	19.8	6	14.0	315	5.1
Moderate	21.3	7	16.3	636	10.2
Middle	21.2	6	14.0	868	13.9
Upper	37.8	22	51.2	4,368	70.1
Not Available	0.0	2	4.7	46	0.7
<b>Total</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>6,234</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2024 Bank Data Due to rounding, totals may not equal 100.0%</i>					

***Small Farm***

The distribution of borrowers reflects excellent penetration among farms of different revenue sizes. As noted in the following table, all sampled farm loans were to farms with gross annual revenues of \$1 million or less.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	98.6	50	100.0	2,282	100.0
>\$1,000,000	0.0	0	0.0	0	0.0
Revenue Not Available	1.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	<b>2,282</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data, 2024 Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**Response to Complaints**

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

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

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

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

## GLOSSARY

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

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

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

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

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

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.