

PUBLIC DISCLOSURE

May 9, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dakota Western Bank
RSSD# 827458

202 South Main Street
Bowman, North Dakota 58623

Federal Reserve Bank of Minneapolis

90 Hennepin Ave
Minneapolis, Minnesota 55401

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

TABLE OF CONTENTS

Institution’s Community Reinvestment Act Rating..... 2

Scope of Examination 2

Description of Institution..... 2

Description of Assessment Area 3

Conclusions With Respect to Performance Criteria 5

Fair Lending or Other Illegal Credit Practices Review 10

Appendix A – Map of the Assessment Area 11

Appendix B – Demographic Information..... 12

Appendix C – Glossary 14

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Dakota Western Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) Interagency Examination Procedures for Small Institutions to evaluate the bank's Community Reinvestment Act (CRA) performance. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics, and credit needs. Examiners reviewed the following data:

- The bank's 16-quarter average NLTD ratio.
- A statistical sample of 85 consumer loans and 145 small business loans, originated between July 1, 2021, and December 31, 2021, as well as a statistical sample of 163 small farm loans, originated between January 1, 2021, and December 31, 2021.

Of the five core performance criteria, examiners placed the greatest weight on borrower distribution, followed by an equal weighting of the NLTD ratio and lending inside the AA. Examiners placed the least weight on geographical distribution. By loan product, examiners placed the greatest weight on small farm lending as this is the bank's primary product line. Small business loans received the next highest weight, followed by consumer loans.

Neither Dakota Western Bank nor the Reserve Bank has received any CRA complaints since the previous evaluation.

DESCRIPTION OF INSTITUTION

Dakota Western Bank is a community bank headquartered in Bowman, North Dakota. The bank's characteristics include the following:

- The bank is a wholly owned subsidiary of Dakota Western Bankshares, Inc.

- The bank has no affiliates or subsidiaries.
- The bank has total assets of \$340.9 million as of March 31, 2022.
- In addition to its main office in Bowman, the bank has five other offices in North Dakota. There are three full-service branches located in Hettinger, Scranton, and Regent, a limited-service office in Bowman, and a paying and receiving office in Rhame. The bank offers ATM services at each office.
- As shown in the table below, the bank’s primary business focus is agricultural lending, followed by commercial lending.

Table 1		
Composition of Loan Portfolio as of March 31, 2022		
Loan Type	\$(000)	%
Agricultural	142,561	74.3
Commercial and Industrial	37,758	19.7
Consumer	6,464	3.4
Residential Real Estate	2,592	1.4
Other	2,638	1.4
Gross Loans	192,013	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its April 16, 2018, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s AA consists of consists of Adams, Bowman, Hettinger, and Slope counties in southwestern North Dakota; Harding and Perkins counties in northwestern South Dakota; and Fallon and Carter counties in southeastern Montana (see Appendix A for an AA map and Appendix B for additional demographic data).

- There have been no changes to the bank’s AA since the previous examination.
- Bowman County consists of one upper-income census tract and one middle-income census tract. Hettinger County consists of two middle-income census tracts. The remaining counties of Slope, Adams, Harding, Perkins, Carter, and Fallon are single-census-tract counties that are classified as middle income.
- According to the June 30, 2021, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report for the assessment area, the bank ranks first out of 11 FDIC-insured institutions and holds 27.83% of the deposits.
- Examiners spoke with one community contact who works at an organization that specializes in the business economy.

Table 2 Population Change Assessment Area: Bowman AA			
Area	2010 Population	2015 Population	Percent Change
Carter County, MT	1,160	1,227	5.8%
Fallon County, MT	2,890	3,057	5.8%
Adams County, ND	2,343	2,341	-0.1%
Bowman County, ND	3,151	3,221	2.2%
Hettinger County, ND	2,477	2,621	5.8%
Slope County, ND	727	673	-7.4%
Harding County, SD	1,255	1,328	5.8%
Perkins County, SD	2,982	2,981	-0.0%
Source: 2010 U.S. Census Bureau: Decennial Census 2011 – 2015 U.S. Census Bureau: American Community Survey			

- As shown in Table 2, the population in the bank’s assessment area is overall stable. Some counties have marginally grown, but others experienced slight decreases, resulting in a fairly static population.
- The community contact indicated that the population is aging, but in recent years, there has been an increase in younger individuals moving to the area for new business opportunities.

Table 3 Median Family Income Change Assessment Area: Bowman AA			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Carter County, MT	\$52,221	\$62,250	19.2%
Fallon County, MT	\$70,237	\$66,528	-5.3%
Adams County, ND	\$54,695	\$67,772	23.9%
Bowman County, ND	\$69,581	\$84,500	21.4%
Hettinger County, ND	\$54,017	\$63,393	17.4%
Slope County, ND	\$60,799	\$71,146	17.0%
Harding County, SD	\$50,213	\$59,375	18.2%
Perkins County, SD	\$60,233	\$57,386	-4.7%
Source: 2006 – 2010 U.S. Census Bureau: American Community Survey 2011 – 2015 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.			

- Overall, the median family income throughout the assessment area saw increases from the 2010 census through the 2015 census. The exceptions to this trend were Perkins County in South Dakota and Fallon County in Montana.

- Harding and Perkins counties have higher percentages of families below the poverty line (10.5% and 9.1%, respectively) than other counties in the AA. Bowman County has 3.5% of families below the poverty line.

Table 4				
Unemployment Rates				
Assessment Area: Bowman AA				
Area	2018	2019	2020	2021
Carter County, MT	2.5%	2.9%	2.9%	2.6%
Fallon County, MT	1.8%	1.8%	4.0%	2.6%
Adams County, ND	1.9%	2.1%	3.8%	3.4%
Bowman County, ND	1.8%	1.6%	3.4%	2.5%
Hettinger County, ND	1.9%	1.9%	4.0%	3.2%
Slope County, ND	2.0%	2.3%	3.1%	2.8%
Harding County, SD	2.3%	2.6%	3.6%	2.8%
Perkins County, SD	2.7%	2.8%	3.8%	3.1%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>				

- The unemployment rate in the AA was largely static from 2018 to 2019, but there was a sharp increase in 2020 due to the COVID-19 pandemic. In 2021, the rate began to decrease slightly, but the rate remains higher than it was in 2018 in every county.
- Agriculture (primarily grains) and beef ranching continue to be the primary economic drivers in the AA. Other major employers in the AA include local government, such as the public school system, various agricultural equipment and auto dealers, and the retail and service sector.
- According to the community contact, the AA’s location near two major highways helps bring visitors to the area as well as resources to maintain an above-average number of services for residents.
- Local farms and businesses generally weathered the COVID-19 pandemic well. However, recent workforce shortages and supply chain issues have impacted the local economy. The slowing of oil production in the area has also resulted in some municipal funding shortages as the tax base declined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of the performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to a national composite of peer NLTD ratios. The bank’s national peers

consist of banks with assets between \$300 million and \$1 billion. There were no similarly situated FDIC-insured institutions within the bank’s assessment area.

The bank’s NLTD ratio is reasonable. The bank’s average NLTD for the past 16 quarters is 82.9%. As of December 31, 2021, the bank’s NLTD was 66.1%, and the bank’s national peer group NLTD ratio was 68.0%; thus, the bank was performing at roughly the same level as its peer group. The bank’s average NLTD ratio has dropped in recent quarters due to an increase in deposits and a slight drop in loan demand, which are both partly attributable to the effects of the Small Business Administration’s (SBA) Paycheck Protection Program (PPP). The bank’s NLTD ratio was at its lowest (66.1%) in December 2021 and at its highest (93.7%) in September 2018. At the previous evaluation, the bank’s 17-quarter average NLTD was 80.0%.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a substantial majority of its loans, by number and dollar, inside the AA. There were no concentrations of loans outside the assessment area in any specific areas. The outside loans were dispersed in various locations, largely contiguous to the assessment area. Bank management noted that many of the loans outside of the AA are to former residents of the area.

Table 5 Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Consumer	71	83.5	\$1,859	85.1	14	16.5	\$324	14.9
Small Business	123	84.8	\$5,119	79.2	22	15.2	\$1,347	20.8
Small Farm	153	93.9	\$18,129	92.5	10	6.1	\$1,462	7.5
Total Loans	347	88.3	\$25,107	88.9	46	11.7	\$3,134	11.1

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts, with consideration given to the dispersion of loans throughout the AA. The bank’s geographic distribution of small business, small farm, and consumer loans reflects a reasonable distribution and dispersion among the different census tracts in the AA. As previously stated, the AA consists of one upper-income tract and nine middle-income tracts. The bank made loans in all the AA’s tracts and no unexplained gaps in lending were identified. The bank makes the majority of its loans in Bowman County, which is reasonable given its office locations. Since the AA only contains middle- and upper-income census tracts, additional analysis would not be meaningful.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses and farms of different revenue sizes. The bank’s lending reflects a reasonable distribution among farms of different sizes and individuals of different income levels, and an excellent distribution among small businesses. The bank’s small business performance is enhanced by its participation in the PPP. The bank originated 736 PPP loans for a total of \$29.2 million.

Small Business Lending

The borrower distribution of small business lending is excellent. As shown in Table 6, small businesses, which are defined as having gross annual revenues of \$1 million or less, comprise 88.0% of businesses in the AA. The bank originated 91.9% of its business loans to small businesses, which is higher than demographics. Dakota Western Bank made 95.6% of its business loans to small entities in amounts of \$100,000 or less. This indicates the bank’s willingness to serve the credit needs of small businesses that typically need lower loan amounts. Finally, the bank was active in originating SBA PPP loans. The bank’s participation in this program was very responsive to community credit needs during the COVID-19 pandemic. The bank’s small business lending indicates a strong willingness to meet the credit needs of small businesses in the AA.

Table 6					
Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Bowman AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	113	91.9	3,927	76.7	88.0
Over \$1 Million	10	8.1	1,192	23.3	6.8
Revenue Unknown	0	0.0	0	0.0	5.2
Total	123	100.0	5,119	100.0	100.0
By Loan Size					
\$100,000 or Less	116	94.3	2,154	42.1	
\$100,001 - \$250,000	4	3.3	519	10.1	
\$250,001 - \$1 Million	3	2.4	2,445	47.8	
Total	123	100.0	5,119	100.0	

Table 6				
Distribution of 2021 Small Business Lending By Revenue Size of Businesses				
Assessment Area: Bowman AA				
By Loan Size and Revenues \$1 Million or Less				
\$100,000 or Less	108	95.6	1,868	47.6
\$100,001 - \$250,000	3	2.7	419	10.7
\$250,001 - \$1 Million	2	1.8	1,640	41.8
Total	113	100.0	3,927	100.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>				
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>				

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank originated 96.7% of its agricultural loans to farms with gross annual revenues of \$1 million or less; this is comparable to area demographics, which indicate that 99.2% of farms in the AA have gross annual revenues of \$1 million or less. Similarly, 96.0% of total dollars lent to farms went to farms with gross annual revenues of \$1 million or less. To meet the needs of smaller farms in the area, the bank made 62.2% of its farm loans in amounts of \$100,000 or less.

Table 7					
Distribution of 2021 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Bowman AA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	148	96.7	17,410	96.0	99.2
Over \$1 Million	5	3.3	719	4.0	0.4
Revenue Unknown	0	0.0	0	0.0	0.4
Total	153	100.0	18,129	100.0	100.0
By Loan Size					
\$100,000 or Less	94	61.4	3,832	21.1	
\$100,001 - \$250,000	33	21.6	5,319	29.3	
\$250,001 - \$500,000	26	17.0	8,979	49.5	
Total	153	100.0	18,129	100.0	

Table 7				
Distribution of 2021 Small Farm Lending By Revenue Size of Farms				
Assessment Area: Bowman AA				
By Loan Size and Revenues \$1 Million or Less				
\$100,000 or Less	92	62.2	3,763	21.6
\$100,001 - \$250,000	32	21.6	5,169	29.7
\$250,001 - \$500,000	24	16.2	8,478	48.7
Total	148	100.0	17,410	100.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>				
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>				

Consumer Lending

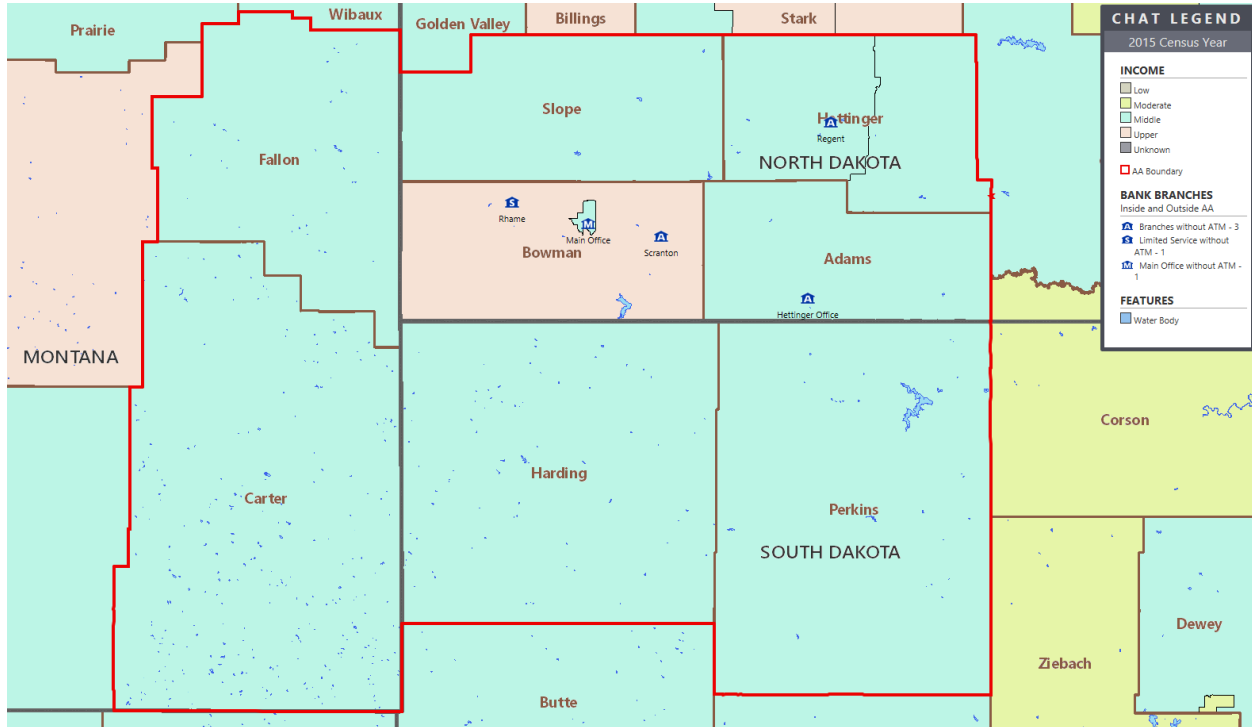
The borrower distribution of consumer lending is reasonable. In the AA, 22.6% of households are classified as low income, while 17.8% of households are classified as moderate income. By number, the bank originated 22.5% of its consumer loans to borrowers classified as low income and 19.7% of its consumer loans to borrowers classified as moderate income. The bank’s lending to low-income borrowers meets demographics, and the lending to moderate-income borrowers slightly exceeds demographics. In total, the bank originated 42.2% of its consumer loans to borrowers classified as low or moderate income, compared to demographics of 40.4%. This indicates the bank’s willingness to meet the credit needs of low- and moderate-income borrowers in the AA.

Table 8					
Distribution of 2021 Consumer Lending By Borrower Income Level					
Assessment Area: Bowman AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	%	\$(000)	%	
Low	16	22.5	211	11.4	22.6
Moderate	14	19.7	178	9.6	17.8
Middle	9	12.7	175	9.4	17.5
Upper	23	32.4	800	43.0	42.2
Unknown	9	12.7	495	26.6	0.0
Total	71	100.0	1,859	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B – Equal Credit Opportunity Act and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

2021 Bowman AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	933	18.7
Moderate	0	0.0	0	0.0	0	0.0	936	18.8
Middle	9	90.0	4,573	91.7	328	7.2	1,105	22.2
Upper	1	10.0	413	8.3	11	2.7	2,012	40.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	4,986	100.0	339	6.8	4,986	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	8,996	5,156	92.3	57.3	1,695	18.8	2,145	23.8
Upper	715	428	7.7	59.9	116	16.2	171	23.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,711	5,584	100.0	57.5	1,811	18.6	2,316	23.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,138	92.7	1,001	92.7	78	94.0	59	92.2
Upper	89	7.3	79	7.3	5	6.0	5	7.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,227	100.0	1,080	100.0	83	100.0	64	100.0
Percentage of Total Businesses:				88.0		6.8		5.2

2021 Bowman AA Demographics								
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	477	89.8	474	89.9	1	50.0	2	100.0
Upper	54	10.2	53	10.1	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	531	100.0	527	100.0	2	100.0	2	100.0
Percentage of Total Farms:				99.2		0.4		0.4
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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, other secured consumer loans, and other unsecured consumer loans.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of 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.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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