

PUBLIC DISCLOSURE

June 4, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Granite Falls Bank
Certificate Number: 10998

702 Prentice Street
Granite Falls, Minnesota 56241

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.

Granite Falls Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution originated a majority of its small farm loans inside its assessment area and a majority of its small business loans outside its assessment area.
- The bank's assessment area is comprised of all middle-income geographies, so a geographic distribution analysis would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 4, 2012, to the current evaluation dated June 4, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate Granite Falls Bank's CRA performance. These procedures considered the institution's performance according to the following criteria under the Lending Test:

- Loan-to-deposit ratio,
- Assessment area concentration,
- Geographic distribution,
- Borrower profile, and
- Response to CRA-related complaints.

Loan Products Reviewed

Examiners determined that the bank's major product lines are agricultural and commercial loans. This conclusion considered the bank's business strategy, the number and dollar volume of loans originated or extended in 2017, and the loan portfolio distribution, which is presented under "Description of Institution." This evaluation does not include any lending activity performed by affiliates.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. As of March 31, 2018, agricultural loans comprised the largest portion of Granite Falls Bank's loan portfolio at 71.0 percent by dollar volume. Commercial loans comprised the second largest portion of the loan portfolio, which represented just 17.7 percent by dollar volume. Examiners reviewed a sample of small farm and small business loans taken from a universe of loans originated or extended between January 1, 2017, and December 31, 2017. The samples selected were considered representative of the bank's performance during the entire evaluation period. Loan data provided by the bank did not include information on loans originated and paid off during this time period; therefore, these loans did not receive consideration in the evaluation. D&B data for 2017 provided a standard of comparison for the small business and small farm loans. The table below details the loan universes and samples selected for review.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	87	13,963	29	4,089
Small Business	82	7,322	28	1,889

Source: 2017 Bank Records

A majority of the bank's loans reported under "1-4 Family Residential" in the loan portfolio distribution table are home equity lines of credit. These loans do not meet the definition of a home mortgage loan for purposes of this evaluation. No other loan types, such as home mortgage or consumer loans, represent a major product line. Therefore, they were not evaluated.

Small farm lending received significantly more weight when drawing overall conclusions since it comprised the greatest portion of the loan portfolio and is the primary credit need in the assessment area. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of farms and businesses served.

DESCRIPTION OF INSTITUTION

Background

Granite Falls Bank is controlled by Independent Bancshares, Inc., a multi-bank holding company located in Excelsior, Minnesota. Additionally, the bank is affiliated by common ownership with F&M Bank Minnesota in Olivia, Minnesota, and Security State Bank of Fergus Falls in Fergus Falls, Minnesota. At the previous evaluation, dated September 4, 2012, the FDIC evaluated the institution under the Interagency Small Institution Examination Procedures, and the institution received a "Satisfactory" rating.

Operations

Granite Falls Bank operates from its sole office in Granite Falls, which is located in southwestern Minnesota. The bank offers a variety of loan products including agricultural, commercial, home mortgage, and consumer loans. In addition to conventional lending, the bank utilizes various government-sponsored programs for small farm and small business financing. The bank participates in guaranteed loan programs through the Farm Service Agency, the Rural Financing Authority, and the Small Business Administration. These programs are generally designed to assist small farms and small businesses that may not qualify for loans through conventional financing methods. Furthermore, the bank assists with housing needs in the area by providing down payment assistance in the Upper Sioux Community through a Federal Home Loan Bank grant program.

The bank also provides a variety of traditional deposit services including checking, savings, money market, and certificates of deposit accounts. Alternative banking services include internet and mobile banking (including mobile deposit), electronic bill pay, and five bank-owned automated teller machines (ATMs). No merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of the March 31, 2018, Reports of Condition and Income, Granite Falls Bank reported total assets of \$135.4 million, net loans of \$64.7 million, and total deposits of \$104.9 million. The composition of the loan portfolio has remained relatively stable since the previous evaluation, and the bank's business strategy has not changed. The following table depicts the bank's loan portfolio, which supports Granite Falls Bank's primary lending focus of agricultural and commercial lending.

Loan Portfolio Distribution as of 3/31/2018		
Loan Category	\$(000s)	%
Construction and Land Development	1,212	1.9
Secured by Farmland	16,722	25.8
1-4 Family Residential	4,093	6.3
Multi-family (5 or more) Residential	515	0.8
Commercial Real Estate	3,851	5.9
Total Real Estate Loans	26,393	40.7
Commercial and Industrial	7,621	11.8
Agricultural	29,240	45.2
Consumer	775	1.2
Other	709	1.1
Less: Unearned Income	0	0.0
Total Loans	64,738	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the 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. Granite Falls Bank designated a single assessment area in southwest Minnesota. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area consists of the eastern portion of Yellow Medicine County (census tracts 9701, 9703, and 9704), the southern portion of Chippewa County (census tract 9503), and the western portion of Renville County (census tract 7903) in nonmetropolitan Minnesota. The assessment area has not changed since the previous evaluation. The bank's sole office and five ATMs are all located in census tract 9701 in Yellow Medicine County. According to the 2015 American Community Survey (ACS), all five census tracts comprising the assessment area are middle-income geographies. Furthermore, census tract 7903 in Renville County was designated as distressed in 2017.¹ The following table illustrates select demographic characteristics of the assessment area.

¹**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average; (2) A poverty rate of 20 percent or more; or (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	11,523	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,412	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,760	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	985	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	667	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	747	0.0	0.0	100.0	0.0	0.0
Farms by Geography	322	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,304	16.4	17.6	25.2	40.7	0.0
Household Distribution by Income Level	4,745	19.4	15.7	20.4	44.4	0.0
Median Family Income Non-metropolitan Minnesota		\$63,182	Median Housing Value			\$107,115
Families Below Poverty Level		6.9%	Median Gross Rent			\$595

Source: 2015 ACS Census and 2017 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0*

The analysis of small farm and small business loans under the Borrower Profile criterion compares the distribution of farms and businesses by gross annual revenue level. According to 2017 D&B data, there were 322 farms in the assessment area. Gross annual revenues for these farms are below.

- 98.1 percent have \$1 million or less.
- 1.2 percent have more than \$1 million.
- 0.7 percent have unknown revenues.

The assessment area is rural and is dependent on agriculture and agricultural-related businesses. Management stated that farmers have experienced exceptionally high yields, which has helped offset low commodity prices. The primary crops grown in the area are corn and soybeans. The assessment area also has some livestock operations.

According to 2017 D&B data, there were 747 businesses in the assessment area. Gross annual revenues for these businesses are below.

- 75.0 percent have \$1 million or less.
- 7.1 percent have more than \$1 million.
- 17.9 percent have unknown revenues.

Agriculture, forestry, and fishing represent the largest portion of businesses at 30.1 percent; followed by service industries at 29.3 percent and retail trade at 7.7 percent. In addition, 77.2 percent of assessment area businesses have four or fewer employees, and 88.1 percent operate from a single location. Management stated that small businesses are struggling as the local

economy is dependent on the agricultural industry. As of April 2018, the unemployment rates for Chippewa, Renville, and Yellow Medicine counties were 3.8 percent, 4.5 percent, and 3.1 percent, respectively. The comparable figures for the entire U.S. and the state of Minnesota were 3.7 percent and 3.1 percent, respectively. According to bank management, the major employers in the assessment area include Granite Falls Health, the local school district, city government, Project Turnabout, Fagen, Inc., and Prairie's Edge Casino Resort.

Competition

Granite Falls Bank operates in a moderately competitive banking environment. According to the FDIC Deposit Market Share data as of June 30, 2017, there were 16 financial institutions that operated 28 full-service branches within the assessment area. Of these institutions, Granite Falls Bank ranked third with 9.4 percent of the deposit market. The bank's primary competitors are Citizens Alliance Bank, Minnwest Bank, and Farm Credit Services.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs of the area. This information helps determine whether local financial institutions are responsive to these needs and what credit opportunities are available. For this evaluation, examiners contacted an individual from an agricultural-related organization and a representative of an economic development organization in the assessment area.

The community contacts noted that agriculture and agricultural-related businesses are major employers and drivers of the economy. One contact noted that farmers have had bumper crops the last few years, but low commodity prices have put a strain on the agricultural sector. However, the contact added that high yields have helped offset the low commodity prices. Pertaining to livestock operations, the contact stated that these operations have remained stable relative to feed prices. Another contact noted that main street retail sales are shrinking because of online retail. The contact also mentioned that most individuals who live in Granite Falls work locally due to the employment opportunities in the area.

Overall, the contacts stated that local financial institutions have been responsive to the credit needs in the assessment area, but one contact mentioned that local banks could be more involved in financing new housing developments in the area. Based on information provided by the community contacts and demographic data, small farm loans represent a primary credit need in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Granite Falls Bank's loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 44.1 percent over the past 23 calendar quarters from September 30, 2012, to March 31, 2018. The ratio ranged from a low of 25.2 percent as of March 31, 2015, to a high of 71.3 percent as of December 31, 2017. The ratio fluctuated during the evaluation period, but the overall trend of the ratio is increasing. The bank's average net loan-to-deposit ratio is below those of comparable institutions as shown in the table below. Examiners selected comparable institutions based on their asset size, branching structure, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2018 \$(000s)	Average Net LTD Ratio (%)
Granite Falls Bank, Granite Falls, Minnesota	135,423	44.1
F&M Bank Minnesota, Olivia, Minnesota	113,285	77.4
Farmers and Merchants State Bank, Springfield, Minnesota	114,346	78.5
The Wanda State Bank, Wanda, Minnesota	132,236	64.8
<i>Source: Reports of Condition and Income 9/30/2012 through 3/31/2018</i>		

Although the bank's average net loan-to-deposit ratio is less than comparable institutions, the bank's deposits frequently fluctuate due to one large depositor whose deposits currently account for approximately one-fourth of the bank's total deposits. According to management, the funds in this deposit account are entirely payable on demand, so the bank is unable to originate loans with these funds. Taking this into consideration, the average net loan-to-deposit ratio is reasonable.

Assessment Area Concentration

Overall, the bank originated a majority of its loans within the assessment area. This conclusion is based on a majority of small farm loans by number within the assessment area, and a majority of small business loans by dollar volume within the assessment area. Details are depicted in the following table.

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	18	62.1	11	37.9	29	1,861	45.5	2,228	54.5	4,089
Small Business	8	28.6	20	71.4	28	1,109	58.7	780	41.3	1,889
<i>Source: Evaluation Period: 1/1/2017 - 12/31/2017 Bank Data</i>										

Although the majority of small farm loans by number were within the assessment area, the majority by dollar volume were outside the assessment area. Four of the 11 loans originated outside of the assessment area were to one borrower and compose nearly half of the dollar volume of lending outside of the assessment area.

The analysis of small business loans revealed that 28.6 percent by number, and 58.7 percent by dollar volume, were located within the assessment area. The bank has an existing relationship with a business located outside of the assessment area to provide funding for specialized equipment via leases to borrowers located throughout the United States. There is a high volume of leases in comparison to the commercial lending portfolio; however, the dollar amounts of the leases are small. These leases accounted for most of the small business loans located outside of the assessment area, which is why the majority of small business loans by dollar volume are within the assessment area.

Geographic Distribution

Because the bank's assessment area is comprised entirely of middle-income geographies, review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes in the assessment area. Examiners focused on the percentage by number of loans to farms and businesses with gross annual revenues of \$1 million or less. Examiners placed greater weight on small farm lending when drawing overall conclusions.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with gross annual revenues of \$1 million or less. The following table shows that 88.9 percent of the sampled loans were originated to farms with gross annual revenues of \$1 million or less. Although the bank's performance is less than comparable demographic data, many of the smaller farming operations included in the data do not require financing to fund their operations. According to the 2012 Census of Agriculture, 36.6 percent of farms in the assessment area did not report interest expenses related to their operations, and 36.5 percent of farmers list their primary occupation as "Other" than farming. This information indicates that farms in the assessment area have off-farm income and may not need credit to finance farm operations. Furthermore, all but two of the sampled small farm loans were to farm operators with reported gross annual revenues of \$1 million or less. Given this information, Granite Falls Bank's level of lending reflects reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤\$1,000,000	98.1	16	88.9	1,383	74.3
>\$1,000,000	1.2	2	11.1	478	25.7
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	18	100.0	1,861	100.0

Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. Granite Falls Bank extended half of the sampled small business loans, by number, to businesses with gross annual revenues of \$1 million or less, which is 25.0 percent below comparable demographic data. However, 68.5 percent of lending by dollar volume was to businesses with gross annual revenues of \$1 million or less. In addition, 17.9 percent of the comparable revenues were not available. According to management, many local businesses are well established and thus have limited financing needs. Considering these factors, the bank’s lending penetration is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000	75.0	4	50.0	760	68.5
>1,000,000	7.1	4	50.0	349	31.5
Revenue Not Available	17.9	0	0.0	0	0.0
Total	100.0	8	100.0	1,109	100.0

Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Records

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this performance 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; therefore, this consideration did not affect the institution’s overall CRA rating.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.