

PUBLIC DISCLOSURE

August 23, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Frederick Community Bank
Certificate Number: 10446

106 North Market Street
Paxton, IL 60957

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending-related activities are in the institution's assessment area.
- The assessment area does not include any low- or moderate-income geographies, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration of loans among farms and businesses of different sizes.
- The institution has not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

Background

The Frederick Community Bank (FCB), based in Paxton, Illinois, operates in Ford and Iroquois Counties in Illinois. Agricultural Banking Corporation, a one-bank holding company also based in Paxton, owns the institution. FCB is the result of the merger of two sister institutions owned by Agricultural Banking Corporation – Cissna Park State Bank and The National Bank in Paxton – which took place in August 2018. Cissna Park State Bank received a Satisfactory rating at its last FDIC evaluation dated October 3, 2016. The Comptroller of the Currency assigned The National Bank in Paxton a Satisfactory rating at its last evaluation dated March 6, 2017. Examiners used Interagency Small Institution Examination Procedures to evaluate both legacy institutions at their previous evaluations. This is the first CRA Performance Evaluation of the institution post-merger, for which examiners will once again utilize Small Institution Examination Procedures.

Operations

FCB operates its full-service main office, one full-service branch office, and two limited-service drive-up facilities that complement the full-service offices. The institution's main office is located in the city of Paxton, which is the county seat of Ford County. FCB's full-service branch office is located in the village of Cissna Park, which is located in Iroquois County.

FCB's loan products include consumer, home mortgage, commercial, and agricultural loans. The

institution focuses on agricultural and commercial lending. Additionally, the institution provides a variety of deposit services for individuals, businesses, and farms, including checking and savings accounts, certificates of deposit, and Individual Retirement Accounts. Alternative banking services include internet banking, mobile banking, and two bank-owned automated teller machines – one located at the institution’s drive-up facility in Paxton and the other at a commercial establishment in Cissna Park. FCB’s branch operations are the same as those operated by the aforementioned legacy institutions pre-merger.

Ability and Capacity

Assets totaled approximately \$181.9 million as of June 30, 2022, and included total loans of \$76.2 million and total securities of \$55.3 million. The institution’s deposits totaled \$167.1 million as of the same date. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs. The following table details the institution’s loan portfolio.

Loan Portfolio Distribution as of 6/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	324	0.4
Secured by Farmland	20,045	26.3
Secured by 1-4 Family Residential Properties	8,371	11.0
Secured by Multi-family (5 or more) Residential Properties	5,360	7.0
Secured by Non-farm Non-Residential Properties	8,621	11.3
Total Real Estate Loans	42,721	56.1
Commercial and Industrial Loans	16,437	21.6
Agricultural Production and Other Loans to Farmers	12,860	16.9
Consumer	3,492	4.6
Other Loans	644	0.8
Total Loans	76,154	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which to evaluate its CRA performance. FCB delineated a single assessment area in the Illinois Non-Metropolitan Statistical Area (Non-MSA). The following sections discuss assessment area demographic and economic information.

Economic and Demographic Data

The assessment area includes 10 contiguous census tracts, including all five census tracts in Ford County, the three southernmost tracts in adjacent Iroquois County, and two adjacent tracts in northern Vermilion County. The tracts in Vermilion County are situated within the Danville, IL MSA; however, since the inclusion of these tracts does not constitute substantially crossing the MSA boundary, they are included in the bank’s single, contiguous Illinois Non-MSA assessment

area. Based on the 2015 U.S. Census American Community Survey (ACS), the assessment area includes eight middle-income tracts and two upper-income tracts. FCB’s assessment area reflects the combination of the assessment areas of the two aforementioned legacy banks; no census tracts were removed from the assessment area as a result of the merger.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	0.0	80.0	20.0	0.0
Population by Geography	30,203	0.0	0.0	79.6	20.4	0.0
Housing Units by Geography	14,242	0.0	0.0	78.9	21.1	0.0
Owner-Occupied Units by Geography	9,210	0.0	0.0	78.8	21.2	0.0
Occupied Rental Units by Geography	3,204	0.0	0.0	85.7	14.3	0.0
Vacant Units by Geography	1,828	0.0	0.0	67.1	32.9	0.0
Businesses by Geography	1,744	0.0	0.0	81.2	18.8	0.0
Farms by Geography	369	0.0	0.0	74.3	25.7	0.0
Family Distribution by Income Level	8,014	19.6	19.0	22.6	38.8	0.0
Household Distribution by Income Level	12,414	21.9	14.6	18.5	45.0	0.0
Median Family Income MSA - 19180 Danville, IL MSA		\$53,880	Median Housing Value			\$89,734
Median Family Income Non-MSAs - IL		\$59,323	Median Gross Rent			\$586
			Families Below Poverty Level			9.5%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The service industry sector represents the largest industry sector at 31.0 percent, followed by agriculture at 17.5 percent, retail trade at 11.5 percent, non-classifiable establishments at 9.3 percent, and construction at 7.0 percent. In addition, 69.4 percent of area businesses, which includes the agriculture sector, have four or fewer employees, and 86.1 percent operate from a single location. Data obtained from the U.S. Bureau of Labor Statistics indicates that the 2021 year-end unemployment rate was 4.2 percent statewide. Within the assessment area, the year-end 2021 unemployment rate ranged from a high of 5.0 percent for Vermilion County to a low of 3.3 percent for Ford County. Unemployment rates generally declined during the evaluation period. At year-end 2016, the statewide unemployment rate was 5.4 percent, and within the assessment area the year-end 2016 unemployment rate ranged from a high of 7.2 percent for Vermilion County to a low of 5.6 percent for Ford County. Consistent with regional and national unemployment trends related to the COVID-19 pandemic, the assessment area experienced a significant increase in unemployment with the onset of the pandemic in early 2020 followed by a consistent reduction in unemployment through 2021. Specifically, at year-end 2019, the statewide unemployment rate was

3.3 percent, and within the assessment area, the year-end 2019 unemployment rate ranged from a high of 4.4 percent for Vermilion County to a low of 3.6 percent for Ford County. Assessment area unemployment rates peaked in April 2020 when the statewide rate was 17.2 percent, and within the assessment area the unemployment rate ranged from a high of 16.3 percent for Vermilion County to a low of 10.7 percent for Iroquois County.

Competition

The assessment area is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 14 financial institutions operated 20 banking offices within the assessment area. Of these institutions, FCB ranked 1st with a 15.4 percent deposit market share. The five most prominent institutions accounted for 58.1 percent of total deposit market share.

The bank is not required to collect or report its small farm lending data, and it has not elected to do so. Therefore, the analysis of small farm lending under the Lending Test does not include comparisons to aggregate data. The aggregate data, however, reflects the level of competition for small farm loans. Aggregate data for 2020, the most recent year for which such data is available, shows 18 institutions originated 292 small farm loans in Ford, Iroquois, and Vermilion Counties, indicating a moderate level of competition. The five most prominent small farm lenders accounted for 81.9 percent of total market share.

Likewise, the bank is not required to collect or report its small business lending data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. The aggregate data, however, reflects the level of competition for small business loans. Aggregate data for 2020, the most recent year for which such data is available, shows 69 institutions originated 1,164 small business loans in Ford, Iroquois, and Vermilion Counties, indicating a high level of competition. The five most prominent small business lenders accounted for 44.9 percent of total market share.

Community Contact

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

Examiners interviewed a representative of an agriculture service organization in the assessment area. The contact noted that farmers in recent years were flush with cash due to high commodity prices, and therefore, credit demand was low. The contact further noted, however, that declining commodity prices and higher input costs – notably fuel and fertilizer costs – are eroding those cash positions; thus, the contact anticipates increased demand for agriculture-purpose credit going forward. The contact anticipates needs for financing agriculture production, farmland acquisition, and financing for business operations. The contact stated that crop yields for 2022 are expected to be average in spite of weather challenges, although that represents a decline from record yields in recent years. Additionally, the contact noted that outside investors are acquiring farmland, driving

up land costs, thus making farm expansion cost-prohibitive. Struggles in the farm economy combined with labor shortages negatively impact commercial establishments in Ford and Iroquois Counties, according to the contact. These economic factors, along with online retailing, are forcing area retailers to reconsider their business models and consider moving into new product lines. Consequently, the contact foresees a need for small business loans to assist area retailers with their business model transitions.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that despite the recent impact of the pandemic on the local economy, small farm and small business lending continue to represent primary credit needs in the assessment area. Although the contact identified no major unmet credit needs, there remain opportunities for economic development and affordable housing initiatives as well.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation for Cissna Park State Bank – the surviving post-merger charter – dated October 3, 2016, to the current evaluation dated August 23, 2022. The Small Institution Examination Procedures used to evaluate FCB’s CRA performance include the Lending Test, which is described in the Appendices.

This evaluation does not include any lending activity performed by affiliates.

Activities Reviewed

Examiners determined that the bank’s major product lines are small farm and small business lending. This conclusion considered the bank’s business strategy, the bank’s loan portfolio composition, and the number and dollar of loans originated during the evaluation period. No other loan types, such as home mortgage or consumer loan products, represent a major product line. Other loan types, therefore, provided no material support for conclusions or ratings and are not presented. Sources for comparable data included 2021 D&B data and 2015 ACS, unless indicated otherwise.

Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. Examiners analyzed the full universe of small farm and small business loans originated during the period of January 1, 2021, through December 31, 2021. Through review of lending activity and discussions with management, examiners determined that the institution’s small farm and small business lending activity in 2021 was representative of the institution’s lending activity throughout the evaluation period. In 2021, FCB originated 87 small farm loans totaling \$12.6 million. Additionally, the institution originated 184 small business loans totaling \$8.9 million in 2021, of which 114 loans totaling \$2.9 million were originated under the Small Business Administration’s Payroll Protection Program (PPP); PPP loans were available to businesses during

the COVID-19 pandemic (available April 3, 2020, through May 31, 2021) to help keep workforces employed.

Based on FCB's loan portfolio composition, management assertions, and origination volumes excluding PPP loans, the primary lending focus for the institution is small farm and small business lending. Therefore, in evaluating performance overall, small farm and small business lending performance received equal weight.

For the Lending Test, examiners reviewed the number and dollar volume of small farm and small business loans. While this evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of farms and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FCB demonstrated reasonable performance under the Lending Test. The institution's LTD ratio, assessment area concentration, and Borrower Profile performance support this conclusion. FCB's performance under the Lending Test resulted from its activities in the normal course of business.

Loan-to-Deposit Ratio

The LTD ratio is reasonable considering the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 47.9 percent over the past 23 calendar quarters from December 31, 2016, to June 30, 2022. Post-merger, the LTD ratio of the combined legacy banks averaged 48.2 percent over the 16 calendar quarters from September 30, 2018, to June 30, 2022. The ratio fluctuated during the full evaluation period, reaching a high of 55.7 percent as of September 30, 2019, followed by a general decline in the ratio that reached a low of 39.1 percent as of March 31, 2022. The decline in the latter part of the review period is attributable to deposit growth outpacing loan growth as a result of the COVID-19 pandemic and its economic effects, as well as depressed demand for agricultural loans caused by elevated commodity prices. When factoring the combined balances for total deposits and net loans for the two legacy banks as of December 31, 2016, the institution's total deposits grew 27.4 percent and net loans grew 20.5 percent over the review period.

Examiners selected comparable institutions based on their asset size, market composition, and lending focus. FCB maintained a ratio that is comparable to one similarly situated institution while slightly trailing another two similarly situated institutions, as shown in the table that follows. The institution's LTD ratio performance is reasonable considering the institution's lending focus, the economic factors impacting the assessment area's farm economy and credit demand, and the aforementioned level of competition for credit in the assessment area.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2022 \$(000s)	Average Net LTD Ratio (%)
The Frederick Community Bank	181,916	47.9
The First Trust and Savings Bank of Watseka	336,613	52.9
Iroquois Farmers State Bank	149,575	60.2
Federated Bank	116,962	46.5
<i>Source: Reports of Income and Condition 12/31/2016 through 6/30/2022</i>		

Assessment Area Concentration

A substantial majority of loans and other lending-related activities are within the institution’s assessment area. By both number and dollar amount, FCB made a majority of its small business loans and a substantial majority of its small farm loans within its assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area (2021)										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	142	77.2	42	22.8	184	5,306	59.4	3,626	40.6	8,932
Small Farm	78	89.7	9	10.3	87	11,234	89.0	1,395	11.0	12,629
Total	220	81.2	51	18.8	271	16,540	76.7	5,021	23.3	21,561
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. FCB’s performance in small farm and small business lending supports the overall reasonable performance conclusion.

Small Farm Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among farms of different sizes. As detailed in the following table, the bank’s lending to farms with gross annual revenues (GAR) of \$1.0 million or less reasonably trailed the percentage of farms with the same GAR level in 2021. Additionally, FCB’s lending performance to borrowers with GARs of \$1.0 million or less was consistent with two similarly situated institutions that exhibited reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category (2021)					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤\$1,000,000	98.4	67	85.9	8,334	74.2
>\$1,000,000	1.1	11	14.1	2,900	25.8
Revenue Not Available	0.5	0	0.0	0	0.0
Totals	100.0	78	100.0	11,234	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, FCB’s lending performance to borrowers with GARs of \$1.0 million or less exceeded the percentage of businesses in 2021. Excluding PPP loans, FCB’s lending performance to borrowers with GARs of \$1.0 million or less was consistent with the percentage of businesses. Finally, FCB’s lending performance to borrowers with GARs of \$1.0 million or less was consistent with two similarly situated institutions that exhibited reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category (2021)					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000	77.4	130	91.5	3,587	67.6
>\$1,000,000	5.4	12	8.5	1,719	32.4
Revenues Not Available	17.2	0	0.0	0	0.0
Totals	100.0	142	100.0	5,306	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

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.