

PUBLIC DISCLOSURE

January 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Monroe

849432

39 Main Street

Union, WV 24983

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

NOTE: 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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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given its size, financial condition, and credit needs of its assessment area.
- A substantial majority of the loans considered in the evaluation were originated inside the bank's assessment area.
- The bank's borrower distribution performance is considered excellent overall.
- The bank's geographic distribution performance varies by product, and overall reflects excellent dispersion throughout the assessment area.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

The Bank of Monroe (BOM) was evaluated using the interagency small bank examination procedures supported by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures and based upon recent loans originated by the institution, residential mortgage and small business loans were identified as primary credit products and considered in the evaluation.

The evaluation was based on samples of residential mortgage and small business loans originated during calendar year 2021. Specifically, a sample of 76 residential mortgage loans totaling \$11.2 million from the total universe of such lending (111 loans totaling \$15.1 million) and a sample of 138 small business loans totaling \$6.8 million from the total universe of such lending (387 loans totaling \$17.2 million) were evaluated. Based on the total universe of lending in 2021, the bank's small business lending carries slightly greater weight when determining overall performance conclusions.

As of the date of the evaluation, BOM has delineated the Monroe County, WV NonMSA as its only assessment area. This assessment area includes the counties of Monroe and Greenbrier, West Virginia in their entirety. No changes have been made to the bank's assessment area since the previous evaluation.

DESCRIPTION OF INSTITUTION

BOM is headquartered in Union, West Virginia, and operates three branch offices in the southeast portion of West Virginia. The institution's previous CRA rating dated October 2, 2018, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of September 30, 2022, the bank’s assets totaled \$210.2 million, of which 54% were net loans. Deposits totaled \$191.3 million during this same period. Various deposit and loan products are available through the institution, including loans for residential mortgage and commercial purposes. The composition of the loan portfolio (using gross loans) as of September 30, 2022, is presented in the following table.

Composition of Loan Portfolio

Loan Type	9/30/2022	
	\$(000s)	%
Secured by 1-4 Family dwellings	56,705	49.3
Multifamily	0	0.0
Construction and Development	2,579	2.2
Commercial & Industrial/ NonFarm NonResidential	40,803	35.5
Consumer Loans and Credit Cards	5,493	4.8
Agricultural Loans/ Farmland	9,207	8.0
All Other	143	0.1
Total	114,930	100.0

As indicated in the preceding table, BOM is an active residential mortgage and commercial lender. Small business loans are a subset of commercial loans. The bank offers a variety of other loans, such as agricultural, consumer, and construction and development loans; however, the volume of such lending is relatively small in comparison to its residential mortgage and commercial lending.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to allow workforces to remain employed and promote economic stability during the coronavirus (COVID-19) pandemic. While banks were not required to participate in the SBA’s PPP lending program, BOM was an active participant. In 2020, BOM originated 77 PPP loans totaling approximately \$3.5 million and in 2021, the bank originated 238 PPP loans totaling approximately \$4.5 million demonstrating responsiveness to area credit needs.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MONROE COUNTY, WV NONMSA ASSESSMENT AREA

The Monroe County, WV NonMSA assessment area includes the nonmetropolitan counties of Monroe and Greenbrier, West Virginia in their entirety. According to recent data from the Federal Deposit Insurance Corporation, BOM ranked 3rd out of 8 institutions in local deposit market share with 15.9% of the assessment area’s deposits (excluding credit union deposits) as of June 30, 2021.

Based on American Community Survey (ACS) data from 2015, the assessment area has a total population of 49,191 and a median housing value of \$104,013. Within the assessment area, the owner-occupancy rate equals 59.8%, which is slightly lower than the owner-occupancy rates for the State of West Virginia (60.8%) and the nonmetropolitan areas within the state (60.3%). The percentage of families living below the poverty level in the assessment area equals 14.7%, which exceeds the rate for the State of West Virginia (13.1%) but is slightly lower than the rate for nonmetropolitan areas within the state (14.9%). The FFIEC estimated median family income for nonmetropolitan areas of West Virginia equaled \$54,600 during 2021.

The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Monroe County, WV NonMSA (Based on 2015 ACS Data and 2021 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,923	20.9
Moderate	0	0.0	0	0.0	0	0.0	2,329	16.6
Middle	9	90.0	12,688	90.6	2,027	16.0	3,334	23.8
Upper	1	10.0	1,309	9.4	30	2.3	5,411	38.7
NA	0	0.0	0	0.0	0	0.0		
Total	10	100.0	13,997	100.0	2,057	14.7	13,997	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,778	22.6
Moderate	0	0.0	0	0.0	0	0.0	3,713	17.5
Middle	14,160	88.8	18,543	87.6	3,546	19.1	3,827	18.1
Upper	1,788	11.2	2,618	12.4	419	16.0	8,843	41.8
NA	0	0.0	0	0.0	0	0.0		
Total	15,948	100.0	21,161	100.0	3,965	18.7	21,161	100.0
	Total Businesses by Tract		Businesses by Tract and 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	1,105	74.4	996	74.6	76	69.1	33	82.5
Upper	381	25.6	340	25.4	34	30.9	7	17.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,486	100.0	1,336	100.0	110	100.0	40	100.0
	Percentage of Total Businesses:			89.9		7.4		2.7

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC in 2021, three of the nine middle-income census tracts within the assessment area have been designated as underserved. Specifically, the three underserved middle-income tracts are located in Monroe County. Census tracts are designated as underserved when a nonmetropolitan middle-income geography is within a certain distance from population centers and could potentially have difficulty meeting essential community needs.

Vast areas of Greenbrier County are public national forest, coal land, or forest land owned by private organizations. Major area employers include Greenbrier Hotel Corporation, Greenbrier County Board of Education, and the Greenbrier Valley Medical Center.

As indicated by the data in the following table, unemployment rates within the assessment area generally remained steady prior to 2020, but rose sharply because of the pandemic, and declined again during 2021. Recent annual average unemployment rates within counties of the assessment area have remained slightly lower than the rates for the state and nonmetropolitan areas within the state.

Monroe County, WV NonMSA - Annual Average Unemployment Rates					
Area	2017	2018	2019	2020	2021
Greenbrier County, WV	4.87%	5.01%	4.66%	7.86%	4.45%
Monroe County, WV	4.42%	4.75%	4.38%	6.94%	3.63%
NonMSA West Virginia	6.00%	5.83%	5.77%	8.96%	5.65%
West Virginia	5.22%	5.16%	4.93%	8.15%	5.03%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>					

A local economic development official was contacted during the evaluation to discuss housing conditions and community credit needs within Monroe and Greenbrier Counties, WV and the immediate surrounding area. The contact indicated that the area is facing economic challenges, such as limited workforce, sluggish growth, and lack of infrastructure. A major portion of this community consists of rural and preserved farm lands, and the rural landscape with limited infrastructure is a drawback for larger enterprises seeking to establish themselves within the community. The contact indicated that banks could facilitate more financial literacy and homebuyer programs to encourage homeownership, as well as fund startups to help stimulate economic growth. Overall, the contact opined that local banks are responsive to area credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

When evaluating the bank’s performance, relevant area demographic data from the 2015 ACS is used as a proxy for demand for residential mortgage lending. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank’s performance, relevant area demographic data is derived from the 2015 ACS data. Similarly, relevant business demographic data published by Dun & Bradstreet for 2021 is used when evaluating small business lending.

Despite being an active residential mortgage lender, BOM is not subject to reporting its residential mortgage loan data under the Home Mortgage Disclosure Act (HMDA) because none of its bank branches are located in a metropolitan statistical area. However, aggregate HMDA loan data is insightful from a performance context perspective because the lending activity took place in the specific geographic area under the same basic economic conditions. Consequently, aggregate HMDA loan data is also used as a proxy for demand when evaluating the bank’s residential mortgage lending performance and includes all activity reported by lenders subject to reporting HMDA data within the bank’s assessment area.

Overall, the bank’s performance is rated Outstanding based on its loan-to-deposit ratio, assessment area concentration of lending, borrower and geographic lending distribution performances, and lack of complaints received regarding its CRA performance. The components of each test are discussed in the following sections. All conclusions take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

The bank’s current loan-to-deposit ratio equals 59.3% and has averaged 64.1% for the preceding 16-quarter period ending September 30, 2022. The average of quarterly loan-to-deposit ratios for one other similarly situated institution operating in the same assessment area equaled 62.8% during the same 16-quarter period. Since December 31, 2018, BOM’s assets, net loans, and deposits have increased by 50.2%, 39.9%, and 58.8%, respectively. Overall, the bank’s level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution’s size, financial condition, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the samples of 2021 residential mortgage and small business loans considered in the evaluation were considered. The lending distribution inside and outside of the bank's assessment area is depicted in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Small Business*	127	92.0	6,010	88.4	11	8.0	788	11.6
Mortgage Loans*	67	88.2	9,619	86.2	9	11.8	1,541	13.8
TOTAL LOANS	194	90.7	15,629	87.0	20	9.3	2,329	13.0

**The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As indicated in the preceding table, a substantial majority of the total number (90.7%) and dollar amount (87%) of small business and residential mortgage loans were originated inside the bank's assessment area. Overall, the institution's level of lending within its assessment area is considered highly responsive to the community's credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

BOM's borrower distribution performance is considered excellent for both residential mortgage and small business lending within the assessment area.

Distribution of Mortgage Loans by Income Level of Borrower

Monroe County, WV NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Mortgage Loan Totals								
Low	6	9.0	166	1.7	50	5.1	4,016	2.1
Moderate	13	19.4	1,056	11.0	169	17.2	18,149	9.6
Middle	9	13.4	1,193	12.4	246	25.1	33,441	17.7
Upper	39	58.2	7,204	74.9	516	52.6	133,678	70.6
Total	67	100.0	9,619	100.0	981	100.0	189,284	100.0
Unknown	0		0		265		56,703	

Percentages (%) are calculated on all loans where incomes are known

BOM's level of mortgage lending to low-income borrowers (9%) lagged the percentage of low-income families in the area (20.9%); however, it significantly exceeded the aggregate level of lending to such borrowers (5.1%). The bank's level of lending to moderate-income borrowers (19.4%) slightly exceeded both the percentage of moderate-income families in the area (16.6%) and the aggregate level of lending to such borrowers (17.2%). Overall, the bank's level of performance is considered excellent.

Distribution of Lending by Loan Amount and Size of Business

Monroe County, WV NonMSA (2021)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	39	30.7	4,322	71.9	427	51.9	13,014	41.9
Over \$1 Million	1	0.8	85	1.4	NA	NA	NA	NA
Unknown	87	68.5	1,603	26.7	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	116	91.3	2,271	37.8	761	92.6	13,115	42.2
\$100,001-\$250,000	5	3.9	685	11.4	38	4.6	6,578	21.2
\$250,001-\$1 Million	6	4.8	3,055	50.8	23	2.8	11,393	36.6
Total	127	100.0	6,011	100.0	822	100.0	31,086	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2021 indicates that 89.9% of all local businesses have revenues that do not exceed \$1 million per year. Of the small business loans considered in the evaluation, 30.7% were made to businesses with revenues of \$1 million or less. The percentage of BOM’s small business loans extended to businesses with revenues of \$1 million or less was impacted by a large volume of loans in the sample for which borrower revenues were unknown (68.5% of the overall sample). Excluding these loans, 39 out of 40 small business loans (97.5%) for which borrower revenue was known, were made to businesses with annual revenues of \$1 million or less.

As previously mentioned, the bank originated a large volume of PPP loans during 2021 for which revenue was not collected as the SBA’s PPP lending program did not require lenders to collect or consider borrower revenue. Because borrower revenue cannot be considered for a large portion of BOM’s 2021 small business loans, the distribution of loans by loan size was also considered as an element of performance context. The following table reflects this distribution.

Distribution of Sampled PPP Small Business Loans with Unknown Revenue by Loan Size

Monroe County, WV NonMSA (2021)				
Loan Size	#	%	\$(000s)	%
\$100,000 or less	85	97.7%	\$1,324	82.6%
> \$100,000 to \$250,000	2	2.3%	\$279	17.4%
> \$250,000 to \$1,000,000	0	0.0%	\$0	0%
Total	87	100%	\$1,603	100%

The vast majority of PPP loans with unknown revenues (97.7%) had loan amounts of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

Overall, considering the bank’s level of lending based on revenue and loan size, the bank’s distribution of small business lending is considered excellent.

Geographic Distribution of Loans

The bank’s assessment area contains no low- or moderate-income census tracts; therefore, the bank’s lending in middle-income census tracts, particularly in underserved communities, are a significant factor in determining the bank’s overall geographic distribution performance. The assessment area contains nine middle-income census tracts, of which three tracts are considered underserved. Given the absence of low-and moderate-income tracts, the distribution of BOM’s lending in underserved middle-income geographies was analyzed.

BOM’s geographic distribution performance is considered reasonable for residential mortgage lending and excellent for small business lending. Overall, BOM’s geographic distribution performance is considered excellent with slightly greater weight afforded to small business lending and when considering the percentage of lending to underserved, middle-income geographies.

Distribution of Mortgage Loans by Income Level of Census Tract

Monroe County, WV NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	Mortgage Loan Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	57	85.1	6,352	66.0	1,051	84.3	201,678	82.0
Upper	10	14.9	3,267	34.0	195	15.7	44,309	18.0
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	67	100.0	9,619	100.0	1,246	100.0	245,987	100.0

NA-Tracts without household or family income as applicable*

The bank’s level of mortgage lending in middle-income census tracts (85.1%) slightly lagged the percentage of owner-occupied housing units in the area (88.8%), however, it approximated the aggregate lending level in such tracts (84.3%). Additionally, the bank’s residential mortgage lending within middle-income geographies was responsive to the underserved census tracts in the assessment area. Of the 57 loans reported in middle-income census tracts, 26 loans (45.6%) were extended within the three underserved census tracts. The bank’s geographic distribution performance is considered reasonable, largely based on the bank’s level of lending in middle-income, underserved tracts.

Distribution of Small Business Loans by Income Level of Census Tract

Monroe County, WV NonMSA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	113	89.0	4,238	70.5	613	75.7	21,108	68.1
Upper	14	11.0	1,772	29.5	197	24.3	9,909	31.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	127	100.0	6,010	100.0	810	100.0	31,017	100.0

**NA*-Tracts without household or family income as applicable*

Loans where the geographic location is unknown are excluded from this table.

During 2021, BOM’s level of small business lending in middle-income census tracts (89%) exceeded the percentage of area businesses (74.4%) and the aggregate lending level (75.7%) in such tracts. Of the 113 small business loans originated in middle-income geographies, 66 loans (58.4%) were made within the three underserved, middle-income tracts. BOM’s performance is considered excellent, largely based on the bank’s level of lending in underserved, middle-income tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

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: All Agencies have adopted the following language. 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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, 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 under the Lending Test (and if applicable, consideration of investments and services) 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 under the Lending Test (and if applicable, consideration of investments and services) 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.

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) and the Thrift Financial Reporting (TFR) 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 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, 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.