PUBLIC DISCLOSURE

September 6, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Teutopolis State Bank
RSSD #134848

106 East Main Street
Teutopolis, Illinois 62467

Federal Reserve Bank of St. Louis

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

NOTE: **This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the 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'S CRA RATING: This institution is rated SATISFACTORY.

Teutopolis State Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A majority of loans and other lending-related activities are in the assessment area.

- The borrower's profile analysis reveals reasonable penetration among businesses of different revenue sizes and individuals of different income levels (including low- and moderate-income (LMI)).

- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Small business, 1–4 family residential real estate, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on small business lending, performance based on the small business loan category carried the most significance toward overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2018 – June 30, 2022
Assessment Area Concentration	January 1, 2021 – December 31, 2021
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	May 14, 2018 – September 5, 2022

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data, and certain business demographics are based on 2021 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and HMDA aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $187.0 million to $313.8 million as of June 30, 2022.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the assessment area. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Teutopolis State Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Teutopolis Holding Company, a one-bank holding company headquartered in Teutopolis, Illinois. The bank's branch network consists of three offices (including the main office), all of which have drive-through services and full-service automated teller machines on site.

The bank's main office is located in Teutopolis, Illinois, and two additional branch offices are located in Effingham, Illinois, and Sigel, Illinois. The Sigel branch operates under the name Sigel Community Bank. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems such as extended banking hours of operation and online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2022, the bank reported total assets of $320.6 million. As of the same date, loans and leases outstanding were $144.9 million (45.2 percent of total assets), and deposits totaled $287.4 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2022		
Credit Category	**Amount $ (000s)**	**Percentage of Total Loans**
Construction and development	$5,665	3.9%
Commercial real estate	$55,838	38.5%
1–4 family residential	$28,850	19.9%
Farmland	$21,190	14.6%
Farm loans	$9,775	6.8%
Commercial and industrial	$14,609	10.1%
Loans to individuals	$7,648	5.3%
Total other loans	$1,308	0.9%
TOTAL	**$144,883**	**100%**

As indicated by the previous table, a significant portion of the bank's lending resources is directed to commercial real estate loans and loans secured by 1–4 family residential properties. While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation, conducted on May 14, 2018, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 77,025, is located in a nonmetropolitan statistical area (nonMSA) in central Illinois and comprises the entirety of Cumberland, Effingham, Jasper, and Shelby Counties. Twenty census tracts comprise the four counties and include 15 middle-income and 5 upper-income census tracts. The assessment area does not contain any low- or moderate-income census tracts.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2021, there are 21 FDIC-insured depository institutions in the assessment area that operate 49 offices. Teutopolis State Bank (operating three, or 6.1 percent, offices in the assessment area) ranked fourth in terms of deposit market share, with 8.4 percent of the total assessment area deposit dollars.

Commercial lending products represent a credit need in the assessment area, along with the need for a standard blend of consumer and agricultural loan products. More specifically, information gathered from the community contact revealed a need for start-up capital for new businesses and general housing stock, including affordable housing stock.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	0	0	15	5	0	**20**
	0.0%	0.0%	75.0%	25.0%	0.0%	**100%**
Family Population	0	0	15,111	5,803	0	**20,914**
	0.0%	0.0%	72.3%	27.7%	0.0%	**100%**

The bank's assessment area contains no low- or moderate-income census tracts. As shown above, 75 percent of the census tracts are middle-income geographies, with 72.3 percent of families in the assessment area residing in middle-income census tracts.

Based on 2015 ACS data, the median family income for the assessment area was $62,405. At the same time, the median family income for nonMSA Illinois was $59,323. More recently, the FFIEC estimates the 2021 median family income for nonMSA Illinois to be $66,700. The following table displays population percentages of assessment area families by income level compared to the nonMSA family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Assessment Area	3,760	3,629	4,751	8,774	0	**20,914**
	18.0%	17.4%	22.7%	42.0%	0.0%	**100%**
NonMSA Illinois	78,116	70,252	83,510	153,709	0	**385,587**
	20.3%	18.2%	21.7%	39.9%	0.0%	**100%**

As shown in the preceding table, 35.4 percent of families within the assessment area were considered LMI, which is slightly lower than the LMI family percentages of 38.5 percent in nonMSA Illinois. The assessment area has a slightly larger upper-income family population (42.0 percent) compared to the nonMSA Illinois figure (39.9 percent). The percentage of families living below the poverty threshold in the assessment area, 7.9 percent, falls below the 10.4 percent level in nonMSA Illinois. Considering these factors, assessment area income levels are slightly higher than nonMSA Illinois.

Housing Demographics

Based on housing values and income levels, home ownership in the assessment area is less affordable than nonMSA Illinois as a whole. The median housing value for the assessment area is $105,100, which is above the figure for nonMSA Illinois of $93,478. The assessment area housing affordability ratio of 47.9 percent is slightly below the nonMSA Illinois figure of 49.0 percent. However, the median gross rent for the assessment area of $555 per month is lower than the nonMSA Illinois figure of $604 per month. Overall, home ownership in the assessment area appears to be slightly less attainable for LMI borrowers, while rents are more affordable when compared to nonMSA Illinois.

Industry and Employment Demographics

According to the community contact, the assessment area economy is focused primarily on education, healthcare, and manufacturing. Additionally, oil and gas and agricultural sectors were identified as significant industries to the economy. As of September 30, 2021, county business patterns indicate that there are 30,844 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (16.1 percent), followed by manufacturing (14.7 percent) and retail trade (13.7 percent).

The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Illinois as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Illinois**
2018	4.0%	4.9%
2019	3.4%	4.2%
2020	6.5%	7.8%
2021	4.0%	5.0%

As shown in the table above, unemployment levels for the assessment area have been slightly lower than nonMSA Illinois. However, both the assessment area and nonMSA Illinois experienced spikes in unemployment in 2020 due to the economic disruption resulting from the COVID-19 pandemic, with the assessment area unemployment rate remaining lower than nonMSA Illinois.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact interview was with an individual specializing in charitable funding for individuals and organizations. The community contact interviewee indicated the local economy has generally experienced similar trends to that of the state of Illinois, with more populous communities in the area being more resilient to economic fluctuations. The population, while aging, remains stable, particularly in rural areas. While larger employers in the area have experienced solid growth, the area has been affected by a tight labor market and lack of housing stock.

The community contact interviewee indicated that during the COVID-19 pandemic, unemployment remained consistently low, with business disruption generally limited to restaurants and retail industries. Historically, the workforce has been reliable and consists of long-term employees who are native to the area. The contact identified a need for start-up capital for new businesses and mentioned that local economic development organizations provide business start-up programs. The contact added that the area has experienced infrastructure issues, including broadband Internet access.

Regarding housing, the contact indicated the area is affected by a housing shortage, including affordable housing, with most of the housing stock being smaller and older. Homeownership is limited due the lack of availability of homes; however, housing prices in the area can sometimes make owning a home more affordable than renting. Additionally, the availability and affordability of childcare is limited for working families. The contact's organization is developing a subsidy or scholarship for childcare, as childcare availability was a concern raised by local employers.

Finally, the contact characterized the area as having a healthy level of bank competition, particularly for residential real estate lending. Most banks are local or headquartered within the area, with a limited presence of national lenders.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The following chart displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size $ (000s) as of June 30, 2022**	**Average LTD Ratio**
Teutopolis State Bank	Teutopolis, Illinois	$320,633	62.2%
Regional Banks	Shelbyville, Illinois	$313,752	84.0%
	Effingham, Illinois	$211,740	79.8%
	Nokomis, Illinois	$187,048	60.4%

Based on data from the previous table, the bank's level of lending is in line with similar banks in the region. During the review period, the LTD ratio experienced a generally decreasing trend with a high of 75.5 percent in the third quarter of 2018 and a low of 48.2 percent in the first quarter of 2022. Overall, the bank has a 17-quarter average of 62.2 percent. In comparison, one regional bank peer's average LTD was lower and the other two were higher, and all three generally had a similar decreasing trend. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2021 through December 31, 2021						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	76	89.4%	9	10.6%	**85**	**100%**
	$7,338	91.1%	$718	8.9%	**$8,057**	**100%**
1–4 Family Residential Real Estate	60	85.7%	10	14.3%	**70**	**100%**
	$5,324	79.2%	$1,400	20.8%	**$6,723**	**100%**
Consumer Motor Vehicle	109	87.2%	16	12.8%	**125**	**100%**
	$1,596	83.1%	$325	16.9%	**$1,921**	**100%**
TOTAL LOANS	**245**	**87.5%**	**35**	**12.5%**	**280**	**100%**
	$14,258	**85.4%**	**$2,443**	**14.6%**	**$16,702**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown in the previous table, 87.5 percent of the total loans were made inside the assessment area, accounting for 85.4 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance in all three loan categories reviewed. While the bank's 1–4 family residential real estate lending is poor and consumer motor vehicle lending is reasonable, the small business category reflected excellent penetration. As previously mentioned, greater significance is placed on performance in the small business loan category given the bank's emphasis on small business lending.

The following table shows the distribution of 2021 small business loans by loan amount and business revenue size compared to Dun & Bradstreet data.

Small Business Loans by Revenue and Loan Size
Assessment Area: Central Illinois NonMSA

Business Revenue and Loan Size			2021				
			Count		Dollars		Total Businesses
			#	%	$ (000s)	$ %	%
Business Revenue		$1 Million or Less	76	100.0%	$7,338	100.0%	88.5%
		Over $1 Million/Unknown	0	0.0%	$0	0.0%	11.5%
		TOTAL	**76**	**100.0%**	**$7,338**	**100.0%**	**100.0%**
Loan Size		$100,000 or Less	58	76.3%	$2,679	36.5%	
		$100,001– $250,000	11	14.5%	$1,912	26.1%	
		$250,001–$1 Million	7	9.2%	$2,747	37.4%	
		Over $1 Million	0	0.0%	$0	0.0%	
		TOTAL	**76**	**100.0%**	**$7,338**	**100.0%**	
Loan Size	Revenue $1 Million or Less	$100,000 or Less	58	76.3%	$2,679	36.5%	
		$100,001–$250,000	11	14.5%	$1,912	26.1%	
		$250,001–$1 Million	7	9.2%	$2,747	37.4%	
		Over $1 Million	0	0.0%	$0	0.0%	
		TOTAL	**76**	**100.0%**	**$7,338**	**100.0%**	

The bank's level of lending to small businesses is excellent. As displayed above, 100 percent of the bank's loans were made to businesses with gross annual revenues of $1 million or less. In comparison, Dun & Bradstreet data estimates that 88.5 percent of businesses inside the assessment area are small businesses. Moreover, 58 of 76 loans (76.3 percent) to small businesses were in amounts of $100,000 or less, further evidencing the bank's willingness to meet the credit needs of small businesses.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($66,700 for nonMSA Illinois as of 2021). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2021 aggregate data for the assessment area is displayed.

Borrower Distribution of 1–4 Family Residential Real Estate Loans Assessment Area: Central Illinois NonMSA							
Borrower Income Levels	2021						
	Count			Dollar			Families
	Bank		HMDA Aggregate	Bank		HMDA Aggregate	
	#	%	%	$ (000s)	$ %	$ %	%
Low	2	3.3%	8.1%	55	1.0%	4.1%	18.0%
Moderate	10	16.7%	19.9%	523	9.8%	14.1%	17.4%
Middle	11	18.3%	20.5%	575	10.8%	18.0%	22.7%
Upper	37	61.7%	35.1%	4,171	78.3%	45.9%	42.0%
Unknown	0	0.0%	16.5%	0	0.0%	17.9%	0.0%
TOTAL	**60**	**100.0%**	**100.0%**	**5,324**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (3.3 percent) is below the low-income family population figure (18.0 percent) and the aggregate lending level to low-income borrowers (8.1 percent), reflecting poor performance. The bank's level of lending to moderate-income borrowers (16.7 percent) is in line with the moderate-income family population percentage (17.4 percent) and slightly below the aggregate lending level to moderate-income borrowers (19.9 percent), reflecting reasonable performance. When considering the bank's combined performance in both income categories (20.0 percent), the overall distribution is poor, as the LMI lending percentage is below the combined aggregate (28.0 percent) and the LMI family population percentage (35.4 percent).

As with the two previous categories reviewed, the borrower distribution of consumer motor vehicle loans was also analyzed by the borrower's income profile. The following table displays the distribution of consumer motor vehicle loans by income level of borrower compared to household population income characteristics.

Borrower Distribution of Consumer Motor Vehicle Loans Assessment Area: Central Illinois NonMSA					
Borrower Income Levels	2021				
	Bank				Households
	Count		Dollar		
	#	%	$ (000s)	$ %	%
Low	23	21.1%	$223	14.0%	20.6%
Moderate	24	22.0%	$288	18.0%	16.2%
Middle	23	21.1%	$377	23.6%	17.9%
Upper	39	35.8%	$708	44.4%	45.3%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**109**	**100.0%**	**$1,596**	**100.0%**	**100.0%**

The bank originated 21.1 percent of its consumer motor vehicle loans to low-income borrowers. This reflects reasonable performance when compared to the household population level of 20.6 percent. Similarly, the bank made 22.0 percent of its consumer motor vehicle loans to moderate-income borrowers. This reflects reasonable performance when compared to the household population level of 16.2 percent. Therefore, the overall distribution of consumer motor vehicle loans is reasonable.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is comprised of 15 middle-income and 5 upper-income census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable.

Responses to Complaints

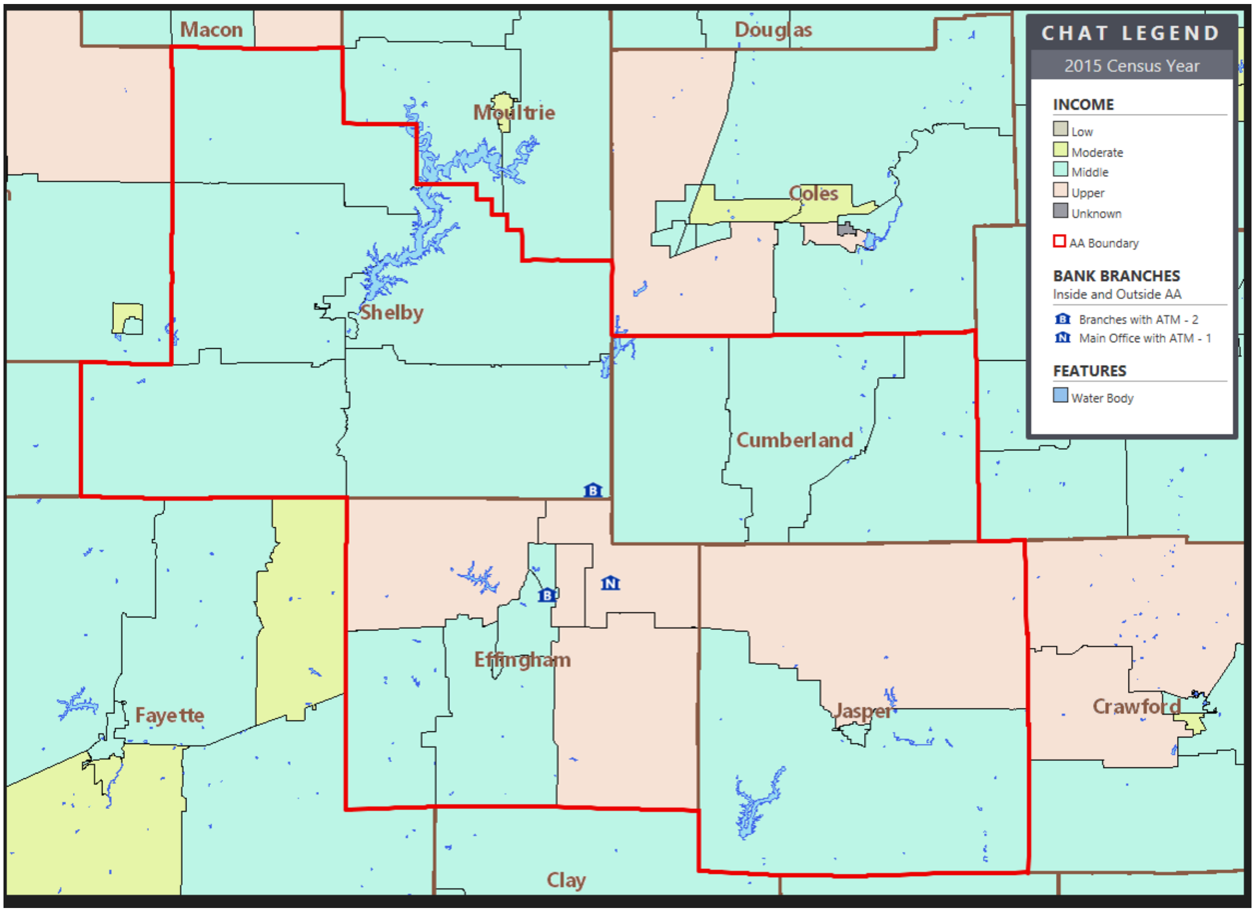
No CRA-related complaints were filed against the bank during this review period (May 14, 2018 through September 5, 2022).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

Appendix A

ASSESSMENT AREA DETAIL



Appendix B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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

Upper-income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.