

# **PUBLIC DISCLOSURE**

April 8, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Sweet Water State Bank  
Certificate Number: 9615

31385 Alabama Highway 10  
Sweet Water, Alabama 36782

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

10 10th Street NE, Suite 900  
Atlanta, Georgia 30309-3849

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

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory**

- Loan-to-Deposit Ratio – The institution's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- Assessment Area Concentration – A majority of small business and small farm loans reviewed were originated within the bank's assessment area.
- Geographic Distribution of Loans – The geographic distribution of small business and small farm loans reflects reasonable dispersion throughout the assessment area.
- Borrower Profile – The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses and farms of different sizes.
- Response to Complaints – The bank has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

## DESCRIPTION OF INSTITUTION

Sweet Water State Bank (SWSB) is headquartered in Sweet Water, Alabama. SWSB is owned by Tombigbee Bancshares, a one-bank holding company, also located in Sweet Water, Alabama. The bank has no subsidiaries or affiliates. The bank is located centrally within the assessment area and is reasonably accessible. No merger or acquisition activities or branch closures have occurred since the previous evaluation. The bank opened a branch in Camden, Alabama in 2024. Based on Interagency Small Institution Examination Procedures, the institution received a ‘Satisfactory’ rating at its February 28, 2018 FDIC Performance Evaluation.

SWSB operates five full-service branches in three Alabama counties: the main office in Sweet Water, a branch in Demopolis (Marengo), a branch in Linden (Marengo), a branch in Thomasville (Clarke), and a branch in Camden (Wilcox). The Camden office opened on February 28, 2024. SWSB offers numerous loan products, including lines of credit and commercial, agricultural, and consumer loans, but primarily focuses on agricultural lending. The bank provides a variety of deposit services, including checking, savings, and money market deposit accounts, safe deposit boxes, and certificates of deposit. In addition, the bank offers alternative banking services to include internet and mobile banking, electronic bill pay, 24-hour automated phone line, and four automated teller machines. Hours of operation are reasonable, and services do not vary in a way that inconveniences certain segments of the assessment area.

As of December 31, 2023, SWSB’s total assets were \$122.3 million. Total loans equaled \$69.2 million or 56.5 percent of total assets, and total deposits were \$108.48 million. Similar to the previous evaluation, SWSB’s major product lines are commercial loans and agricultural loans. Commercial loans, including non-farm and non-residential loans, accounted for approximately 34.1 percent of the portfolio at the previous evaluation, and now account for 40.9 percent. Agricultural loans account for 36.4 percent of the portfolio. The composition of the loan portfolio, as of the December 31, 2023 Consolidated Reports of Condition and Income (Call Report), is reflected in the following table.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	807	1.2
Secured by Farmland	19,569	28.3
Secured by 1-4 Family Residential Properties	8,103	11.7
Secured by Nonfarm Nonresidential Properties	12,112	17.5
<b>Total Real Estate Loans</b>	<b>40,591</b>	<b>58.7</b>
Commercial and Industrial Loans	16,187	23.4
Agricultural Production and Other Loans to Farmers	5,592	8.1
Consumer Loans	4,017	5.8
Obligations of State and Political Subdivisions in the U.S.	2,781	4.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>69,168</b>	<b>100.0</b>
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that limit SWSB’s ability to meet the assessment area’s credit needs. Additionally, there have been no material changes to the financial condition of SWSB since the previous evaluation.

## **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. SWSB’s assessment area is defined as all of Marengo, Clarke, Choctaw, and Wilcox counties located in southwestern Alabama. The assessment area is located in a non-metropolitan statistical area. Wilcox County has been added to the assessment area since the previous evaluation.

### **Economic and Demographic Data**

The assessment area contains 26 census tracts with the following income designations: 3 moderate-income, 20 middle-income, and 3 upper-income. The following table presents the demographic information from the 2020 U.S. Census data and 2023 Dun and Bradstreet (D&B) data.

Demographic Information of the Assessment Area						
Assessment Area: NMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	11.5	76.9	11.5	0.0
Population by Geography	65,675	0.0	6.2	78.8	15.0	0.0
Housing Units by Geography	36,404	0.0	8.5	78.2	13.3	0.0
Owner-Occupied Units by Geography	19,113	0.0	8.0	77.2	14.8	0.0
Occupied Rental Units by Geography	7,000	0.0	5.5	83.0	11.5	0.0
Vacant Units by Geography	10,291	0.0	11.4	76.7	11.8	0.0
Businesses by Geography	5,490	0.0	5.4	78.8	15.7	0.0
Farms by Geography	221	0.0	11.3	68.8	19.9	0.0
Family Distribution by Income Level	15,728	26.3	15.7	16.4	41.5	0.0
Household Distribution by Income Level	26,113	31.4	16.7	13.7	38.2	0.0
Median Family Income Non-MSAs - AL		\$55,960	Median Housing Value			\$87,597
			Median Gross Rent			\$613
			Families Below Poverty Level			17.7%
<i>Source: 2020 U.S. Census and 2023 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>						

According to the 2023 D&B data, there were 5,490 business located in the assessment area. Of the 5,490 businesses,

- 82.0 percent have Gross Annual Revenues (GAR) of \$1.0 million or less,
- 3.5 percent have GARs of more than \$1.0 million, and
- 14.5 percent have unknown GARs.

Additionally, there were 221 farms located in the assessment area. Of the 221 farms,

- 95.9 percent have Gross Annual Revenues (GAR) of \$1.0 million or less,
- 1.4 percent have GARs of more than \$1.0 million, and
- 2.7 percent have unknown GARs.

Service Industries represent the largest portion of business at 35.3 percent followed by non-classifiable establishments at 16.5 percent, retail trade at 13 percent, and transportation and communication at 11.5 percent. According to Chamber of Commerce data, the assessment area’s largest employers are Hwashin Corporation, Boise Cascade, and International Paper.

Data obtained from the Bureau of Labor Statistics indicates that the unemployment rates for Marengo, Clarke, Choctaw, and Wilcox counties has mostly remained higher than the state and U.S. National rates through 2023. Due to economic conditions resulting from the global COVID-19

pandemic, unemployment rates fluctuated significantly during 2020 and remain elevated. See the following table for annual averages.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Marengo	4.2	3.4	3.4
Clarke	6.0	5.0	5.3
Choctaw	5.1	4.5	4.4
Wilcox	11.0	7.8	9.3
State	3.5	2.5	2.5
National Average	5.4	3.6	3.7
<i>Source: Bureau of Labor Statistics</i>			

**Competition**

According to the FDIC Deposit Market Share Report, as of June 30, 2023, there were nine financial institutions operating 25 offices within the assessment area. Of these institutions, SWSB ranked sixth, with a market share of 7.11 percent.

The bank is not required to collect or report its small business loan data and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, the 2023 aggregate data shows that 66 lenders reported 1,119 small business loans in the assessment area. This indicates a high level of competition for this product. The top three lenders accounted for 42.4 percent of the total market share.

**Community Contacts**

During CRA evaluations, examiners conduct community contacts to develop a better understanding of the demographic, economic, and credit needs of an institution's assessment area. This information helps provide insight into whether local financial institutions are responsive to these needs. It also helps determine what credit and community development opportunities are available.

Examiners conducted a community contact with an organization within the assessment area that seeks to provide economic growth, civic achievement, and industrial expansion. The contact noted the need for financial literacy specifically geared towards small businesses starting a new business. The contact stated that funding to cover startup costs would also be beneficial.

**Credit Needs**

Considering information from the contact, bank management, and demographic and economic data, examiners determined there are credit opportunities available. There is an opportunity for financial institutions within the assessment area to work with small businesses in terms of their credit and funding needs.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners used the Interagency Small Institution Examination Procedures to evaluate SWSB. The evaluation period is from the previous evaluation, dated February 28, 2018, to the current evaluation, dated April 8, 2024. The procedures consist of the Lending Test only. Refer to the Appendix for additional details regarding each test.

### **Activities Reviewed**

For this evaluation, examiners determined that the bank's major product lines are small business and small farm loans. As of the December 31, 2023 Call Report, commercial loans comprised 40.9 percent and farm loans comprised 36.4 percent of the loan portfolio. Examiners did not analyze residential and consumer loans because these loans do not represent a major product line. The bank has not originated any new 1-4 family residential loans since the last evaluation. The 1-4 family residential loans reflected in the loan portfolio are either land only/business purpose loans or loans originated in the prior period.

During 2023, SWSB originated 137 small business totaling \$11.2 million and 47 small farm loans totaling \$2.8 million. The universe of each product line was reviewed. Small business loans received greater weight in the overall Lending Test conclusions, as they constituted a majority of loan originations during the evaluation period and were the bank's primary business focus. Examiners used 2023 D&B data as a point of comparison for small business and small farm lending performance.

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

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

SWSB demonstrated satisfactory performance under the Lending Test. This performance is supported by a reasonable net loan-to-deposit (LTD) ratio, a majority of loans originated within the assessment area, a reasonable geographic distribution performance, and a reasonable borrower profile performance.

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

The net LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. SWSB's net LTD ratio, calculated from Call Report data, averaged 63.0 percent over the previous 23 quarters. The ratio ranged from a low of 53.4 percent, as of December 31, 2022, to a high of 85.0 percent, as of March 31, 2018. Currently, as of December 31, 2023, the ratio is 63.1 percent.



During the evaluation period, total deposits increased by \$22.7 million, while net loans decreased by \$2.2 million.

To evaluate its reasonableness, a bank’s average net LTD ratio is compared to the ratios of similarly situated banks. The following table shows the average net LTD ratio for SWSB and two similarly situated banks in terms of asset size, location, and product offerings for the same period. As shown in the below table, SWSB’s average net LTD ratio is comparable to other similarly situated banks.

<b>LTD Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2023 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Sweet Water State Bank, Sweet Water, AL</b>	<b>122,338</b>	<b>63.0</b>
Community Neighbor Bank, Camden, AL	157,067	69.7
Town Country United Bank, Camden, AL	124,986	61.1
Peoples Exchange Bank, Monroeville, AL	98,099	61.2
<i>Source: Call Reports 3/31/2018 - 12/31/2023</i>		

### **Assessment Area Concentration**

As shown in the following table, SWSB originated a majority of small business and small farm loans, by number and dollar volume, within the assessment area. This performance demonstrates SWSB’s efforts to provide credit to businesses and farms inside the assessment area.

<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</b>				<b>Total \$</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										
2023	112	81.8	25	18.2	137	8,750	77.7	2,504	22.3	11,254
Small Farm										
2023	35	74.5	12	25.5	47	1,957	68.8	888	31.2	2,845
<b>Total</b>	<b>147</b>	<b>79.9</b>	<b>37</b>	<b>20.1</b>	<b>184</b>	<b>10,707</b>	<b>75.9</b>	<b>3,392</b>	<b>24.1</b>	<b>14,099</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The geographic distribution of small business and small farm loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable performance in small business lending and excellent performance in small farm lending support this conclusion. The examiners focused on the percentage of loans, by number, in low- and moderate-income census tracts. Only loans included inside the assessment area are included in this analysis.

### Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank’s performance is slightly lower than demographic data in the moderate-income tracts. The following table provides additional details about the bank’s geographic distribution of small business loans within the assessment area.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: NMSA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	5.4	4	3.6	273	3.1
Middle	78.8	99	88.4	7,886	90.1
Upper	15.7	9	8.0	591	6.8
<b>Totals</b>	<b>100.0</b>	<b>112</b>	<b>100.0</b>	<b>8,750</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

### Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. SWSB's lending performance within moderate-income census tracts significantly exceeds demographic data. Further details are provided in the following table.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Assessment Area: NMSA</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	11.3	9	25.7	264	13.5
Middle	68.8	23	65.7	1,423	72.7
Upper	19.9	3	8.6	270	13.8
<b>Totals</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>1,957</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The borrower distribution of small business and small farm loans reflects, given the demographics of the assessment area, reasonable penetration among business and farms of different sizes. The bank’s reasonable performance in small business lending and excellent performance in small farm lending support this conclusion. Only loans originated inside the assessment area are included in this analysis.

*Small Business Loans*

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. The following table shows that lending to businesses with GARs of \$1 million or less was comparable to demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: NMSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	82.0	92	82.1	5,866	67.0
>\$1,000,000	3.5	20	17.9	2,884	33.0
Revenue Not Available	14.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>112</b>	<b>100.0</b>	<b>8,750</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

*Small Farm Loans*

The distribution of small farm loans reflects excellent penetration among farms with GARs of \$1 million or less. The following table shows that all of the loans were originated to farms with GARs of \$1 million or less.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: NMSA</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	95.9	35	100.0	1,957	100.0
>\$1,000,000	1.4	0	0.0	0	0.0
Revenue Not Available	2.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>1,957</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test 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 evidence of 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.