

# **PUBLIC DISCLOSURE**

March 9, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Western Nebraska Bank  
Certificate Number: 1983

301 Center Avenue  
Curtis, Nebraska 69025

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

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Western Nebraska Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the small farm and small business loans reviewed were located inside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation. As a result, this criterion did not affect the rating.

## DESCRIPTION OF INSTITUTION

### **Background**

Western Nebraska Bank is a small community bank operating from four offices in western Nebraska. Western Bancshares Incorporated, a one-bank holding company, owns the institution. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated August 4, 2014, based on Interagency Small Institution Examination Procedures.

### **Operations**

Western Nebraska Bank operates a main office in Curtis, Nebraska, and branch facilities in North Platte, Paxton, and Purdum. The Paxton branch is located in Keith County middle-income census tract 0003 and is new since the prior evaluation, being acquired on December 4, 2015. In addition, the bank's Curtis and Purdum offices are located in middle-income census tracts in Frontier and Blaine counties, respectively. The bank's North Platte office is located in a moderate-income census tract in Lincoln County. Aside from the Paxton office, Western Nebraska Bank has not opened or closed any offices or been involved in any mergers or acquisitions since the prior evaluation.

The bank offers a variety of lending products, including agricultural, commercial, home mortgage, and consumer loans, primarily focusing on agricultural lending. In addition, the institution offers several deposit products including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online and mobile banking and three bank-owned automated teller machines (ATMs), none of which accept deposits.

### **Ability and Capacity**

Assets totaled approximately \$126.3 million as of December 31, 2019, and included loans totaling \$101.5 million. Deposits totaled \$104.6 million as of the same date. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area's credit needs. The following table shows the institution's loan portfolio distribution.

<b>Loan Portfolio Distribution as of 9/30/19</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	4,925	4.9
Secured by Farmland	23,944	23.6
Secured by 1-4 Family Residential Properties	7,951	7.8
Secured by Multifamily (5 or more) Residential Properties	2,010	2.0
Secured by Nonfarm Nonresidential Properties	12,471	12.3
<b>Total Real Estate Loans</b>	<b>51,301</b>	<b>50.5</b>
Commercial and Industrial Loans	19,325	19.0
Agricultural Production and Other Loans to Farmers	25,115	24.7
Consumer Loans	2,475	2.4
Obligations of State and Political Subdivisions in the U.S.	527	0.5
Other Loans	2,782	2.7
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>101,525</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0</i>		

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Western Nebraska Bank designated a single assessment area in nonmetropolitan Nebraska. The assessment area consists of the entireties of Arthur, Blaine, Brown, Cherry, Custer, Dawson, Frontier, Grant, Hayes, Hooker, Keith, Lincoln, Logan, Loup, McPherson, Perkins, and Thomas counties. The following sections provide demographic and economic information for the assessment area.

### **Economic and Demographic Data**

Western Nebraska Bank's assessment area is located in western Nebraska, which is largely rural in nature. According to the 2015 American Community Survey (ACS), the assessment area contains 7 moderate-income, 28 middle-income, and 1 upper-income census tracts. The largest communities are North Platte – 24,420, Lexington – 10,152, Ogallala – 4,605, Cozad – 3,905, Gothenburg – 3,542, Broken Bow – 3,518, Valentine – 2,782, and Ainsworth – 1,695.

2019 D&B data indicates that services industry represents the largest portion of businesses and farms inside the assessment area at 34.1 percent, followed by agriculture at 17.9 percent and retail trade at 11.8 percent. In addition, 70.2 percent of the businesses and farms have four or fewer employees, and 85.4 percent operate from a single location. Local schools and hospitals are some of the larger employers.

The following table provides select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	19.4	77.8	2.8	0.0
Population by Geography	99,298	0.0	21.3	74.6	4.1	0.0
Housing Units by Geography	49,181	0.0	20.1	76.3	3.7	0.0
Owner-Occupied Units by Geography	28,300	0.0	18.8	76.3	4.9	0.0
Occupied Rental Units by Geography	13,216	0.0	24.3	74.6	1.1	0.0
Vacant Units by Geography	7,665	0.0	17.4	79.2	3.4	0.0
Businesses by Geography	7,974	0.0	22.9	73.9	3.2	0.0
Farms by Geography	1,743	0.0	9.3	85.0	5.7	0.0
Family Distribution by Income Level	27,420	19.8	19.7	23.1	37.5	0.0
Household Distribution by Income Level	41,516	23.5	16.9	20.0	39.6	0.0
Median Family Income Non-MSAs - NE		\$61,457	Median Housing Value			\$105,561
			Median Gross Rent			\$619
			Families Below Poverty Level			9.5%
<i>Source: 2015 ACS Census and 2019 D&amp;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>						

## **Competition**

The assessment area is moderately competitive for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, 30 financial institutions operate 81 offices in the assessment area. Western Nebraska Bank ranked 13<sup>th</sup> in deposit market share, with 3.2 percent of the deposits.

## **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying 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 conducted a community contact with a local economic development organization familiar with a portion of the assessment area, primarily Lincoln County. The contact stated that the economy is primarily agricultural based and the agricultural sector has struggled in recent years due to low commodity prices and recent flooding. This has affected the non-agricultural sector as well due to the economy's reliance on agriculture. Despite this, the contact believes that the housing market has improved throughout the area in recent years. Individuals now have more options available when shopping for new homes.

## **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners concluded that small farm loans are assessment area's primary credit need.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 4, 2014, to the current evaluation dated March 9, 2020. Examiners used Interagency Small Institution Examination Procedures to conduct the evaluation, which contains a Lending Test. Refer to the Appendices later in the evaluation for a description of this test.

### **Activities Reviewed**

Examiners review small farm and small business loans to evaluate the bank's performance. They selected these products based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as home mortgage or consumer loans, represent a major product line. As a result, examiners did not review any other loan products, as they would provide no material support for conclusions or the rating.

Examiners reviewed all small farm and small business loans originated or purchased from January 1, 2019, through December 31, 2019, to evaluate the bank's record of lending inside its assessment area (Assessment Area Concentration analysis). This consisted of 148 small farm and 88 small business loans totaling approximately \$17,900,000 and \$7,514,000, respectively. From here, examiners reviewed the small farm and small business loans extended inside the assessment area to evaluate the bank's record of lending in the assessment area's seven moderate-income geographies (Geographic Distribution analysis). This consisted of 130 small farm and 75 small business loans totaling approximately \$13,881,000 and \$5,649,000, respectively. Examiners also reviewed the 2018 universe of small farm loans located inside the assessment area for the Geographic Distribution analysis. This consisted of 98 loans totaling approximately \$13,212,000. Finally, examiners reviewed a sample of small farm and small business loans from inside the assessment area to evaluate the bank's record of lending to farms and businesses of all sizes (Borrower Profile analysis). This consisted of 50 small farm and 40 small business loans totaling approximately \$6,014,000 and \$3,623,000, respectively.

Bank management indicated that the loans reviewed were representative of the institution's performance during the entire evaluation period. Bank records confirmed this statement. As a result, the evaluation does not contain any other years of data. The data used to conduct the evaluation came from the automated loan download, other bank records, individual customer loan files, and interviews with bank management. 2018 and 2019 D&B data provided a standard comparison for the bank's performance.

When conducting the Assessment Area Concentration analysis, examiners placed equal weight on the number and dollar volume of loans. When conducting the Borrower Profile and Geographic Distribution analysis, examiners placed greater weight on the number of loans than the dollar volume of loans. This is because the number of loans is a better indicator of the farms and geographies served. Overall examiners placed more weight on small farm loans due to agricultural lending being the bank’s primary lending focus.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Western Nebraska Bank demonstrated reasonable performance under the Lending Test. Reasonable performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criterion supports this conclusion.

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 90.5 percent over the past 21 quarters from September 30, 2014, to September 30, 2019. The ratio ranged from a low of 77.7 percent as of March 31, 2015, to a high of 99.8 percent as of December 31, 2018. As of September 30, 2019, the ratio was 92.3 percent.

Examiners compared Western Nebraska Bank’s average net loan-to-deposit ratio to three similarly-situated institutions to evaluate the institution’s performance. The similarly-situated institutions were selected based on their asset size, geographic location, and lending focus. As shown in the following table, the bank’s average net loan-to-deposit ratio is comparable to the similarly-situated institutions’ ratios.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2019 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Western Nebraska Bank, Curtis, NE</b>	<b>120,394</b>	<b>90.5</b>
Community First Bank, Maywood, NE	122,016	80.4
First State Bank, Farnam, NE	146,789	96.4
The Hersey State Bank, Hershey, NE	77,573	101.5
<i>Source: Reports of Condition and Income 9/30/14 through 9/30/19</i>		

## Assessment Area Concentration

A majority of the small farm and small business loans reviewed were located inside the assessment area, reflecting reasonable performance. The following table provides details.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business	75	85.2	13	14.8	88	5,649	75.2	1,865	24.8	7,514
Small Farm	130	87.8	18	12.2	148	13,881	77.5	4,019	22.5	17,900
<i>Source: Evaluation Period: 1/1/2019 - 12/31/2019 Bank Data Due to rounding, totals may not equal 100.0</i>										

## Geographic Distribution

The geographic distribution of small farm and small business loans reflects reasonable dispersion throughout the assessment area. Examiners reviewed all small farm and small business loans originated in the assessment area to evaluate the bank's performance regarding this criterion.

### Small Farm

The distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Although the bank's performance in 2019 significantly lagged the D&B data, examiners reviewed the bank's distribution of small farm loans in 2018. In 2018 the bank's performance closely mirrored the D&B data. Further, the bank had multiple farm loans located in the moderate-income census tracts that were not renewed in 2019 due to deteriorating credit quality caused by the declining agriculture economy. Due to these factors, the bank's record of lending to farms in the moderate-income census tracts reflects reasonable performance. The following table provides details.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
<b>Moderate</b>					
2018	9.6	7	7.1	413	3.1
2019	9.3	4	3.1	335	2.4
<b>Middle</b>					
2018	84.8	87	88.8	12,384	93.7
2019	85.0	116	89.2	12,839	92.5
<b>Upper</b>					
2018	5.6	4	4.1	415	3.1
2019	5.7	10	7.7	707	5.1
<b>Totals</b>					
<b>2018</b>	<b>100.0</b>	<b>98</b>	<b>100.0</b>	<b>13,212</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>	<b>13,881</b>	<b>100.0</b>
<i>Source: 2018 &amp; 2019 D&amp;B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

### Small Business

The distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's record of lending to businesses in the moderate-income census tracts is similar to D&B data, reflecting reasonable performance. The following table provides details.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	22.9	13	17.3	1,768	31.3
Middle	73.9	59	78.7	3,746	66.3
Upper	3.2	3	4.0	135	2.4
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>5,649</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; 1/1/2019 - 12/31/2019 Bank Data Due to rounding, totals may not equal 100.0</i>					

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes. Examiners reviewed the sample of loans described in the “Scope of Evaluation” section earlier to evaluate the bank’s performance regarding this criterion.

### **Small Farm**

The distribution of borrowers reflects excellent penetration among farms of different sizes. Only one small farm loan sampled was to a farm with gross annual revenues greater than \$1,000,000, reflecting excellent performance. The following table provides details.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	96.9	49	98.0	5,981	99.5
>1,000,000	1.8	1	2.0	33	0.5
Revenue Not Available	1.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	<b>6,014</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data, 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0</i>					

## Small Business

The distribution of borrowers reflects excellent penetration among businesses of different sizes. The bank's record of lending to businesses with gross annual revenues of less than \$1 million exceeded D&B data, reflecting excellent performance. The following table provides details.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	78.3	35	87.5	2,281	63.0
>1,000,000	4.8	5	12.5	1,342	37.0
Revenue Not Available	16.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>3,623</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data, 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0</i>					

## Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the rating.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution's CRA rating.

## 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 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;
- 4) The geographic distribution of the bank's loans; 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.

**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.