PUBLIC DISCLOSURE

September 21, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Springfield State Bank
RSSD #197142

125 East Main Street
Springfield, Kentucky 40069

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.

Springfield 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 business and farms of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- The geographic distribution of loans reflects 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. Residential real estate, small business, and small farm 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.[1] Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance and was given equal weighting in this evaluation. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2016 – June 30, 2020
Assessment Area Concentration	January 1, 2018 – December 31, 2018
Loan Distribution by Borrower's Profile	January 1, 2018 – December 31, 2018
Geographic Distribution of Loans	January 1, 2018 – December 31, 2018
Response to Written CRA Complaints	May 25, 2016 – September 20, 2020

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) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data; certain business and farm demographics are based on 2018 Dun & Bradstreet data.

[1] 1–4 family residential real estate, small business, and small farm loans were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

When analyzing bank performance by comparing lending activity to both demographic data and 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 also 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 within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $135.6 million to $593.9 million, as of June 30, 2020.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Springfield State Bank, a full-service retail bank offering both consumer and commercial loan and deposit products, is wholly owned by Springfield Bankshares, Inc., a one-bank holding company. The bank's assessment area consists solely of Washington County, Kentucky, which is rural in nature (nonmetropolitan statistical area [nonMSA]) and located in the central portion of the state. The bank currently has three office locations with operations centralized at the main office. The only structural change since the 2016 Federal Deposit Insurance Corporation (FDIC) consumer compliance examination was the closure of the Mackville branch, also located in Washington County, Kentucky. The bank is well positioned to deliver financial services to its assessment area and plans to maintain moderate, consistent growth within the area in its core lending products, which are 1–4 family residential real estate, commercial real estate, and agriculture lending.

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, 2020, the bank reported total assets of $349.3 million, loans and leases outstanding of $185.1 million (53.0 percent of total assets), and total deposits of $257.2 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2020		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
1–4 Family Residential Real Estate	88,490	47.8%
Commercial Real Estate	37,495	20.3%
Commercial and Industrial	16,036	8.7%
Farmland	12,249	6.6%
Loans to Individuals	7,592	4.1%
Construction	6,941	3.7%
Farm Loans	6,287	3.4%
Multifamily Residential	6,264	3.4%
Total Other Loans	3,757	2.0%
TOTAL	**$185,111**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources are directed to 1–4 family residential real estate and commercial real estate.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on May 25, 2016, by the FDIC.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

Springfield State Bank operates in Washington County, nonMSA Kentucky. Washington County contains only three middle-income census tracts and no LMI or majority-minority census tracts. The county had a population of 11,910 according to 2015 U.S. Census data, and community contacts believe that level is stable despite some outward migration of younger individuals seeking higher wages in surrounding cities. The county is rural and small but maintains a stable economy with several family-owned farms, small businesses, and some larger manufacturing and packaging businesses. The local economy depends largely on its residents, as there are no retail or entertainment centers to draw revenue from outside visitors.

According to the FDIC Deposit Market Share Report data as of June 30, 2020, Springfield State Bank is the only community bank with a presence in the assessment area and ranks first in deposit market share, encompassing over three quarters of the market (79.2 percent). The remaining share belongs to two branches of national banks headquartered out of state.

Credit needs in the assessment area include a standard blend of consumer and commercial loan products. Community contacts specified the need for home mortgage loan down payment assistance for LMI residents and longer amortization periods for small farm loans.

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				
	Census Tracts		**Family Population**	
Low	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%
Middle	3	100.0%	3,170	100.0%
Upper	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%
TOTAL	**3**	**100%**	**3,170**	**100%**

As shown above, 100 percent of the census tracts in the assessment area are middle-income geographies. None of these middle-income census tracts was classified as distressed or underserved in 2018.

Based on 2015 U.S. Census data, the median family income for the assessment area was $51,083, which was greater than the median family income for nonMSA Kentucky at $49,400. More recently, the FFIEC estimates the 2019 median family income for nonMSA Kentucky to be $49,800.

The following table displays population percentages of assessment area families by income level compared to nonMSA Kentucky family population as a whole.

Family Population by Income Level				
	Assessment Area		**NonMSA Kentucky**	
Low	652	20.6%	115,907	23.8%
Moderate	456	14.4%	78,623	16.2%
Middle	551	17.4%	90,078	18.5%
Upper	1,511	47.7%	202,198	41.5%
TOTAL	**3,170**	**100%**	**486,806**	**100%**

As shown in the table above, 35.0 percent of families in the assessment area were considered LMI, 14.0 percent of which live below the poverty line. NonMSA Kentucky consists of a higher percentage of LMI families (40.0 percent) and families that live below the poverty line (18.2 percent). The assessment area is also home to a higher percentage of upper-income families at 47.7 percent compared to nonMSA Kentucky at 41.5 percent. These data points indicate that the assessment area is slightly more affluent than nonMSA Kentucky.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be slightly more affordable than nonMSA Kentucky. The affordability ratio of the assessment area is 41.4 percent compared to 39.0 percent in nonMSA Kentucky. Additionally, home ownership in the assessment area is higher at 69.5 percent compared to 60.1 percent in nonMSA Kentucky.

The median housing value of the assessment area at $98,122 is greater than that of nonMSA Kentucky at $90,321. However, the assessment area also reports higher median incomes than nonMSA Kentucky, which suggests that although the housing is more expensive, assessment area residents earn higher wages than nonMSA Kentucky, enabling them to afford area housing.

Community contacts raised a concern that there is a lack of affordable housing for low-income families and that additional investment and support is needed in that space. They noted that publically funded housing for low-income families is available in downtown Springfield and identified an opportunity to create additional affordable housing by converting aging properties into multifamily units. Such a project would also address a need to restore aging properties, as the median housing age in the assessment area is 46 years compared to 36 years in nonMSA Kentucky.

Industry and Employment Demographics

The assessment area is rural in nature and is home to several family-owned farms. Small businesses are prevalent and comprise 88.7 percent of all area businesses. Community contacts identified a few new large businesses in the area, which are mostly manufacturing and packaging facilities, but also indicated that many residents commute outside of the assessment area for employment. County business patterns report 2,888 paid employees in the area and indicate the three largest job categories as manufacturing (38.6 percent), health care and social assistance (16.8 percent), and retail trade (11.3 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Kentucky.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**nonMSA Kentucky**
2020 (January – May)	8.6%	9.1%
2019	3.9%	5.1%
2018	3.7%	5.2%
2017	4.2%	6.0%
2016	4.3%	6.5%

As shown in the table above, unemployment levels for the assessment have trended lower than nonMSA Kentucky. Further detailed data shows that the assessment area experienced a slightly higher level of unemployment than nonMSA Kentucky in April 2020 due to COVID-19 but has since declined below nonMSA Kentucky as the economy began to open back up and workers returned to their jobs at restaurants and retail locations. Community contacts explained that the area was less impacted by the pandemic and rebounded more quickly than other areas in the state as it is largely rural and the community does not rely on tourism services. The assessment area was also impacted by the closing of St. Catharine’s College, which in turn affected local hospitality and retail businesses.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank’s activities in this assessment area were evaluated. One contact was from a local housing corporation, and the other was from a small business association. Contacts describe Washington County as rural and small, but stable. Income and population have remained at steady levels, even during the 2020 pandemic. Payment protection plan loans provided needed assistance to local businesses, and the resumption of business activities has decreased unemployment levels after a sharp increase in April 2020. The contacts noted the need for more affordable housing and housing assistance in the area, as well as small farm loans that are tailored to the needs of the community, specifically longer amortization periods. Despite these needs, both interviewees stated that banks do a good job of administering credit to the community. As noted previously, Springfield State Bank is one of only three banks operating in the assessment area. However, there are additional banks in nearby cities that are accessible to Washington County residents.

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 chart below displays the bank's average LTD ratio compared 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, 2020**	**Average LTD Ratio**
Springfield State Bank	Springfield, Kentucky	$349,259	69.9%
Regional Banks	Lebanon, Kentucky	$135,579	38.7%
	Bardstown, Kentucky	$351,155	71.6%
	Bardstown, Kentucky	$593,982	63.8%

Based on data from the previous table, the bank's level of lending is in line with other banks in the region. During the review period, the bank's LTD ratio experienced a generally increasing trend with a 17-quarter average of 69.9 percent. In comparison, the average LTD ratio for one of the peer banks was slightly higher at 71.6 percent, with another peer bank being slightly lower at 63.8 percent and one being much lower at 38.7 percent. 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, 2018 through December 31, 2018						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
1–4 Family Residential Real Estate	47	51.6%	44	48.4%	**91**	**100%**
	$4,826	45.7%	$5,727	54.3%	**$10,553**	**100%**
Small Business	30	50.8%	29	49.2%	**59**	**100%**
	$2,574	46.9%	$2,915	53.1%	**$5,489**	**100%**
Small Farm	50	78.1%	14	21.9%	**64**	**100%**
	$1,698	74.7%	$576	25.3%	**$2,273**	**100%**
TOTAL LOANS	**127**	**59.3%**	**87**	**40.7%**	**214**	**100%**
	$9,098	**49.7%**	**$9,218**	**50.3%**	**$18,315**	**100%**

As shown above, 59.3 percent of total loans were made inside the assessment area, which is the majority of loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from the three equally weighted loan categories reviewed. The bank's distribution of 1–4 family residential real estate loans by borrower's profile is excellent, while distribution of small business and small farm loans are both reasonable.

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. The following table shows the distribution of 1–4 family residential real estate loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2018 aggregate data for the assessment area is displayed.

Distribution of 2018 Home Mortgage Lending by Borrower Income Level Assessment Area: nonMSA Kentucky							
Borrower Income Level	**Bank Loans**				**Families by Family Income %**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$%**
Low	7	14.9%	348	7.2%	20.6%	4.9%	2.4%
Moderate	17	36.2%	1,622	33.6%	14.4%	18.9%	13.9%
Middle	8	17.0%	555	11.5%	17.4%	24.9%	22.9%
Upper	15	31.9%	2,301	47.7%	47.7%	41.1%	47.3%
Unknown	0	0.0%	0	0.0%	0.0%	10.3%	13.4%
TOTAL	**47**	**100.0%**	**4,826**	**100.0%**	**100.0%**	**100%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers is 14.9 percent, which is below the low-income family population at 20.6 percent. However, within the assessment area, data and community contacts indicate that there is a lack of affordable housing for low-income families. Additionally, bank performance outpaces that of aggregate lenders by 10.0 percent. Therefore, the bank's lending percentage reflects reasonable performance. The percentage of lending to moderate-income borrowers is 36.2 percent, which is significantly higher than the moderate-income family population at 14.4 percent and the aggregate data at 18.9 percent. This reflects excellent performance by the bank. Overall lending to LMI borrowers (51.1 percent) is greater than the LMI family population figure (35.0 percent) and significantly outperforms the aggregate (23.8 percent); therefore, the bank's distribution of 1–4 family residential real estate loans is excellent.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2018 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Borrower Distribution of 2018 Small Business Lending Assessment Area: nonMSA Kentucky									
Business Revenue and Loan Size			2018						
			Count			Dollars			Total Businesses
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$%	$%	%
Business Revenue		$1 Million or Less	23	76.7%	52.0%	$1,128	43.8%	47.3%	88.7%
		Over $1 Million/ Unknown	7	23.3%	48.0%	$1,446	56.2%	52.7%	11.3%
		TOTAL	**30**	**100.0%**	**100.0%**	**$2,574**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or Less	25	83.3%	98.8%	$803	31.2%	85.0%	
		$100,001–$250,000	3	10.0%	1.2%	$571	22.2%	15.0%	
		$250,001–$1 Million	2	6.7%	0.0%	$1,200	46.6%	0.0%	
		Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
		TOTAL	**30**	**100.0%**	**100.0%**	**$2,574**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million	$100,000 or Less	20	87.0%		$557	49.4%		
		$100,001–$250,000	3	13.0%		$571	50.6%		
		$250,001–$1 Million	0	0.0%		$0	0.0%		
		Over $1 Million	0	0.0%		$0	0.0%		
		TOTAL	**23**	**100.0%**		**$1,128**	**100.0%**		

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (76.7 percent) to businesses with revenues of $1 million or less. This percentage is lower than the assessment area demographics at 88.7 percent and indicates that there is opportunity for the bank to increase its lending to small businesses with revenues of $1 million or less. However, the bank outperformed the aggregate at 52.0 percent, and of those small business loans, the majority of them (87.0 percent) were for $100,000 or less, which is in line with the credit needs of the area, according to community contacts.

Finally, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2018 small farm loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Borrower Distribution of 2018 Small Farm Lending Assessment Area: nonMSA Kentucky									
Farm Revenue and Loan Size			2018						
			Count			Dollars			Total Businesses
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$%	$%	%
Business Revenue		$1 Million or Less	50	100.0%	48.6%	1698	100.0%	79.8%	100.0%
		Over $1 Million/ Unknown	0	0.0%	51.4%	0	0.0%	20.2%	0.0%
		TOTAL	**50**	**100.0%**	**100.0%**	**1698**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or Less	45	90.0%	97.3%	726	42.8%	58.7%	
		$100,001–$250,000	4	8.0%	0.0%	622	36.6%	0.0%	
		$250,001–$500,000	1	2.0%	2.7%	350	20.6%	41.3%	
		Over $500,000	0	0.0%	0.0%	0	0.0%	0.0%	
		TOTAL	**50**	**100.0%**	**100.0%**	**1698**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million	$100,000 or Less	45	90.0%		726	42.8%		
		$100,001–$250,000	4	8.0%		622	36.6%		
		$250,001–$1 Million	1	2.0%		350	20.6%		
		Over $1 Million	0	0.0%		0	0.0%		
		TOTAL	**50**	**100.0%**		**1698**	**100.0%**		

The bank's level of lending to small farms is reasonable. Given that all farms in the assessment area have business revenues of $1 million or less, the bank originated 100 percent of its small farm loans to farms with revenues of $1 million or less. More meaningfully, the bank originated 90.0 percent of its small farm loans in amounts of $100,000 or less. Small dollar loans are generally more in demand for farms of this size, thus, the bank's performance reflects its ability to meet local small farm credit needs.

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 comprises three middle-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

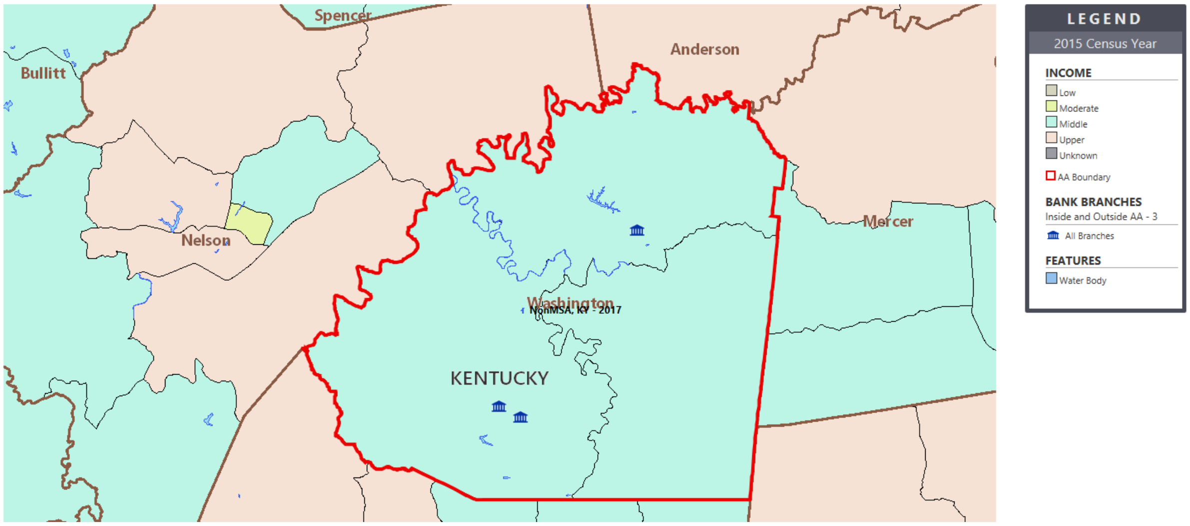
No CRA-related complaints were filed against the bank during this review period (May 26, 2016 through September 20, 2020).

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.

ASSESSMENT AREA DETAIL

Springfield State Bank - Springfield, KY 2020
Washington CO NonMSA, KY 2017



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- and moderate-income (LMI) individuals; (2) community services targeted to LMI 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 LMI 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, 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.