PUBLIC DISCLOSURE

August 12, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Louisiana
RSSD #663450

101 South Third Street
Louisiana, Missouri 63353

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.

Bank of Louisiana 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 excellent penetration among business of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

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

Performance Criterion	Time Period
LTD Ratio	June 30, 2014 – June 30, 2019
Assessment Area Concentration	January 1, 2017 – December 31, 2018
Loan Distribution by Borrower's Profile	January 1, 2017 – December 31, 2018
Geographic Distribution of Loans	January 1, 2017 – December 31, 2018
Response to Written CRA Complaints	April 29, 2014 – August 12, 2019

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 American Community Survey (ACS) data; certain business demographics are based on 2017 Dun & Bradstreet data. When analyzing bank performance by comparing lending

[1] Loan types were sampled for this review according to CA Letter 02-3, "Policy for Sampling at Small Banks."

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 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 $90.8 million to $236.6 million as of June 30, 2019.

To augment this evaluation, two community contact interviews previously completed within the bank's assessment area were referenced. 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

Bank of Louisiana is a full-service retail bank headquartered in Louisiana, Missouri, offering both consumer and commercial loan and deposit products. The bank is one of five wholly owned subsidiary banks of Lincoln County Bancorp, Inc., a bank holding company headquartered in Troy, Missouri. The bank's branch network consists of two offices (including the main office) and six automated teller machines (ATMs). One cash-dispensing-only ATM is at each office location, two cash-dispensing-only ATMs are in the City of Louisiana, one full-service ATM is at an event venue in Clarksville, Missouri, and one full-service ATM is near a shopping center in Bowling Green, Missouri. All offices and ATMs are located in Pike County, Missouri. Based on the bank's branch network and other service delivery systems, such as online and mobile banking capabilities, the bank is well positioned to deliver financial services throughout its assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2019, the bank reported total assets of $53.8 million. As of the same date, loans and leases outstanding were $34.0 million (63.2 percent of total assets), and deposits totaled $47.8 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans June 30, 2019		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$3,751	11.0%
Commercial Real Estate	$10,446	30.7%
Multifamily Residential	$746	2.2%
1–4 Family Residential	$9,058	26.7%
Farmland	$2,829	8.3%
Farm Loans	$165	0.5%
Commercial and Industrial	$5,013	14.8%
Loans to Individuals	$925	2.7%
Total Other Loans	$1,046	3.1%
TOTAL LOANS	**$33,979**	**100%**

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

The bank received an Outstanding rating at its previous CRA evaluation conducted on April 29, 2014, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 18,517, is located in northeastern Missouri, bordering the Mississippi River to its east. The bank delineates Pike County in its entirety as its assessment area, which is in a nonmetropolitan statistical area (nonMSA). Pike County consists of five total census tracts, four middle-income and one upper-income. The assessment area is rural and fairly homogenous. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018, there are seven FDIC-insured depository institutions in the assessment area that operate nine offices. Bank of Louisiana ranked third in terms of deposit market share, with 11.8 percent of the total assessment area deposit dollars.

Credit needs in the assessment area include a standard blend of consumer and commercial products. Community contacts noted the importance of start-up funds for small businesses, as well as a need for financial education to help people qualify for residential real estate 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						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	0 0.0%	4 80.0%	1 20.0%	0 0.0%	**5** **100%**
Family Population	0 0.0%	0 0.0%	3,241 74.2%	1,127 25.8%	0 0.0%	**4,368** **100%**

As shown above, there are no LMI geographies in the assessment area. While 74.2 percent of the family population resides in middle-income census tracts, the remaining 25.8 percent of the family population resides in the upper-income census tract.

Based on 2015 ACS data, the median family income for the assessment area was $52,976. At the same time, the median family income for the nonMSA Missouri was $48,553. More recently, the FFIEC estimates the median family income for the nonMSA Missouri to be $50,800 in 2017 and $53,100 in 2018. The following table displays population percentages of assessment area families by income level compared to the nonMSA Missouri family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	721 16.5%	820 18.8%	871 19.9%	1,956 44.8%	**4,368** **100%**
NonMSA Missouri	81,501 20.5%	72,180 18.2%	84,266 21.2%	159,541 40.1%	**412,638** **100%**

As shown in the table above, 35.3 percent of families within the assessment area were considered LMI, which is slightly lower than LMI family percentages of 38.7 percent in nonMSA Missouri. The percentage of families living below the poverty threshold in the assessment area, 11.3 percent, falls below the 14.2 percent level in nonMSA Missouri. Considering these factors, the assessment area appears slightly more affluent than nonMSA Missouri as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Missouri as a whole. The median housing value for the assessment area is $95,048, which is below the figure for nonMSA Missouri, $100,700. The assessment area housing affordability ratio of 44.2 percent is above the nonMSA Missouri figure of 38.0 percent. However, the median gross rent for the assessment area of $630 per month is slightly higher than the $612 per month for nonMSA Missouri.

Furthermore, rental units appear to be about as prominent in the assessment area as they are in nonMSA Missouri. Of all housing units in the assessment area, 23.2 percent are rental units compared to 23.8 percent rental units found in nonMSA Missouri. Despite housing data which indicates housing is more affordable in the assessment area than the NonMSA as a whole, community contacts stated that new housing development in the assessment area had been insignificant and opportunities to purchase homes were minimal. Supporting this point is the high median age of housing stock, 47 years. Based on housing data and community contact interviews, purchasing a home is likely challenging for segments of the LMI population in the assessment area.

Industry and Employment Demographics

The assessment area supports a diverse business community, including a strong small business sector. County business patterns indicate that there are 4,480 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (18.4 percent), followed by retail trade (15.3 percent) and manufacturing (14.7 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 Missouri and state of Missouri.

Unemployment Levels for the Assessment Area			
Time Period (Annual Average)	**Assessment Area**	**NonMSA Missouri**	**Missouri**
2016	4.5%	5.5%	4.6%
2017	3.5%	4.4%	3.8%
2018	3.6%	3.7%	3.6%
2019 YTD	4.0%	4.7%	4.0%

As shown in the table above, unemployment levels for the assessment area, nonMSA Missouri, and the whole state of Missouri all exhibited a decrease from 2016 through 2018, with a slight uptick in YTD 2019. Unemployment levels in the assessment area are lower than nonMSA Missouri levels but consistent with the statewide figures.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in the assessment area were evaluated. Of these community contact interviews, one was with an employee of an organization whose mission is to increase self-sufficiency and self-reliance, while the other was with an individual who works to engage the community in economic development. The first contact's role in increasing self-sufficiency and self-reliance is providing financial education, particularly as it relates to homeownership. She characterized the community as having shown some tangible signs of improvement lately after being significantly damaged by the 2008 recession. According to the contact, the county's population has remained stable over the past few years but she was optimistic about growth in the near term. The inability to save for a down payment, she thought, was the most significant barrier to obtaining a home for the LMI families in the community. In terms of affordable housing, she also stressed the lack of suitable houses available for sale. The contact has successfully worked with families to improve credit worthiness and save for a down payment, only to find there are no homes for sale. However, the potential for new development is also faced with obstacles as Missouri's low-income housing tax credit program has been suspended, the county does not provide public transportation, and there is no county-wide sewer system. ACS data supported this observation on minimal housing development, with 2015 figures indicating an assessment area median age of housing stock of 47 years.

The second contact is involved in economic development by assisting nonprofits with board development and strategic planning, as well as research development for local governments. He noted the economy throughout Pike County as varied with some towns and rural areas struggling, while Bowling Green has seen improvement economically due to several factors including insulation from flooding, a stable significant employer, and proximity to Highway 61. According to the contact, the most significant barriers to economic development in the county are lack of broadband Internet and flooding. He stated the small business environment is strong for existing businesses, but there is a need for start-up funds for businesses trying to enter the market.

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 in comparison to those of regional peers. The average LTD ratio represents a 21-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis

Name	Headquarters	Asset Size ($000s) as of June 30, 2019	Average LTD Ratio
Bank of Louisiana	Louisiana, Missouri	$53,770	70.3%
Regional Banks	Bowling Green, Missouri	$236,625	66.6%
	Louisiana, Missouri	$114,232	76.2%
	New London, Missouri	$90,828	79.0%

Based on data from the previous table, the bank's level of lending is commensurate with that of other banks in the region. During the review period, the LTD ratio experienced a generally increasing trend, ranging from a low of 64.3 percent to a high of 79.1 percent. The average LTD ratios for the regional peers ranged from 66.6 percent to 79.0 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, 2017 through December 31, 2018						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
1–4 Family Residential Real Estate	34	79.1%	9	20.9%	**43**	**100%**
	2,006	53.3%	1,758	46.7%	**$3,764**	**100%**
Small Business	43	75.4%	14	24.6%	**57**	**100%**
	3,059	47.3%	3,402	52.7%	**$6,461**	**100%**
Consumer	79	96.3%	3	3.7%	**82**	**100%**
	607	94.4%	36	5.6%	**$643**	**100%**
TOTAL LOANS	**156**	**85.7%**	**26**	**14.3%**	**182**	**100%**
	5,672	**52.2%**	**5,196**	**47.8%**	**$10,868**	**100%**

As shown above, the majority of loans, by dollar and number, were made in the bank's assessment area. However, by dollar, a majority of the bank's small business loans were outside the assessment area. This is mostly attributed to a few participation loans that accounted for nearly 40 percent of the dollar volume for that category.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from all three loan categories reviewed. Given lending volumes during the review period and the bank's emphasis on these products, equal significance was placed on performance in each loan product when determining the overall conclusion.

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 ($53,100 for nonMSA Missouri as of 2018). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2017 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2017 through December 31, 2018												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family Residential Real Estate	5	14.7%	10	29.4%	4	11.8%	15	44.1%	0	0.0%	**34**	**100%**
Family Population	16.5%		18.8%		19.9%		44.8%		0.0%		**100%**	
2017 HMDA Aggregate	4.3%		15.8%		16.2%		40.3%		23.4%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (14.7 percent) is slightly below the low-income family population figure (16.5 percent), but significantly above the 2017 aggregate lending level to low-income borrowers (4.3 percent), reflecting excellent performance. The bank's level of lending to moderate-income borrowers (29.4 percent) is above the moderate-income family population percentage (18.8 percent) and the 2017 aggregate lending level to moderate-income borrowers (15.8 percent), also reflecting excellent performance. The bank's performance is especially notable, given the barriers to residential real estate lending in the assessment area. Community contacts noted limited housing stock and prevalence of borrowers lacking funds for a down payment in the assessment area. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile 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 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and 2017 aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 through December 31, 2018								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	35	81.4%	2	4.7%	3	7.0%	**40**	**93.0%**
Greater than $1 Million/Unknown	2	4.7%	0	0.0%	1	2.3%	**3**	**7.0%**
TOTAL	**37**	**86.0%**	**2**	**4.7%**	**4**	**9.3%**	**43**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**88.2%**	
2017 Small Business Aggregate < $1MM							**51.6%**	

The bank's level of lending to small businesses is excellent. The bank originated the majority of its small business loans (93.0 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 88.2 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2017 aggregate lending level to small businesses is 51.6 percent. Furthermore, 87.5 percent of the bank's small business loans were in amounts of $100,000 or less, demonstrating the bank's willingness to meet the credit needs of small businesses in the assessment area.

Lastly, the distribution of consumer motor vehicle loans was analyzed by income level of the borrower. The following table shows the distribution of consumer motor vehicle loans compared to household income characteristics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Borrower January 1, 2017 through December 31, 2018												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Loans	19	24.1%	21	26.6%	11	13.9%	17	21.5%	11	13.9%	**79**	**100%**
Household Population	20.1%		17.6%		16.6%		45.7%		0.0%		**100%**	

The bank's level of lending to low-income borrowers (24.1 percent) is consistent with the percentage of assessment area households that are low-income (20.1 percent) and is considered reasonable. Lending to moderate-income borrowers is considered excellent, given that the bank's lending level (26.6 percent) exceeds the moderate-income household population (17.6 percent). When considering overall performance based on both income categories, the bank's distribution of consumer motor vehicle loans by borrower's profile is excellent.

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 four middle- and one upper-income census tracts; therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed for 2017 and 2018, 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.

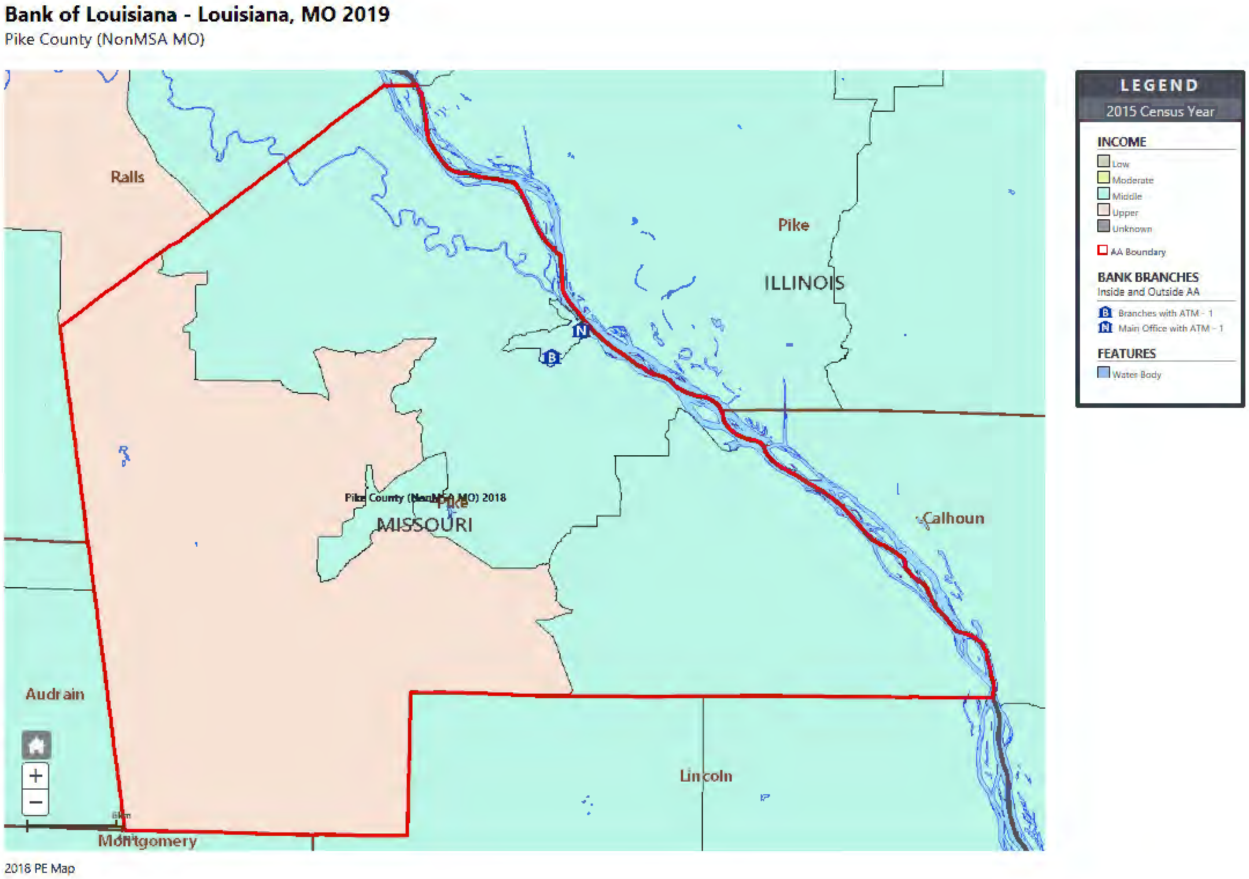
Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (April 29, 2014 through August 12, 2019).

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.