PUBLIC DISCLOSURE

June 24, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank Xenia-Flora
RSSD # 242

260 Front Street
Xenia, Illinois 62899

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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 COMMUNITY REINVESTMENT ACT RATING

First Community Bank Xenia-Flora (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans and other lending-related activities are originated inside the AA.
- The borrower's profile analysis reveals excellent distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- The geographic distribution of loans reflects a poor dispersion throughout the AA.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC) Interagency Examination Procedures for Small Institutions were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's AA.

Small business and 1–4 family residential real estate 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. Of these two loan products, greater weight was given to 1–4 family residential real estate loans based on its higher number of originations during the review period. The following table includes the corresponding period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2019 – March 31, 2024
AA Concentration	January 1, 2022 – December 31, 2022
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	December 2, 2019 – June 23, 2024

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey data, and certain business demographics are based on 2022 Dun & Bradstreet data. 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 AA. 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 $66.0 million to $104.9 million as of March 31, 2024.

To augment this evaluation, one community contact interview with a member of the local community was conducted to ascertain specific credit needs, opportunities, and local market conditions within the bank's AA. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

First Community Bank Xenia-Flora is an intrastate community bank headquartered in Xenia, Illinois. The bank's characteristics include:

- The bank is wholly owned by First Community Bancshares, a one-bank holding company headquartered in Xenia, Illinois.

- The bank has total assets of $56.3 million as of March 31, 2024. That represents an increase of 37.0 percent since the last evaluation.

- In addition to its main office in Xenia, the bank has one office located in Flora, Illinois.

- The bank did not open or close any branch offices during this evaluation period.

- The bank operates a cash-dispensing ATM at the Flora branch.

- As shown in the following table, the bank's primary business focuses are 1–4 family residential real estate loans and commercial loans.

Composition of Loan Portfolio as of March 31, 2024		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
1–4 Family Residential	$13,186	43.7%
Commercial Real Estate	$5,291	17.5%
Loans to Individuals	$4,288	14.2%
Farmland	$3,152	10.4%
Commercial and Industrial	$2,260	7.5%
Farm Loans	$1,391	4.6%
Total Other Loans	$599	2.0%
TOTAL LOANS	**$30,167**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its December 2, 2019, performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's Southern Illinois AA includes the entirety of Clay, Marion, and Wayne counties, which are located in a nonMSA portion of Illinois. (See Appendix A for an assessment area map.)

- No changes to the bank's AA have been made since the previous evaluation.

- According to the June 30, 2023 Federal Deposit Market Share report, the bank has a market share of 2.3 percent, which ranks 15th out of 21 Federal Deposit Insurance Corporation-insured depository institutions operating in the AA.

- According to the U.S. Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are manufacturing (24.5 percent), healthcare and social assistance (17.0 percent), and retail trade (13.6 percent).

- One community contact interview was conducted with a representative of an organization whose purpose is to develop and implement programs to assist economically and socially disadvantaged individuals in the community.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	0	5	16	0	0	**21**
	0.0%	23.8%	76.2%	0.0%	0.0%	**100%**
Family Population	0	3,084	14,998	0	0	**18,082**
	0.0%	17.1%	82.9%	0.0%	0.0%	**100%**

- Since the previous evaluation, the census tract where the Flora branch is located changed from moderate-income to middle-income, which may have impacted the bank's lending performance in moderate-income geographies.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Assessment Area	68,802	67,196	-2.3%
NonMSA Illinois	1,486,185	1,421,720	-4.3%
State	12,873,761	12,812,508	-0.5%
Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey			

- As shown in the table above, the AA population experienced a decreasing trend during the review period, which is similar to the decreasing population trend for nonMSA Illinois.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Assessment Area	$58,838	$63,440	7.8%
NonMSA Illinois	$64,815	$68,958	6.4%
Illinois	$78,169	$86,251	10.3%
Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- The median family income in the AA experienced a slightly higher growth rate (7.8 percent) during the review period when compared to nonMSA Illinois (6.4 percent); however, the median family income for the AA ($63,440) remains lower than nonMSA Illinois ($68,958).

- The lower median family income in the AA compared to nonMSA Illinois for the review period is consistent with the community contact's statement that most of the jobs in the AA are low-paying positions. The contact indicated that these low-paying positions were a barrier to first-time homeownership.

Unemployment Rates					
Area	**2019**	**2020**	**2021**	**2022**	**2023**
Assessment Area	4.4%	9.2%	5.7%	4.7%	4.9%
NonMSA Illinois	4.2%	7.8%	5.2%	4.4%	4.6%
Illinois	4.0%	9.3%	6.1%	4.6%	4.5%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics					

- The unemployment levels in the AA remained consistent with nonMSA Illinois, with both experiencing a spike in 2020 due to the COVID-19 pandemic. These figures have since returned to pre-COVID levels.

- The community contact indicated that two major industrial employers recently left the area. According to the contact, these departures negatively impacted many individuals residing in the area.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	58.0%	9.6%	31.5%	50.7%	12.7%	14.1%
NonMSA Illinois	65.4%	16.5%	35.6%	51.6%	17.6%	14.0%
Illinois	72.9%	30.3%	41.8%	65.6%	32.4%	21.1%
Cost burden is housing cost that equals 30% or more of household income. *Source: 2016–2020 U.S. Department of Housing and Urban Development: Comprehensive Housing Affordability Strategy*						

- The cost of owning and renting housing by LMI individuals is more affordable in the AA than in nonMSA Illinois.

- The community contact indicated that the area is in desperate need of additional low-income rental properties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and area where they are located.

Comparative LTD Ratios December 31, 2019 – March 31, 2024			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 18-Quarter Average**
First Community Bank Xenia-Flora	Xenia, Illinois	$56,283	62.1%
Similarly Situated Institutions			
Regional Banks	Kinmundy, Illinois	$65,953	86.6%
	Sandoval, Illinois	$95,775	71.2%
	Louisville, Illinois	$104,866	56.7%

The bank's LTD ratio is reasonable. The bank's LTD is comparable to other similarly situated financial entities in the bank's geographic area. Since the previous evaluation, the bank's average LTD declined from 80.1 percent to 62.1 percent. This change can be largely attributed to an influx of deposits during the COVID-19 pandemic. However, the bank's quarterly LTD ratio has generally increased over the last several quarters.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
1–4 Family Residential Real Estate	36	92.3%	$2,546	90.2%	3	7.7%	$276	9.8%
Small Business	31	91.2%	$1,421	89.7%	3	8.8%	$164	10.3%
Total Loans	67	91.8%	$3,967	90.0%	6	8.2%	$440	10.0%
Note: Percentages may not total 100.0% due to rounding.								

A substantial majority of the bank's loans reviewed, by number and dollar, were originated inside the AA. Overall, 91.8 percent of the reviewed loans were originated inside the AA, accounting for 90.0 percent of the total dollar volume of loans.

Loan Distribution by Borrower's Profile

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has an excellent distribution among individuals of different income levels and businesses of different sizes. More specifically, the bank's performance lending to small businesses and its performance lending residential real estate loans to LMI borrowers is excellent.

Residential Real Estate Lending

The bank's residential real estate loan distribution is excellent. The bank's lending to low-income borrowers (22.2 percent) exceeds both the aggregate (12.3 percent) and demographic (22.0 percent) comparators. Likewise, the bank's lending performance to moderate-income borrowers (27.8 percent) exceeds both the aggregate and demographic comparators (22.9 percent and 19.9 percent, respectively).

Distribution of 2022 Residential Real Estate Lending by Borrower Income Level Assessment Area: Southern Illinois							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Low	8	22.2%	12.3%	$365	14.3%	7.0%	22.0%
Moderate	10	27.8%	22.9%	$673	26.4%	19.0%	19.9%
Middle	12	33.3%	21.5%	$831	32.6%	21.7%	23.1%
Upper	6	16.7%	24.7%	$677	26.6%	33.1%	35.0%
Unknown	0	0.0%	18.6%	$0	0.0%	19.3%	0.0%
TOTAL	**36**	**100.0%**	**100.0%**	**$2,546**	**100.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.

Small Business Lending

The borrower distribution of small business lending is excellent. As displayed in the following table, the bank's lending to small businesses (93.5 percent) is above the aggregate lending level (52.5 percent) and the demographic (88.7 percent). Additionally, the bank increased its percentage of small business lending from 79.5 percent at the last evaluation.

Distribution of 2022 Small Business Lending by Revenue Size of Businesses
Assessment Area: Southern Illinois

Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	29	93.5%	52.5%	$1,202	84.6%	44.3%	88.7%
	Over $1 Million/ Unknown	2	6.5%	47.5%	$219	15.4%	55.7%	11.3%
	TOTAL	**31**	100.0%	100.0%	$1,421	100.0%	100.0%	100.0%
Loan Size	$100,000 or Less	27	87.1%	96.3%	$777	54.7%	48.5%	
	$100,001–$250,000	4	12.9%	1.8%	$644	45.3%	10.5%	
	$250,001–$1 Million	0	0.0%	1.9%	$0	0.0%	41.1%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**31**	**100.0%**	100.0%	$1,421	100.0%	100.0%	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	26	89.7%		$758	63.1%		
	$100,001–$250,000	3	10.3%		$444	36.9%		
	$250,001–$1 Million	0	0.0%		$0	0.0%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**29**	**100.0%**		**$1,202**	**100.0%**		

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. However, the AA contains no low-income census tracts. Therefore, the analysis is based on the distribution of the bank's loan activity in moderate-income geographies. Overall, the bank's geographic distribution of loans reflects poor dispersion throughout the AA.

As noted previously, the bank's Flora branch, and a considerable amount of lending, was located in a moderate-income census tract at the last evaluation. Subsequently, that census tract was reclassified from moderate-income to middle-income, which negatively impacted the bank's performance in LMI geographies. Currently, the five moderate-income census tracts in the AA are located in the city of Salem and on the western edge of Marion County. The level of competition in Salem and the geographic distance to western Marion County present challenges for the bank to attract borrowers from those areas.

<u>Residential Real Estate Lending</u>

The geographic distribution of residential real estate lending is poor. The bank's lending performance in moderate-income census tracts (2.8 percent) is significantly below both the aggregate (17.8 percent) and demographic (15.4 percent) comparators. Notably, the bank's lending performance in moderate-income census tract decreased from 32.6 percent at the previous evaluation.

Distribution of 2022 Residential Real Estate Lending by Income Level of Geography Assessment Area: Southern Illinois							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	1	2.8%	17.8%	$45	1.8%	15.1%	15.4%
Middle	35	97.2%	82.1%	$2,501	98.2%	84.8%	84.6%
Upper	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.1%	$0	0.0%	0.1%	0.0%
TOTAL	**36**	**100.0%**	**100.0%**	**$2,546**	**100.0%**	**100.0%**	**100.0%**
Source: 2022 FFIEC Census Data *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Percentages may not total 100.0% due to rounding.*							

Small Business Lending

The geographic distribution of small business lending is very poor. The bank's lending performance in moderate-income geographies (0.0 percent) is significantly below the aggregate lending levels (29.6 percent) and the demographic (32.0 percent).

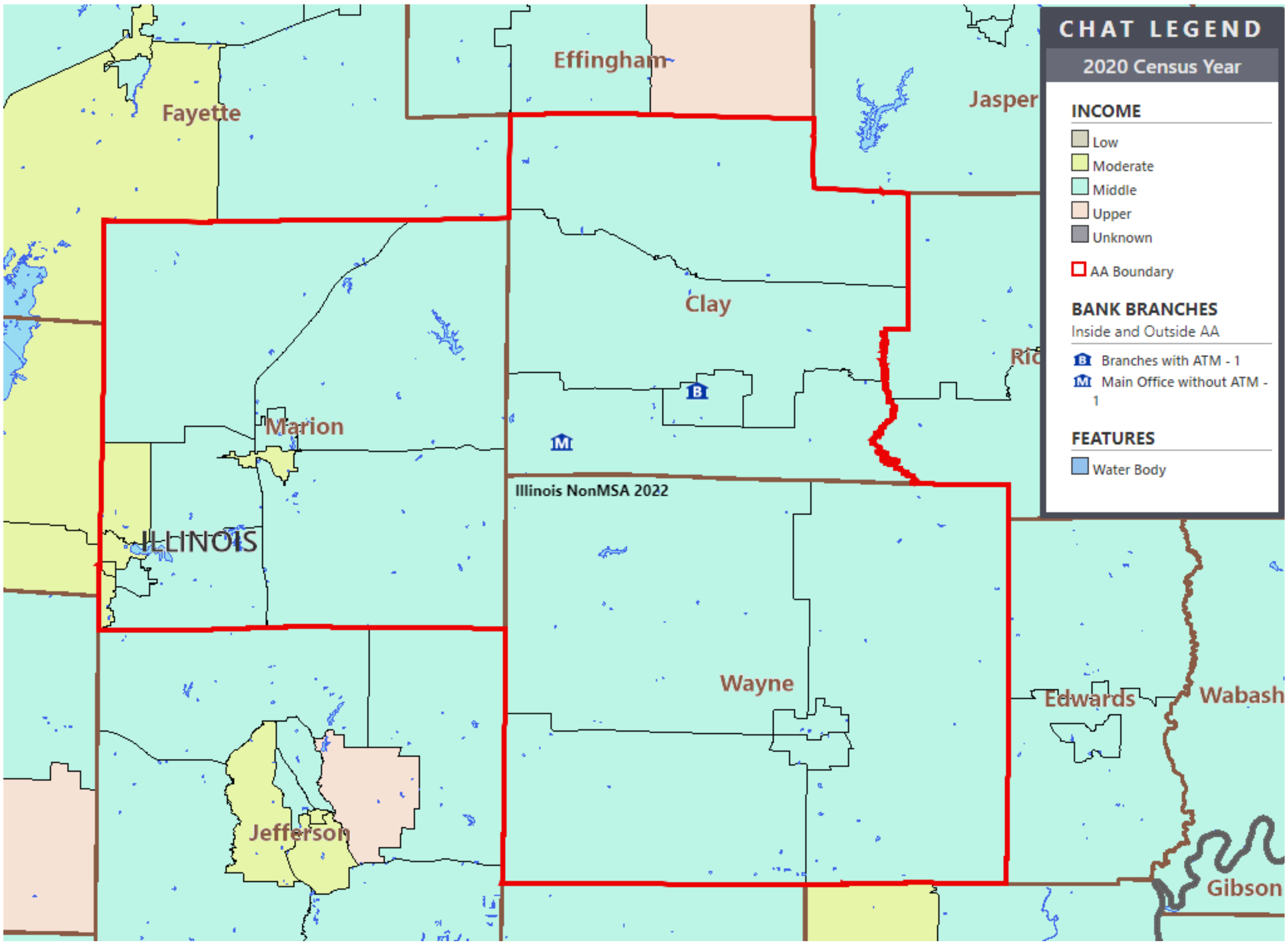
Distribution of 2022 Small Business Lending by Income Level of Geography Assessment Area: Southern Illinois							
Tract Income Levels	**Count**			**Dollar**			**Total Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	0	0.0%	29.6%	$0	0.0%	36.9%	32.0%
Middle	31	100.0%	68.3%	$1,421	100.0%	62.2%	68.0%
Upper	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	2.1%	$0	0.0%	0.8%	0.0%
TOTAL	**31**	**100.0%**	**100.0%**	**$1,421**	**100.0%**	**100.0%**	**100.0%**
Source: 2022 FFIEC Census Data *2022 Dun & Bradstreet Data* *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Percentages may not total 100.0% due to rounding.*							

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 – MAP OF THE ASSESSMENT AREA

Southern Illinois Assessment Area



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.