

PUBLIC DISCLOSURE

April 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Nebraska State Bank and Trust Company
Certificate Number: 8322

945 South D Street
Broken Bow, Nebraska 68822

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
APPENDICES	10
SMALL BANK PERFORMANCE CRITERIA	10
GLOSSARY.....	11

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 ratio is excellent given the institution's size, financial condition, and assessment area credit needs.
- A majority of the loans reviewed were located inside the assessment area.
- The assessment area does not include any low- or moderate-income census tracts. Therefore, examiners did not analyze the geographic distribution of loans.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and poor penetration among individuals of different income levels. The bank's overall performance is reasonable.
- The institution did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

DESCRIPTION OF INSTITUTION

Nebraska State Bank and Trust Company is a community financial institution headquartered in Broken Bow, Nebraska. The bank is owned by First Central Nebraska Co., a one-bank holding company, also headquartered in Broken Bow. The FDIC assigned a CRA rating of “Satisfactory” at the May 17, 2016 Performance Evaluation, where examiners used Interagency Small Institution Examination Procedures.

The bank operates four full-service offices all in Custer County, Nebraska: two in Broken Bow, one in Callaway, and one in Merna. While the bank did not open or close any permanent locations since the previous evaluation, the bank relocated the Broken Bow headquarters to a temporary location in Broken Bow from September 2017 to August 2018 while the bank remodeled. The temporary relocation had no impact on low- or moderate-income areas.

The bank offers traditional credit products including agricultural, commercial, home mortgage, and consumer loans. Agricultural lending continues to be the bank’s primary focus. In 2020 and 2021, the bank participated in the Small Business Administration (SBA) Paycheck Protection Program (PPP) originating 661 loans totaling \$11.5 million. For home mortgage lending, the bank retains a majority of loans originated; however, the bank also sells and refers some home mortgage loans to the secondary market. The bank offers a variety of deposit products including checking accounts, savings accounts, and certificates of deposit. Alternative banking services include internet banking, mobile banking, person-to-person payments, and ATMs.

The institution’s December 31, 2021 Consolidated Report of Condition and Income reflected total assets of \$292.6 million, total loans of \$207.9 million, and total deposits of \$252.6 million. The following table reflects the bank’s loan portfolio composition.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	483	0.2
Secured by Farmland	60,963	29.4
Secured by 1-4 Family Residential Properties	22,235	10.7
Secured by Multifamily (5 or more) Residential Properties	3,588	1.7
Secured by Nonfarm Nonresidential Properties	41,021	19.7
Total Real Estate Loans	128,290	61.7
Commercial and Industrial Loans	18,524	8.9
Agricultural Production and Other Loans to Farmers	48,309	23.2
Consumer Loans	12,055	5.8
Obligations of State and Political Subdivisions in the U.S.	750	0.4
Other Loans	13	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	207,941	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Nebraska State Bank and Trust Company has one assessment area that includes all of Custer County. Custer County is located in a nonmetropolitan area in central Nebraska. The assessment area consists of all middle-income census tracts according to the 2015 American Community Survey (ACS).

Economic and Demographic Data

The following table provides select demographic data 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)	4	0.0	0.0	100.0	0.0	0.0
Population by Geography	10,802	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,566	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,453	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,292	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	821	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,084	0.0	0.0	100.0	0.0	0.0
Farms by Geography	344	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,205	20.5	22.4	21.2	35.9	0.0
Household Distribution by Income Level	4,745	22.8	19.7	18.4	39.1	0.0
Median Family Income Non-MSAs - NE	\$61,457		Median Housing Value			\$86,933
			Median Gross Rent			\$568
			Families Below Poverty Level			7.9%

*Source: 2015 ACS and 2021 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 assessment area is primarily rural in nature. The largest community in the assessment area is Broken Bow, with a population of 3,559, while the remaining communities in Custer County all have populations under 1,000. The assessment area population has declined by 1.3 percent since the previous evaluation. While the number of housing units has remained relatively stable, housing units used as rentals increased 4.4 percent (241 units) and housing units used as owner-occupied decreased slightly (<1.0 percent; 81 units) since the previous evaluation. These changes indicate the potential for reduced demand of owner-occupied home mortgage financing within the assessment area.

Economic conditions are highly dependent on agricultural production as evidenced by 2017 Census of Agriculture data. Farming operations within Custer County reported total commodity sales in excess of \$781 million. The assessment area experienced a trend of smaller farm operations consolidating into larger farm operations since the previous evaluation. According to 2021 D&B data, as well as 2017 Census of Agriculture data, the number of farms in the assessment area decreased while the average size of farms increased. The decrease in farms consisted entirely of farms with gross annual revenue of \$1 million or less, while farms with gross annual revenue exceeding \$1 million increased slightly.

The assessment area also supports a number of non-farm businesses. According to 2021 D&B data, the three largest business segments, by number, are services (30.3 percent), agriculture, forestry, and fishing (24.1 percent) and retail trade (10.4 percent). The majority of businesses are small with 88.7 percent operating from a single location, 73.7 percent employing four or less employees, and 80.0 percent having gross annual revenue of \$1 million or less. Overall, the number of non-farm businesses increased since the previous evaluation (16 businesses); the increase included both businesses with gross annual revenue of \$1 million or less and businesses with gross annual revenue exceeding \$1 million.

In early 2020, the COVID-19 pandemic began to spread across the nation resulting in numerous business closings. As a result, unemployment increased throughout the assessment area peaking at a high in June 2020 of 5.0 percent. Unemployment has since declined to more normalized levels, which has helped stabilize the economy. As of December 2021, the unemployment rate for the assessment area was 0.8 percent, which is less than the state of Nebraska at 1.8 percent.

Examiners used information from the Federal Financial Institution Examination Council (FFIEC) to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the FFIEC-estimated 2021 median family income for the nonmetropolitan areas of Nebraska, as well as the respective low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
<i>Source: FFIEC</i>				

Competition

The assessment area is competitive for financial services. According to 2021 FDIC Deposit Market Share data, 8 financial institutions operated 12 offices within the assessment area. Of these institutions, Nebraska State Bank and Trust Company ranked 1st with a deposit market share of 47.8 percent. Additionally, Farm Credit Services, farm cooperatives, and implement dealers provide significant competition for agricultural loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area’s credit needs. This information helps determine whether local

financial institutions are responsive to those needs. It also shows what credit opportunities are available.

Examiners reviewed a community contact conducted in February 2022 with a representative of an economic development organization. The contact stated that agricultural-related businesses are the dominant economic driver of the area and that manufacturing jobs are holding steady, to slightly gaining, in the overall economic outlook of the community. The contact also stated that small businesses fill the rural areas' retail needs in the absence of large box store options. The contact noted that the local economy is slowly growing and coming back from stresses incurred from the COVID-19 pandemic. The contact identified agriculture, small business, and home mortgage loans as credit needs within the area. The contact indicated that financial institutions are responsive and meet the credit needs of the assessment area.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural, small business, and home mortgage loans are all primary credit needs in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated May 17, 2016, to the current evaluation, dated April 11, 2022. Examiners used Interagency Small Institution Examination Procedures to conduct the evaluation, which includes a Lending Test. Refer to the Appendices for a description of this test.

Activities Reviewed

Agricultural loans are the bank's primary business focus representing 52.6 percent of the loan portfolio, followed by commercial and home mortgage loans representing 28.6 and 12.4 percent, respectively. Examiners reviewed all three products 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. Other loan products, such as consumer loans, do not represent major product lines. As such, examiners did not review these products, since they would not provide material support for conclusions or the rating.

Examiners selected calendar year 2021 as the review period. Bank management indicated this review period was an accurate representation of the institution's lending activity throughout the evaluation period, despite the increased small business loan activity originated under the SBA PPP. Bank management indicated that the majority of SBA PPP loans were made to existing bank customers. Home mortgage loans sold or referred to the secondary market were not included in the universe of loans reviewed. 2021 D&B data provided a standard of comparison for small farm and small business loans and 2015 ACS data provided a standard of comparison for home mortgage loans.

For the Assessment Area Concentration analysis, examiners reviewed all small farm, small business, and home mortgage loans originated or purchased during the review period. For the

Borrower Profile analysis, examiners reviewed a sample of small farm, small business, and home mortgage loans located inside the assessment area. The table below provides details of the loans reviewed.

Loan Products Reviewed				
Loan Category	Assessment Area Concentration		Borrower Profile	
	#	\$(000s)	#	\$(000s)
Small Farm	605	23,141	63	1,750
Small Business	262	13,661	55	2,910
Home Mortgage	60	8,764	36	4,316
<i>Source: Bank Data</i>				

Small farm and small business loans contributed more weight to overall conclusions than home mortgage loans due to the higher lending volume. Examiners placed equal weight on the number and dollar volume of loans when conducting the Assessment Area Concentration analysis. However, examiners placed greater weight on the number of loans, rather than the dollar volume of loans, when conducting the Borrower Profile analysis because the number of loans is a better indicator of the small farms, small businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Nebraska State Bank and Trust Company demonstrated satisfactory performance under the Lending Test. Excellent performance under the Loan-to-Deposit Ratio criterion and reasonable performance under the Assessment Area Concentration and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

Nebraska State Bank and Trust Company's net loan-to-deposit ratio is excellent given the institution's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Consolidated Report of Condition and Income data, averaged 98.2 percent over the past 23 quarters from June 30, 2016, to December 31, 2021. The ratio ranged from a high of 106.9 on September 30, 2018, to a low of 81.5 percent on December 31, 2021. Although the bank's ratio has been on a declining trend since June 30, 2020, the average net loan-to-deposit ratio still represents an increase since the previous evaluation when it was 95.4 percent.

Examiners compared Nebraska State Bank and Trust Company's average net loan-to-deposit ratio to four other similarly-situated financial institutions to evaluate the bank's performance. The 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 exceeds those of the similarly-situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
Nebraska State Bank and Trust Company, Broken Bow, Nebraska	292,604	98.2
Custer Federal State Bank, Broken Bow, Nebraska	133,120	89.4
First National Bank in Ord, Ord, Nebraska	158,982	53.4
Flatwater Bank, Gothenburg, Nebraska	214,677	82.0
Bruning Bank, Bruning, Nebraska	468,987	82.9
<i>Source: Reports of Condition and Income 6/30/2016 – 12/31/2021</i>		

Assessment Area Concentration

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

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	473	78.2	132	21.8	605	17,930	77.5	5,211	22.5	23,141
Small Business	210	80.2	52	19.8	262	10,781	78.9	2,880	21.1	13,661
Home Mortgage	51	85.0	9	15.0	60	6,154	70.2	2,610	29.8	8,764
Total	734	79.2	193	20.8	927	34,865	76.5	10,701	23.5	45,566
<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 and poor penetration among individuals of different income levels within the assessment area. Examiners focused on the percentage of small farm and small business loans to farms and businesses with gross annual revenue of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers. Although the penetration among individuals of different income levels is poor, examiners placed greater weight on the bank's record of lending to farms and businesses because of the higher lending volumes for these products. Therefore, the bank's overall performance is reasonable.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's lending activity to farms with gross annual revenue of \$1 million or less is below the percentage of farms reporting revenue in this category, but remains within a reasonable range. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.1	57	90.5	1,219	69.7
>\$1,000,000	2.0	6	9.5	531	30.3
Revenue Not Available	0.9	0	0.0	0	0.0
Totals	100.0	63	100.0	1,750	100.0

Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's lending activity to businesses with gross annual revenue of \$1 million or less exceeds the percentage of businesses reporting revenue in this category. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.0	48	87.3	1,573	54.1
>\$1,000,000	5.1	7	12.7	1,337	45.9
Revenue Not Available	14.9	0	0.0	0	0.0
Totals	100.0	55	100.0	2,910	100.0

Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The distribution of borrowers reflects poor penetration among individuals of different income levels, including low- and moderate-income borrowers. The percentage of home mortgage loans made to both low- and moderate-income borrowers is less than the corresponding percentage of families in those categories within the assessment area. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.5	3	8.3	93	2.2
Moderate	22.4	4	11.1	219	5.1
Middle	21.2	11	30.6	935	21.7
Upper	35.9	17	47.2	2,905	67.3
Not Available	0.0	1	2.8	164	3.8
Totals	100.0	36	100.0	4,316	100.0

Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%.

The bank has made efforts to increase loan volume for low- and moderate-income individuals. Such efforts include presenting financing information for first-time homebuyers in partnership with the Nebraska Economic Development District and maintaining a referral relationship to provide loans targeted to low-and moderate-income borrowers (e.g. Nebraska Investment Finance Authority and USDA Rural Housing Service loans). Additionally, the bank provided down payment assistance to a low-income individual that purchased a home constructed by the Custer County Economic Development Corporation. Despite these efforts, the bank has received a limited number of applications from low- and moderate-income individuals.

Bank management cited the limited affordable housing supply, in part due to lower-priced housing units being used as rentals, as one obstacle to making home mortgage loans to low- and moderate-income individuals. Three of the loans included in the sample were for rental properties. Examiners noted that the bank's performance has improved since the previous evaluation with the bank making an increased number and dollar volume of home mortgage loans to low- and moderate-income borrowers. However, the bank's penetration among low- and moderate-income borrowers still significantly lags the demographic data, reflecting poor performance.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs.

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.