

# **PUBLIC DISCLOSURE**

**September 30, 2024**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Bank of Winona  
RSSD #800442**

**312 North Applegate Street  
Winona, Mississippi 38967**

**Federal Reserve Bank of St. Louis**

**P.O. Box 442  
St. Louis, Missouri 63166-0442**

**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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. 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 institution.

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## **INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING**

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

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans and other lending-related activities are originated inside the AA.
- The borrower's profile analysis reveals reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI).
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC) Interagency Examination Procedures for Small Institutions were utilized to evaluate the bank's CRA performance. The evaluation considered 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. Lending performance was assessed within the bank's AA.

The bank's lending performance was evaluated using 1–4 family residential real estate and consumer motor vehicle loans, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Based on number and dollar volume, 1–4 family residential real estate loans received more weight than consumer motor vehicle loans. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	March 31, 2019 – June 30, 2024
AA Concentration	January 1, 2023 – December 31, 2023
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	February 4, 2019 – September 29, 2024

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an AA. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$143.7 million to \$318.4 million as of June 30, 2024.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's AA. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

## **DESCRIPTION OF INSTITUTION**

Bank of Winona is an intrastate community bank headquartered in Winona, Mississippi. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Bancorp of Winona, Inc., Winona, Mississippi.
- The bank has total assets of \$147.5 million as of June 30, 2024. That represents an increase of 18.2 percent since the last evaluation.
- The bank's sole facility is its main office in Winona, Mississippi.
- The main office has one full-service automated teller machine.
- The bank is a certified Community Development Financial Institution.
- As shown in the following table, the bank's primary business focus is 1–4 family residential real estate loans. While not reflected in the table below, it is also worth noting that by number of loans originated, loans to individuals, such as consumer motor vehicle loans, represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other products.

<b>Composition of Loan Portfolio as of June 30, 2024</b>		
<b>Loan Type</b>	<b>Amount \$ (000s)</b>	<b>Percentage of Total Loans</b>
1–4 Family Residential	25,016	52.8
Commercial Real Estate	12,357	26.1
Loans to Individuals	3,460	7.3
Commercial and Industrial	2,800	5.9
Farm Loans	1,898	4.0
Total Other Loans	1,487	3.1
Farmland	302	0.6
Construction and Development	99	0.2
Multifamily Residential	0	0.0
<b>TOTAL LOANS</b>	<b>47,419</b>	<b>100.0</b>
<i>Note: Percentages may not total 100.0% due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its February 4, 2019 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 Central Mississippi AA is comprised of the entirety of Montgomery and Carroll counties, which is located in a nonMSA portion of central Mississippi (see Appendix A for an assessment area map).

- There have been no changes to the AA delineation since the prior evaluation.
- According to the June, 30, 2024 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report, the bank has a market share of 29.5 percent, which ranks second out of six FDIC-insured depository institutions operating in the AA.
- According to the U.S. Department of Labor, Bureau of Labor Statistics Quarterly Census of Employment and Wages data, the three largest nongovernmental industries in the AA, determined by number of employees, are retail trade (16.1 percent), manufacturing (14.7 percent), and construction (10.1 percent).
- One community contact interview was conducted with a local government employee.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	1	1	3	2	0	7
	14.3%	14.3%	42.9%	28.6%	0.0%	100%
Family Population	641	602	2,559	1,784	0	5,586
	11.5%	10.8%	45.8%	31.9%	0.0%	100%

- As a result of census tract designation changes due to the release of 2020 census data, two additional census tracts were added to the AA, increasing the number of census tracts from five to seven since the prior evaluation. Census tract changes also resulted in the addition of a low-income census tract located near the main office.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Assessment Area	20,802	19,820	-4.7
NonMSA Mississippi	1,581,017	1,523,899	-3.6
Mississippi	2,988,081	2,961,279	-0.9
Source: 2011–2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

- The AA experienced a declining trend in population that is similar to the rate of decline in nonMSA Mississippi.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change
Assessment Area	46,407	50,471	8.8
NonMSA Mississippi	47,961	53,003	10.5
Mississippi	53,836	58,923	9.4
<i>Source: 2011–2015 U.S. Census Bureau American Community Survey 2016–2020 U.S. Census Bureau American Community Survey Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The median family income of the AA increased at a slightly lower rate (8.8 percent) than that of nonMSA Mississippi (10.5 percent).

Unemployment Rates (%)					
Area	2019	2020	2021	2022	2023
Assessment Area	6.2	7.8	5.9	4.3	3.7
NonMSA Mississippi	5.9	8.2	5.8	4.1	3.4
Mississippi	5.5	8.0	5.4	3.8	3.2
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

- While unemployment levels in the AA and nonMSA Mississippi have experienced similar decreasing trends, the AA unemployment level has remained slightly higher than nonMSA Mississippi during much of the review period. There was an increase in unemployment in 2020 due to the COVID-19 pandemic.
- The community contact noted that a manufacturing company opened in March 2022, which resulted in employment growth.

Housing Cost Burden (%)						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	67.0	21.6	37.6	51.2	9.5	14.7
NonMSA Mississippi	62.2	34.2	37.5	50.1	21.9	17.3
Mississippi	66.8	42.0	39.7	51.5	25.0	17.2
<i>Cost burden is housing cost that equals 30% or more of household income.</i>						

- The proportion of housing-cost-burdened low-income renters and owners in the AA is above the proportion in nonMSA Mississippi. Conversely, the proportion of moderate-income renters and owners that are cost burdened in the AA is lower than the proportion in nonMSA Mississippi.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the Lending Test is Satisfactory.

### Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of 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 similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on location, asset size, and loan portfolio composition.

Comparative LTD Ratios March 31, 2019 – June 30, 2024			
Institution	Location	Asset Size \$ (000s)	LTD Ratio (%)
			22-Quarter Average
Bank of Winona	Winona, Mississippi	147,525	41.7
Similarly Situated Institutions			
Regional Banks	Kilmichael, Mississippi	314,193	58.2
	Cleveland, Mississippi	318,417	53.2
	Lexington, Mississippi	143,650	42.6

The bank's LTD is reasonable. The bank had a 22-quarter average of 41.7 percent, which was below two peers and in line with another. The current LTD is similar to performance at the previous evaluation, which had a slightly higher LTD of 43.1 percent.

### Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	# %	\$ (000s)	\$ %	#	# %	\$ (000s)	\$ %
1-4 Family Residential Real Estate	49	87.5	3,879	80.6	7	12.5	933	19.4
Consumer Motor Vehicle	59	80.8	728	80.3	14	19.2	179	19.7
<b>TOTAL LOANS</b>	<b>108</b>	<b>83.7</b>	<b>4,608</b>	<b>80.6</b>	<b>21</b>	<b>16.3</b>	<b>1,112</b>	<b>19.4</b>
<i>Note: Percentages may not total 100.0% due to rounding.</i>								

A majority of the bank's loans, by number and dollar, are originated inside the AA. Overall, 83.7 percent of the total loans were originated inside the AA, accounting for 80.6 percent of the total dollar volume of loans.

### **Loan Distribution by Borrower's Profile**

This performance criterion evaluates the bank's lending to borrowers of different income levels. The bank's lending has a reasonable distribution among individuals of different income levels. More specifically, the bank's 1–4 family residential real estate lending performance and consumer motor vehicle lending performance to LMI individuals are both reasonable.

#### Residential Real Estate Lending

The bank's 1–4 family residential real estate loan distribution to LMI borrowers is reasonable. The bank's performance lending to low-income borrowers (14.6 percent) exceeds the aggregate (5.4 percent) but is below the demographic comparator (25.8 percent). Conversely, the bank's performance lending to moderate-income borrowers (16.7 percent) is below the aggregate (20.1 percent) and is slightly above the demographic comparator (16.1 percent).

<b>Distribution of 2023 Residential Real Estate Lending by Borrower Income Level</b>							
<b>Assessment Area: Central Mississippi</b>							
<b>Borrower Income Level</b>	<b>Bank and Aggregate Loans</b>						<b>Families by Family Income %</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b># %</b>	<b># %</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
Low	7	14.6	5.4	240	6.2	2.2	25.8
Moderate	8	16.7	20.1	393	10.2	15.2	16.1
Middle	8	16.7	23.4	617	16.0	21.3	19.1
Upper	24	50.0	34.2	2,487	64.5	44.2	39.0
Unknown	1	2.1	16.8	116	3.0	17.2	0.0
<b>TOTAL</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>3,853</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: 2023 FFIEC Census Data</i> <i>2016–2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0% due to rounding.</i>							

#### Consumer Motor Vehicle

The borrower distribution of consumer motor vehicle lending is reasonable. The bank's lending to low-income borrowers (27.1 percent) is comparable to the percentage of low-income households in the AA (27.0 percent), while the bank's lending to moderate-income borrowers (20.3 percent) is slightly above the household comparator (15.9 percent). When combined, the bank's lending to LMI borrowers is slightly above the percentage of LMI households in the AA.

Distribution of 2023 Consumer Motor Vehicle Lending by Borrower Income Level					
Assessment Area: Central Mississippi					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	# %	\$ (000s)	\$ %	
Low	16	27.1	125	17.1	27.0
Moderate	12	20.3	104	14.3	15.9
Middle	21	35.6	267	36.6	15.3
Upper	9	15.3	222	30.5	41.8
Unknown	1	1.7	11	1.5	0.0
<b>TOTAL</b>	<b>59</b>	<b>100.0</b>	<b>729</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data					
2016–2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0% 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 loans reflects excellent distribution among the different census tracts and dispersion throughout the AA.

### Residential Real Estate Lending

The geographic distribution of residential real estate lending is excellent. The bank’s overall distribution of 1–4 family residential real estate loans in low-income census tracts (27.1 percent) substantially exceeds the aggregate (6.5 percent) as well as the demographic figure (6.6 percent). The bank’s performance lending in moderate-income census tracts (22.9 percent) slightly exceeds the aggregate (18.5 percent) and is significantly more than the demographic figure (8.0 percent).

Distribution of 2023 Residential Real Estate Lending by Income Level of Geography							
Assessment Area: Central Mississippi							
Geographic Income Level	Bank and Aggregate Loans						Owner- Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	13	27.1	6.5	958	24.9	7.1	6.6
Moderate	11	22.9	18.5	933	24.2	19.4	8.0
Middle	22	45.8	41.3	1,735	45.0	39.8	52.0
Upper	2	4.2	33.7	227	5.9	33.7	33.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
<b>TOTAL</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>3,853</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data							
2016–2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0% due to rounding.							

Consumer Motor Vehicle

The geographic distribution of consumer motor vehicle lending is excellent. The bank's overall distribution of consumer motor vehicle loans in low-income census tracts (6.8 percent) slightly trails the demographic comparator (10.3 percent). Conversely, the bank's lending to borrowers in moderate-income census tracts (28.8 percent) more than doubles the demographic comparator (11.0 percent).

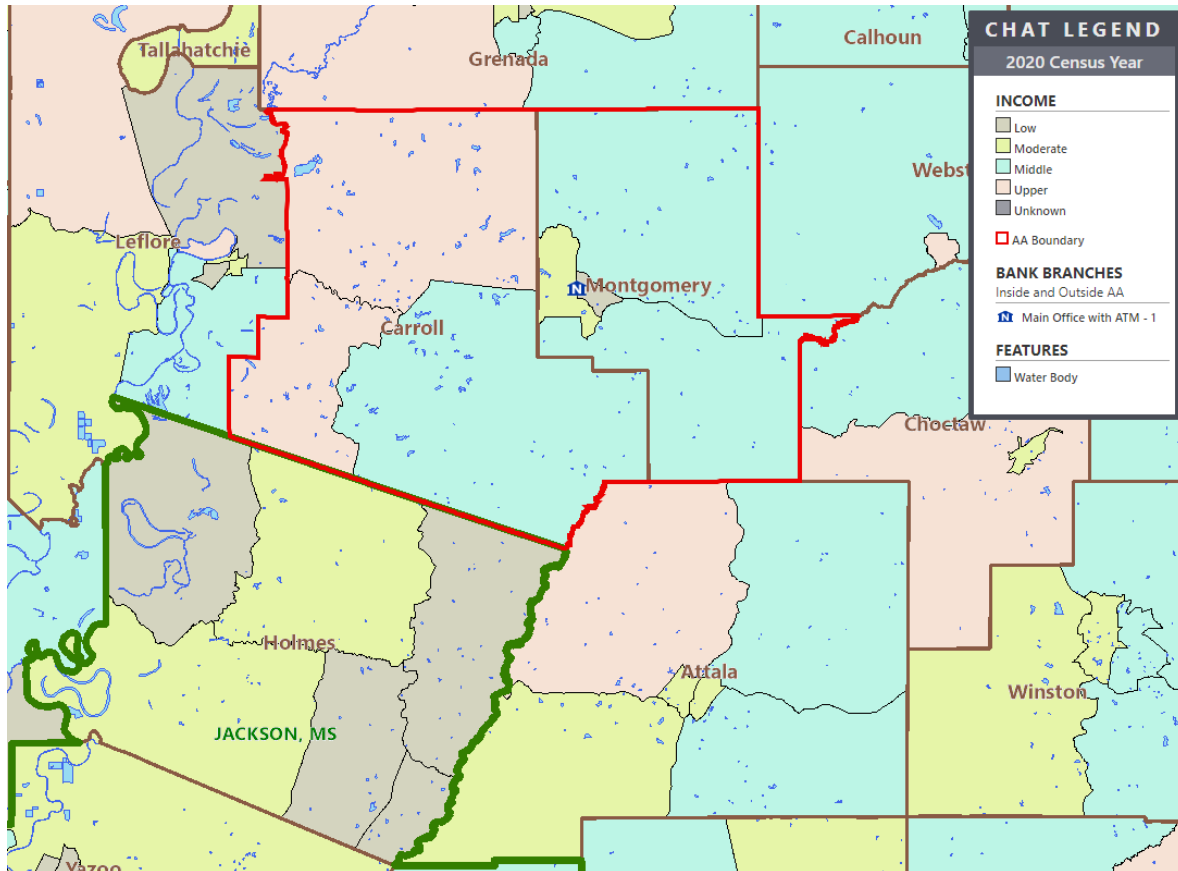
<b>Distribution of 2023 Consumer Motor Vehicle Lending by Income Level of Geography Assessment Area: Central Mississippi</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Households %</b>
	<b>#</b>	<b># %</b>	<b>\$ (000s)</b>	<b>\$ %</b>	
Low	4	6.8	25	3.4	10.3
Moderate	17	28.8	185	25.4	11.0
Middle	34	57.6	430	59.1	49.3
Upper	4	6.8	88	12.1	29.3
Unknown	0	0.0	0	0.0	0.0
<b>TOTAL</b>	<b>59</b>	<b>100.0</b>	<b>728</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: 2023 FFIEC Census Data 2016–2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</i>					

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Central Mississippi Assessment Area



## APPENDIX B – 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.

**Assessment area:** One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

**Census tract:** A small subdivision of metropolitan and nonmetropolitan 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 on 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 contact:** Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

**Community development:** An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) 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; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and 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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Demographics:** The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

**Distressed nonmetropolitan middle-income geography:** A middle-income, nonmetropolitan 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.

**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 under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 who 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 income of applicants; the amount of loan requested; and the disposition of the application (e.g., 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 refinancing of home improvement and home purchase loans.

**Household:** One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing affordability ratio:** Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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.

**Median family income:** The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.

**Nonmetropolitan statistical area (nonMSA):** Not part of a metropolitan area. (See metropolitan area.)

**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.

**Performance context:** The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

**Performance criteria:** These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

**Performance evaluation (PE):** A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

**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 businesses/small farms:** A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

**Small loan(s) to business(es):** That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports 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 secured by either 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):** That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

**Underserved middle-income geography:** A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.