PUBLIC DISCLOSURE

January 14, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Magna Bank
RSSD# 2721176

6525 Quail Hollow Road
Memphis, Tennessee 38120

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.**

TABLE OF CONTENTS

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

Magna Bank meets the criteria for a Satisfactory rating based on the performance of the bank's lending and community development activities. Although the geographic distribution of loans reflects poor penetration throughout the bank's assessment area, the distribution of loans by borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses of different revenue sizes. The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans are inside the bank's assessment area. Lastly, no Community Reinvestment Act (CRA)-related complaints were filed against the bank for this review period.

Furthermore, the bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area, considering the bank's capacity, the need for community development activities, and the availability of such opportunities within the institution's assessment area. The bank has addressed these needs through various activities, including community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION[1]

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's *Interagency CRA Procedures for Intermediate Small Institutions.* The intermediate small bank procedures entail two performance tests, the Lending Test and the Community Development Test. A full-scope review of the bank's performance under both of these tests was conducted within its single assessment area. The period of review spanned from the date of the bank's previous CRA evaluation on March 2, 2009 to January 14, 2013.

Lending Test

Under the Lending Test, the bank's performance was evaluated under the following criteria, as applicable:

- The geographic distribution of loans.
- Loan distribution by borrower's profile (applicant income or business/farm revenue profile).
- The bank's average LTD ratio.
- The concentration of lending within the assessment area.
- A review of the bank's response to written CRA complaints.

Lending performance was based on the following loan products and the corresponding time periods as displayed in the following table.

[1] Information presented in this section (e.g., review period dates and loan sample details) pertains throughout the rest of this evaluation unless specifically noted otherwise.

Product	Time Period
Home Mortgage Disclosure Act (HMDA)	January 1, 2011 – December 31, 2011
Small Business Loans	January 1, 2011 – December 31, 2011

These two loan categories are considered the bank's primary lines of business, based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the bank's overall lending performance.

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2000 U.S. Census data; certain business demographics are based on Dun & Bradstreet data, which are applicable to the year of loan data being evaluated. Generally, when analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is 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 $367.6 million to $799.7 million as of September 30, 2012.

Community Development Test

Under the Community Development Test, the bank's performance was evaluated via responsiveness to the following community development needs, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area:

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review of the bank's performance under the Community Development Test included community development activities initiated in the period from the date of the bank's previous CRA evaluation to this review date.

Community Contacts

To augment this evaluation, three recent interviews (community contacts) with members of the local community were referenced in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Magna Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank's network consists of a main office and four branches, all of which have full-service automated teller machines on site and drive-through services. The main office is located in Memphis, Tennessee, as is one other branch. Two additional branches are located in Germantown, Tennessee, and one is in Cordova, Tennessee. All of the bank's branches are located in upper-income census tracts. The bank also has a commercial loan administration facility and a loan-servicing office and operates multiple loan production offices in several of its branches, as well as separate facilities in the Memphis area and in the middle Tennessee Region.

The bank closed one branch office during this review period. The Brentwood, Tennessee, branch was sold to Reliant Bank as of July 31, 2009. Customers were properly notified in advance and continued to have access to banking services. Based on the bank's network and other service delivery systems such as Saturday banking hours of operation and full-service 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 credits 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 September 30, 2012, the bank reported total assets of $488.3 million. As of the same date, total loans and leases outstanding were $373.5 million (76.5 percent of total assets), and deposits totaled $364.3 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2012		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$32,968	8.8%
Commercial Real Estate	$104,169	27.9%
Multifamily Residential	$14,050	3.8%
1–4 Family Residential	$160,700	43.0%
Farm Loans	$435	0.1%
Commercial and Industrial	$55,429	14.8%
Loans to Individuals	$5,718	1.5%
TOTAL	**$373,469**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential real estate, which includes HMDA loans and commercial real estate. The bank also originates and subsequently sells a significant volume of loans related to 1–4 family residential real estate on the secondary market. Since these loans are sold shortly after origination, this activity is not captured in the data above.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on March 2, 2009, by the Office of Thrift Supervision.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area includes all of Shelby County, Tennessee, and DeSoto County, Mississippi, and is comprised of 239 census tracts. As of the 2000 census, the assessment area had a total population of 1,004,671; more recently, the 2010 census shows that the population has increased by 8.4 percent to 1,088,896. The bank's assessment area is part of the larger Memphis, Tennessee-Mississippi-Arkansas metropolitan statistical area (Memphis MSA). According to the Federal Deposit Insurance Corporation Deposit Market Share Report, as of June 30, 2012, the bank ranks 10th in terms in terms of deposit market share, holding 1.7 percent of the total assessment area deposit dollars.

Particular needs in the assessment area, noted primarily from community contacts, include the increased use of innovative/flexible lending opportunities, such as loan programs facilitated by the U.S. Small Business Administration to spur business expansion, and an increase in local higher wage employment opportunities. Also, very small, service-oriented businesses are needed to assist in stabilizing LMI neighborhoods in the area. One contact indicated that the use of community development financial institutions and other pooled loan funds would be good tools for this level of lending.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of the 239 census tracts in Shelby County, Tennessee, and DeSoto County, Mississippi. The following table reflects the number and family population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	42 17.6%	59 24.7%	58 24.3%	77 32.2%	3 1.3%	**239** **100%**
Family Population	22,245 8.5%	63,644 24.4%	73,930 28.4%	100,909 38.7%	0 0.0%	**260,728** **100%**

The previous table reveals that the bank's assessment area contains 42 low-income census tracts in which 8.5 percent of the area's family population resides, while 24.4 percent of the family population lives in the 59 moderate-income census tracts.

Based on 2000 census data, the median family income for the assessment area was $48,416. At the same time, the entire Memphis MSA median family income was $46,771. More recently, the U.S. Department of Housing and Urban Development (HUD) estimates the 2011 Memphis MSA median family income to be $58,300. The following table displays the population percentages of assessment area families by income level, compared to the Memphis MSA family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	56,948 21.8%	42,054 16.1%	50,453 19.4%	111,273 42.7%	0 0.0%	**260,728** **100%**
Memphis MSA	71,723 22.8%	52,175 16.6%	62,062 19.7%	128,629 40.9%	0 0.0%	**314,589** **100%**

Based on the data in the preceding table, the assessment area is similar to the Memphis MSA as a whole. The number of LMI families living in the assessment area (37.9 percent) is just slightly lower than the number of LMI families in the entire Memphis MSA (39.4 percent). Similarly, the number of middle- and upper-income families in the assessment area (62.1 percent) is slightly higher than in the MSA (60.6 percent). Therefore, the income characteristics of families living in the assessment area are representative of the Memphis MSA as a whole.

Housing Demographics

As with income demographics, housing demographics are similar in both the assessment area and the Memphis MSA as a whole. The 2000 figures indicate that the assessment area had 244,180 total owner-occupied housing units and 132,978 rental units. The median housing value in the assessment area was $92,533, which is slightly higher than that of the entire Memphis MSA, which totaled $89,140. Median monthly gross rent for the assessment area and the entire Memphis MSA was $572 and $558, respectively. The median age of the housing stock in the assessment area was 28 years and 26 years for the entire Memphis MSA. Also, affordability ratios were similar, as the affordability ratio for the assessment area was 43.9 percent and for the entire Memphis MSA was 44.4 percent. Based on these figures, housing appears to be within reach of the population and comparable to the Memphis MSA as a whole.

Industry and Employment Demographics

The assessment area economy is dominated by service sector and transportation jobs. According to the U.S. Census Bureau 2010 County Business Patterns, by number of paid employees in the assessment area, healthcare and social assistance plays a lead role with 69,859 employees or 15.2 percent of the work force. This is followed by number of employees in retail trade (51,834) and transportation (51,023). The 2011 business demographic estimates by Dun & Bradstreet indicate that 87.9 percent of businesses in the assessment area have annual revenues less than $1 million.

According to the U.S Department of Labor, Bureau of Labor Statistics, the 2011 annual average unemployment rate for the assessment area was 9.6 percent, compared to the Tennessee State figure of 8.7 percent and the Mississippi State figure of 10.1 percent.

Community Contact Information

Information from three community contacts was used to help shape the performance context in which the bank’s activities in this assessment area were evaluated. Of these interviews, two were with individuals specializing in community development, and one was conducted with an individual working in a government economic development role. The community contact interviewees categorized the credit needs of the community as primarily in the area of small business financing, especially in the retail service sector. These services are needed in many neighborhoods in the city where residents do not have ready access to them. All of the contacts mentioned the availability of alternate lending institutions, such as community development financial institutions, as an outlet for traditional banks to channel funding into small businesses and community development activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

The bank's performance under the Lending Test is rated Satisfactory overall, although the geographic distribution of loans in the assessment area is poor. Factors weighing in favor of the Satisfactory rating were the distribution of loans by borrower's income or revenue profile, the LTD ratio, and the concentration of lending within the assessment area.

Geographic Distribution of Loans

The bank's performance in the category of geographic distribution of loans is concentrated on two products: HMDA loans and small business loans. As noted in the description of the bank's assessment area, the area contains 42 low-income census tracts, 59 moderate-income census tracts, 58 middle-income census tracts, 77 upper-income census tracts, and 3 tracts of unknown income level. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. Overall, the bank's geographic distribution of loans reflects poor dispersion throughout this assessment area, based on activity analyzed from both loan categories. The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing statistics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2011 – December 31, 2011

Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	4 0.7%	12 2.0%	77 12.7%	511 84.6%	0 0.0%	**604** **100%**
Refinance	0 0.0%	5 2.0%	23 9.1%	226 89.0%	0 0.0%	**254** **100%**
Home Improvement	0 0.0%	1 50.0%	0 0.0%	1 50.0%	0 0.0%	**2** **100%**
Multifamily	1 33.3%	1 33.3%	1 33.3%	0 0.0%	0 0.0%	**3** **100%**
TOTAL HMDA LOANS	**5** **0.6%**	**19** **2.2%**	**101** **11.7%**	**738** **85.5%**	**0** **0.0%**	**863** **100%**
Owner-Occupied Housing	5.8%	20.8%	28.6%	44.8%	0.0%	**100%**
2011 Aggregate HMDA Data	0.7%	5.2%	19.5%	74.6%	0.0%	**100%**

The bank's overall geographic distribution of HMDA loans is poor. As illustrated in the table above, the proportion of the HMDA loans in low-income census tracts (0.6 percent) and moderate-income census tracts (2.2 percent) is significantly lower than the proportion of owner-occupied housing in the those tracts, 5.8 percent and 20.8 percent, respectively. Although the bank's total penetration in low-income census tracts is similar to the 2011 aggregate lending in low-income census tracts (0.7 percent), it is significantly less than the aggregate lending in moderate-income census tracts (5.2 percent). Therefore, based on overall comparisons to both demographic data and aggregate data, the bank's geographic distribution of HMDA loans in both low- and moderate-income census tracts is poor, which results in an overall geographic distribution of HMDA loans as poor.

The second category of loans reviewed for the geographic distribution aspect of the Lending Test was small business loans. The following table shows the bank's performance in this category compared with the estimated percentages of small businesses located in each geography income category.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2011 – December 31, 2011						
Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Small Business Loans	1 3.6%	0 0.0%	4 14.3%	23 82.1%	0 0.0%	**28** **100%**
Business Institutions	8.1%	17.2%	24.3%	50.0%	0.4%	**100%**
2011 CRA Aggregate Data	6.9%	13.5%	20.2%	57.8%	1.6%	**100%**

The analysis of small business loans within the bank's assessment area reveals an overall very poor penetration in the LMI census tracts. The bank's total lending in the low-income census tracts (3.6 percent) is significantly lower than the business geodemographic estimates of small businesses within the low-income census tracts (8.1 percent), as well as the aggregate lending (6.9 percent) within the tract, reflecting very poor performance. In addition, the bank made no loans in the moderate-income census tracts; conversely, business geodemographic estimates indicate 17.2 percent of small businesses are located in these tracts, and aggregate lenders made 13.5 percent of loans to businesses in these tracts. Therefore, the bank's small business performance in moderate-income tracts is also considered very poor.

In summary, based on the analyses of both loan products, the bank's overall geographic distribution of loans is poor.

<u>Loan Distribution by Borrower's Profile</u>

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

HUD ($58,300 for the Memphis MSA as of 2011). Based on the review of both product categories, the bank's overall distribution of loans by borrower's profile is reasonable.

The following table shows the distribution of HMDA loans by borrower income level, compared to family population income characteristics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Borrower January 1, 2011 – December 31, 2011						
Dataset	**Borrower Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Home Purchase	43 7.1%	125 20.7%	157 26.0%	279 46.2%	0 0.0%	**604** **100%**
Refinance	7 2.8%	16 6.3%	45 17.7%	183 72.0%	3 1.2%	**254** **100%**
Home Improvement	0 0.0%	2 100.0%	0 0.0%	0 0.0%	0 0.0%	**2** **100%**
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	3 100%	**3** **100%**
TOTAL HMDA LOANS	**50** **5.8%**	**143** **16.6%**	**202** **23.4%**	**462** **53.5%**	**6** **0.7%**	**863** **100%**
Family Population	21.8%	16.1%	19.4%	42.7%	0.0%	**100%**
2012 HMDA Aggregate Data	5.3%	13.9%	17.8%	41.9%	21.1%	**100%**

The bank's overall HMDA lending by borrower income level is reasonable, especially in light of aggregate performance. The bank's total percentage of lending to low-income borrowers (5.8 percent) is significantly below the percentage of low-income families within the assessment area (21.8 percent). However, the bank's lending to low-income borrowers is similar to that of other lenders in the assessment area based on 2011 aggregate HMDA data, which indicate that 5.3 percent of aggregate HMDA loans in this assessment area were made to low-income borrowers, and is therefore considered reasonable. Bank performance to moderate-income borrowers is excellent, as the bank's total lending figure (16.6 percent) is above the percentage of moderate-income families in the assessment area (16.1 percent). Bank performance to moderate-income borrowers is also above that of other lenders based on aggregate HMDA lending data, which indicate that 13.9 percent of 2011 aggregate HMDA loans were made to moderate-income borrowers. Therefore, the bank's overall HMDA lending performance by borrower's profile is reasonable.

Similar to the borrower's profile analysis conducted for the previous loan category, the bank's distribution of small business loans was reviewed. The following table shows the bank's performance.

Lending Distribution by Business Revenue Level January 1, 2011 – December 31, 2011				
Gross Revenue	**Loan Amounts in $000s**			**TOTAL**
	<$100	**>$100≤$250**	**>$250≤$1,000**	
$1 Million or Less	2 7.1%	5 17.9%	11 39.3%	**18** **64.3%**
Greater than $1 Million/Unknown	4 14.3%	2 7.1%	4 14.3%	**10** **35.7%**
TOTAL	**6** **21.4%**	**7** **25.0%**	**15** **53.6%**	**28** **100%**
2011 CRA Aggregate Data	-	-	-	38.7%

As displayed in the preceding table, the majority of the bank's small business loans were made to businesses with gross annual revenues of $1 million or less (64.3 percent), which is considered reasonable performance. Although the 2011 business demographics estimates by Dun & Bradstreet indicate that 87.9 percent of assessment area businesses have gross annual revenues of $1 million or less, the bank far exceeded the 2011 CRA aggregate lending data of 38.7 percent. Therefore, compared to aggregate lending, the bank's distribution of small business loans by borrower's profile is reasonable.

Therefore, based on the analyses of both loan categories, the bank's overall borrower's profile performance is reasonable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio reflects a 15-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of September 30, 2012**	**Headquarters**	**Average LTD Ratio**
Magna Bank	$488,255	Memphis, Tennessee	105.2%
Regional banks	$799,651	Memphis, Tennessee	101.2%
	$367,559	Bartlett, Tennessee	63.9%
	$405,715	Collierville, Tennessee	96.7%

Based on data from the previous table, the bank's level of lending is similar to that of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 99.5 percent on September 30, 2011, to a high of 109.7 percent on September 30, 2009. In comparison, the average quarterly LTD ratios for the regional peers ranged from 63.9 percent to 101.2 percent. Therefore, compared to data from regional banks as displayed in the previous table, the bank's average LTD ratio appears to be more than 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, 2011 – December 31, 2011			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
Total HMDA Loans	863 60.6%	562 39.4%	**1,425** **100.0%**
	$165,518 61.6%	$103,106 38.4%	**$268,624** **100.0%**
Total Small Business Loans	28 51.9%	26 48.1%	**54** **100.0%**
	$9,031 63.0%	$5,302 37.0%	**$14,333** **100.0%**
TOTAL LOANS	**891** **60.2%**	**588** **39.8%**	**1,479** **100.0%**
	$174,549 **61.7%**	**$108,408** **38.3%**	**$282,957** **100.0%**

As shown above, by both number and dollar volume, a majority of the loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 60.2 percent of the total loans were made inside the assessment area, accounting for 61.7 percent of the dollar volume of total loans.

Review of Complaints

No CRA-related complaints were filed against the bank during this review period (March 2, 2009 through January 14, 2013).

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment area, considering the bank's capacity and the need and availability of such opportunities in the assessment area. The bank has addressed community development needs through community development loans, qualified investments, and community development services.

Community Development Loans

During the review period, the bank originated or renewed 11 community development loans totaling $27.8 million in its assessment area. Eight of those loans were made to entities providing affordable housing options targeted to LMI residents. Two were made to an entity providing services to LMI geographies, and one was to an entity providing funding for housing rehabilitation activities that revitalize and stabilize LMI geographies.

Community Development Investments

The bank made 28 qualified donations to 13 agencies during the review period, totaling $26,130. Ten of the agencies provide community development services, two provide economic development assistance, and one provides affordable housing.

Community Development Services

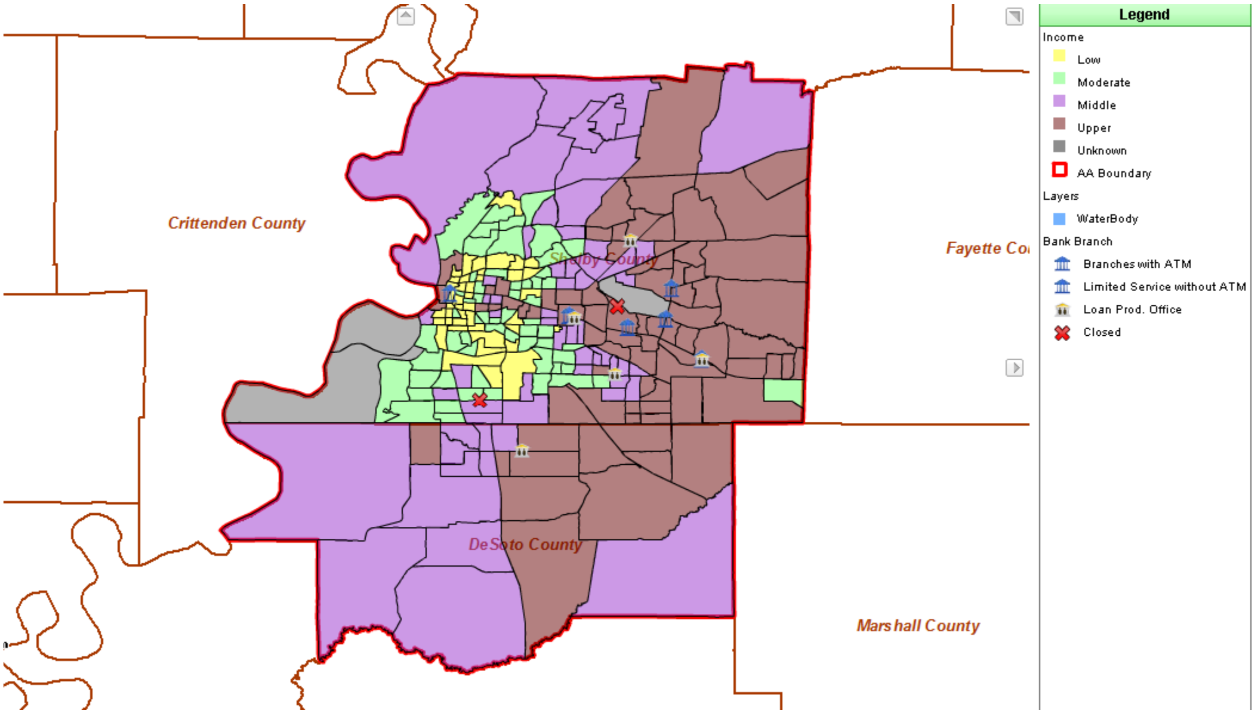
Throughout the review period, 8 bank employees contributed 1,629 hours of community development services to 8 different agencies. Some served as directors on agency boards, some provided homeowner counseling services, and others assisted with fundraising efforts.

The combination of the bank's community development loans, investments, and services by the bank exhibit adequate performance in the Community Development Test.

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



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 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 (such as age, race, sex, income, etc.) 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 the income of applications, 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: Is 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.