

# **PUBLIC DISCLOSURE**

August 5, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Hill Bank & Trust Co.  
Certificate Number: 11902

201 East Main Street  
Weimar, Texas 78962

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

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

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 **Needs to Improve**.

An institution in this group needs to improve its overall 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 following points summarize conclusions regarding the Lending Test, discussed in detail elsewhere.

- The loan-to-deposit (LTD) ratio is less than reasonable (considering seasonal variations and taking into account lending-related activities) 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.
- Examiners did not perform a geographic distribution of loans since there were no low- or moderate-income tracts in the bank's assessment area.
- The bank's limited lending activity notably restricts the confidence level for any conclusions drawn from that data and a review of the borrower profile criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

## DESCRIPTION OF INSTITUTION

Hill Bank & Trust Co. (HBTC) chartered in 1931 in Weimar, Texas, remains part of a multi-tiered holding company structure wherein Hill Bancshare Holdings, Inc., Weimar, Texas, wholly owns Hill Bancshares of Delaware, Inc., Wilmington, Delaware, which wholly owns HBTC. By virtue of common ownership at the holding company level, HBTC is affiliated with Columbus State Bank, Columbus, Texas. The bank received a Needs to Improve rating at its previous Federal Deposit Insurance Corporation (FDIC) evaluation, dated April 6, 2022, based on Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures.

HBTC functions as a retail bank with a primary focus on agricultural and commercial loans. The bank did not participate in any merger or acquisition activity since the last evaluation, and operates from its one office, located in Weimar, TX approximately 85 miles west of Houston, Texas. HBTC did not open or close any office locations since the previous evaluation.

The bank offers a variety of loan products including residential real estate, commercial, consumer, agricultural, and construction loans. It also provides a variety of consumer and

commercial deposit services, including checking and savings accounts. The institution maintains banking hours typical for its area and the industry, with extended hours available on Friday afternoons and Saturday mornings. Alternative banking services include online banking and a non-deposit taking automated teller machine (ATM) located at the bank.

As of the March 31, 2024, Report of Condition, or Call Report, total assets equaled approximately \$153.8 million, net loans totaled \$9.9 million, and total deposits equaled \$131.8 million. Since the last evaluation, on average per year, total assets decreased 1.1 percent, net loans decreased 8.7 percent, and total deposits remained the same. The following table illustrates the mix of outstanding loans as of March 31, 2024, which reflects a distribution generally supportive of the institution’s primary business focus.

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	145	1.4
Secured by Farmland	3,178	30.7
Secured by 1-4 Family Residential Properties	3,106	30.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	621	6.0
<b>Total Real Estate Loans</b>	<b>7,050</b>	<b>68.1</b>
Commercial and Industrial Loans	1,439	13.9
Agricultural Production and Other Loans to Farmers	743	7.2
Consumer Loans	1,110	10.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	10	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>10,352</b>	<b>100.0</b>

*Source: Reports of Condition and Income*

Based on the information discussed in this section as well as other regulatory data, the institution’s financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment area’s credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

Hill Bank & Trust designated one contiguous assessment area, the Texas Non-Metropolitan Statistical Area Assessment Area (Non-MSA AA). The assessment area conforms to technical CRA regulatory requirements. The Non-MSA AA consists of all 14 census tracts that make up Colorado and Fayette Counties. The bank operates its single office and one ATM in a middle-income census tract within this assessment area. Examiners performed a full-scope review of this area and considered the bank’s performance in the Non-MSA AA when arriving at applicable conclusions.

## **Economic and Demographic Data**

The area’s 14 census tracts reflect the following income designations based on 2020 U. S. Census data: 9 middle- and 5 upper-income tracts. There are no low- or moderate-income tracts in the bank’s assessment area. The area received several major disaster declarations during the period under review from the Federal Emergency Management Agency (FEMA) including a Severe Winter Storms and the Texas COVID-19 Pandemic in 2021 and 2020, respectively.

Based on D&B business demographic data, service industries represent the largest portion of businesses at 30.2 percent, followed by non-classifiable establishments at 21.1 percent, retail trade at 12.0 percent and finance, insurance, and real estate at 9.6 percent. Major employers in the area include UTEX Industries, Weimar Medical Center, Weimar Independent School District, MG Farm Service and Feed Mill and Cavender Ford dealership as well as local city and county government. In addition, 65.1 percent of area businesses have 4 or fewer employees, and 92.3 percent operate from a single location. Since the last evaluation, the Weimar, Texas area has shown a stable economy with some declining economic trends that result in a decline in loan demand. The following table provides select demographic and economic data for the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Hill Bank and Trust</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	14	0.0	0.0	64.3	35.7	0.0
Population by Geography	44,992	0.0	0.0	81.4	18.6	0.0
Housing Units by Geography	24,765	0.0	0.0	78.5	21.5	0.0
Owner-Occupied Units by Geography	13,759	0.0	0.0	79.5	20.5	0.0
Occupied Rental Units by Geography	2,716	0.0	0.0	88.8	11.2	0.0
Vacant Units by Geography	8,290	0.0	0.0	73.4	26.6	0.0
Businesses by Geography	6,192	0.0	0.0	76.4	23.6	0.0
Farms by Geography	514	0.0	0.0	72.2	27.8	0.0
Family Distribution by Income Level	11,467	15.1	16.9	20.2	47.9	0.0
Household Distribution by Income Level	16,475	20.7	14.6	16.8	47.8	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$175,013
			Median Gross Rent			\$576
			Families Below Poverty Level			6.4%

*Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

The following table shows the unemployment rates for each county, based on data from the Texas Workforce Commission, which are below the State of Texas and national averages.

<b>Unemployment Rates</b>	
<b>Area</b>	<b>May 2024</b>
	<b>%</b>
Colorado County	3.1
Fayette County	3.0
State of Texas Average	3.8
National Average	3.7
<i>Source: The Texas Workforce Commission</i>	

**Competition**

The assessment area contains a relatively high level of competition from other chartered banks based on its population, with each of the 28 offices from its 15 institutions serving about 1,607 people, on average. Credit unions, mortgage companies, finance companies, and payday lenders also compete for loans in the area, thus adding to the competition level. HBTC ranks 7<sup>th</sup> in deposit market share by capturing 4.8 percent of the area’s deposits based on the June 30, 2023, FDIC Deposit Market Share Report.

**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 utilized an existing community contact to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. A small business owner knowledgeable of the area’s economic, demographic, and business environments noted the area’s economy remained resilient despite the global pandemic. The contact indicated the area’s economy benefits from a relatively healthy job market. According to the contact, local financial institutions are actively involved in the community and demonstrate responsiveness to the area’s credit needs involving business, farm and consumer lending.

**Credit Needs**

The area presents a variety of credit needs and lending opportunities, consistent with its population. Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded that the area’s primary credit needs include commercial, small farm and consumer loans.

## SCOPE OF EVALUATION

### General Information

Examiners evaluated performance based on FFIEC Small Institution CRA Examination Procedures, which include the Lending Test. The appendices list the applicable test's criteria. This evaluation covers the period from April 6, 2022, the date of the previous evaluation, to this evaluation's date, August 5, 2024.

### Activities Reviewed

For the Lending Test, CRA Small Bank procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

The following table shows the bank's originations during 2022 and 2023 by loan type. Among the products typically reviewed for CRA, commercial loans at 29.8 percent, agricultural loans at 32.1 percent, and consumer loans at 17.7 percent of total loans by dollar volume represent the bank's primary product types. Residential loans, at 14.8 do not represent a major product line for the bank. Bank records indicate the lending focus and product mix remained consistent throughout the evaluation period.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	462	5.6	2	1.2
Secured by Farmland	1,890	23.1	9	5.5
Secured by 1-4 Family Residential Properties	1,216	14.8	8	4.9
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	0	0.0	0	0.0
Commercial and Industrial Loans	2,437	29.8	33	20.2
Agricultural Loans	734	9.0	36	22.1
Consumer Loans	1,448	17.7	75	46.1
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>8,187</b>	<b>100.0</b>	<b>163</b>	<b>100.0</b>
<i>Source: 2022 and 2023 Bank Data</i>				

Considering the number and dollar volume of loans originated in the previous table as well as management's business strategy, examiners determined that the bank's major product lines, of those typically reviewed, consist of small farm, small business, and consumer lending.

This evaluation considered the universe of 18 small farm loans totaling nearly \$1.7 million originated in 2022, and the universe of 27 small farm loans totaling nearly \$1.0 million originated in 2023. Examiners also considered the universe of 15 small business loans totaling \$1.8 million originated in 2022 and 18 small business loans totaling \$634 thousand in 2023.

Finally, examiners considered the universe of 19 consumer loans totaling \$240 thousand originated in 2022 and 41 loans totaling \$902 thousand in 2023.

Examiners considered the universes by dollar volume and number of loans originated in 2022 and 2023, as well as management’s stated business strategy to determine the weighting applied to the loan categories reviewed when arriving at applicable conclusions. Consequently, small farm loans received slightly heavier weight when arriving at overall conclusions, followed by small business loans. Consumer loans received lesser weighting.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Farm	45	2,624	45	2,624
Small Business	33	2,437	33	2,437
Consumer	60	1,143	60	1,143

*Source: 2022 and 2023 Bank Data*

**CONCLUSIONS ON PERFORMANCE CRITERIA**

**LENDING TEST**

HBTC needs to improve its performance regarding the Lending Test. The bank’s less than reasonable record regarding its LTD ratio as well as the limited lending levels, primarily support this conclusion.

**Loan-to-Deposit Ratio**

The LTD ratio is less than reasonable (considering seasonal variations and taking into account lending -related activities) given the institution's size, financial condition, and assessment area credit needs. Examiners considered the average, net LTD ratio's reasonableness along with performance context including, the institution's capacity to lend, the capacity of other similarly situated institutions to lend in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the institution's assessment area.

The bank recorded an 8.7 percent average, net LTD ratio for the 8 calendar quarters since the previous evaluation. This is a continuing decline from previous evaluation’s level of 10.4 percent. The bank’s current quarterly, net LTD ratios ranged from a low of 7.5 percent on March 31, 2024, to a high of 9.3 percent as of September 30, 2022. The quarterly ratios have steadily declined.

Examiners identified and listed in the following table, three comparable institutions reflecting similar lending emphases, asset sizes, or that operate in or near the bank’s assessment area. The table shows that HBTC's ratio was the lowest of the three listed, landing 26.5 percentage points below the next lowest ratio and 71.0 percentage points below the highest listed ratio.



Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2024 (\$000s)	Average Net LTD Ratio (%)
Hill Bank & Trust, Weimar, Colorado County, TX	131,416	8.7
National Bank & Trust, LaGrange, Fayette County, TX	176,943	61.5
The First National Bank of Eagle Lake, Eagle Lake, Colorado County, TX	131,298	79.7
The First State Bank of Columbus, Columbus, Colorado County, TX	128,499	35.2

Source: Reports of Condition and Income (06/30/2022 to 03/31/2024)

### ***Effect on Overall Rating***

Given the capacity of the institution to lend, the low level of lending restricts the confidence level and limits the relevance of conclusions provided throughout the remaining Lending Test performance factors. Further, given the bank's location and assessment area demands, the limited volume, as reflected by the LTD ratio, shows the bank's lack of meeting the assessment area credit needs. As such, the LTD performance significantly impacted the overall rating.

### **Assessment Area Concentration**

A substantial majority of loans are in the institution's AA. As reflected in the following table, the bank originated an overall substantial majority of small business, small farm, and consumer loans inside the bank's AA, by number and dollar amount. Considering both the number and dollar volume of the loan products reviewed, the bank originated a substantial majority of its loans in the institution's AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business										
2022	15	100.0	0	0.0	15	1,803	100.0	0	0.0	1,803
2023	16	88.9	2	11.1	18	363	57.3	271	42.7	634
<b>Subtotal</b>	<b>31</b>	<b>93.9</b>	<b>2</b>	<b>6.1</b>	<b>33</b>	<b>2,166</b>	<b>88.9</b>	<b>271</b>	<b>11.1</b>	<b>2,437</b>
Small Farm										
2022	18	100.0	0	0.0	18	1,656	100.0	0	0.0	1,656
2023	26	96.3	1	3.7	27	894	92.3	75	7.7	969
<b>Subtotal</b>	<b>44</b>	<b>97.8</b>	<b>1</b>	<b>2.2</b>	<b>45</b>	<b>2,550</b>	<b>97.1</b>	<b>75</b>	<b>2.9</b>	<b>2,625</b>
Consumer										
2022	18	94.7	1	5.3	19	225	93.8	15	6.2	240
2023	36	87.8	5	12.2	41	758	84.0	145	16.0	903
<b>Subtotal</b>	<b>54</b>	<b>90.0</b>	<b>6</b>	<b>10.0</b>	<b>60</b>	<b>983</b>	<b>86.0</b>	<b>160</b>	<b>14.0</b>	<b>1,143</b>
<b>Total</b>	<b>129</b>	<b>93.5</b>	<b>9</b>	<b>6.5</b>	<b>138</b>	<b>5,699</b>	<b>91.9</b>	<b>506</b>	<b>8.1</b>	<b>6,205</b>

Source: Bank Data; Due to rounding, totals may not equal 100.0%

### **Geographic Distribution**

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

### **Borrower Profile**

The bank's limited lending activity notably restricts the confidence level for any conclusions drawn from that data and a review of the borrower profile criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

### **Response to Complaints**

The institution 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**

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.