PUBLIC DISCLOSURE

July 23, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Scott County State Bank
RSSD# 753548

125 West McClain Avenue
Scottsburg, Indiana 47170

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.

The Scott County State Bank meets the criteria for a Satisfactory rating based upon the performance evaluation of the bank's lending activity. Borrower's profile analysis reveals reasonable penetration among borrowers of different income levels, including low- and moderate-income (LMI) categories, and businesses of different sizes. The geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area. The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, structure, financial condition, and assessment area credit needs. In addition, a majority of the bank's loans and other lending-related activities are within the bank's assessment area. Lastly, no Community Reinvestment Act (CRA)-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Interagency CRA Examination Procedures for small banks. The review period spanned from the date of the bank's previous CRA evaluation on July 21, 2008 to July 23, 2012. The Scott County State Bank operates in one assessment area, Scott County, Indiana, which is located in a nonmetropolitan portion of the state of Indiana. Lending samples were chosen from 1-4 family residential real estate loans originated from July 21, 2008 to December 31, 2011, business purpose loans originated from January 1, 2011 to December 31, 2011 and consumer motor vehicle loans originated from July 1, 2011 to December 31, 2011. These three loan categories are considered the bank's primary lines of business, based upon lending volume by number and dollar amounts and in light of the bank's stated business strategy. Loan activity represented by these credit products is deemed indicative of the overall lending performance of the bank. In addition, two community contacts were performed in order to establish a context for the community in which the bank operates and to understand the credit needs of the bank's assessment area.

DESCRIPTION OF INSTITUTION

The Scott County State Bank is wholly owned by Community Bank Shares of Indiana, Inc., located in New Albany, Indiana, a two-bank holding company. The bank operates three branches including the main office. All locations are in Scott County, Indiana, and each has an ATM. The bank is a full-service financial institution offering commercial, residential, and consumer purpose loans, and various deposit products. The bank operates from its main office located in Scottsburg, Indiana, which is the county seat of Scott County, Indiana. No branch offices have been opened or closed since the previous examination.

As of June 30, 2011, The Scott County State Bank was one of six financial institutions operating inside Scott County. In terms of market share of deposits, the bank ranked first with 43.5 percent market share.[1] 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. The bank is capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2012, the bank reported total assets of $130.2 million, total

[1] Deposit market share information is available through the Federal Deposit Insurance Corporation website, updated as of June 30, 2011.

deposits of $105.7 million, and total loans and leases of $81.6 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans (as of June 30, 2012)		
Credit Product Type	**Amount in $000s**	**Percentage of Total Loans**
Construction and Development	$ 1,493	1.8%
Commercial Real Estate	$ 22,235	27.3%
Multifamily Residential	$ 1,804	2.2%
1-4 Family Residential	$ 38,481	47.2%
Farmland	$ 2,285	2.8%
Farm Loans	$ 1,575	1.9%
Commercial and Industrial	$ 9,084	11.1%
Loans to Individuals	$ 4,561	5.6%
Total Other Loans	$ 33	0.0%
TOTAL	**$ 81,551**	**100.0%**

The current loan portfolio, as of June 30, 2012, consists primarily of residential real estate loans, accounting for 47.2 percent of the bank's portfolio. Loans secured by commercial real estate account for 27.3 percent of the portfolio, and commercial and industrial loans account for 11.1 percent of the portfolio. Loans to individuals account for 5.6 percent. The bank's main focus is on residential real estate lending, motor vehicle loans, and business purpose loans.

As part of an evaluation under the CRA, the bank's performance is evaluated in relation to the performance of local competitors that are similar to the bank as far as product type and bank structure. The bank's competitors in Scott County, however, are not similar to the bank as far as product type and bank structure. Therefore, three banks in the adjoining counties of Clark and Jackson were selected for comparison to the bank in order to provide a more meaningful comparative analysis. These banks ranged in asset sizes from $139.6 million to $379.1 million, as of June 30, 2012.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on July 21, 2008.

DESCRIPTION OF ASSESSMENT AREA[2]

General Demographics

Scott County is rural and comprised of the five geographies that make up Scott County, Indiana, a nonmetropolitan area located in the southeastern portion of the state. Scott County contains one moderate-income census tract and four middle-income census tracts. All of the bank's offices and its ATMs are located within the city of Scottsburg in Scott County. As of the 2000 census, the total population of the assessment area was 22,960. While the assessment area is generally rural, there is a need for a mix of credit products including home loans, business loans, agriculture loans, and consumer purpose loans.

Income and Wealth Demographics

The following table reflects the number and population of geographies within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	1 20.0%	4 80.0%	0 0.0%	0 0.0%	**5** **100%**
Family Population	0 0.0%	1,214 18.6%	5,317 81.4%	0 0.0%	0 0.0%	**6,531** **100%**

As shown in the above table, there are no low- or upper-income census tracts within the bank's assessment area. Approximately 18.6 percent of the assessment area's family population resides within the moderate-income geography.

According to the 2000 census data, the median family income for the assessment area was $39,451 compared to the nonmetropolitan statistical area (nonMSA) Indiana median family income of $45,666. More recently, the U.S. Department of Housing and Urban Development (HUD) estimates the 2011 nonMSA median family income for Indiana to be $52,900. The following table displays population percentages of assessment area families by income level, compared to the nonMSA Indiana family population as a whole.

[2] Statistical/demographic information cited in this evaluation, unless otherwise stated, is taken from 2000 United States Census Bureau Data.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	1,520 23.3%	1,386 21.2%	1,690 25.9%	1,935 29.6%	**6,531** **100%**
NonMSA Indiana	62,842 16.5%	75,627 19.8%	98,566 25.8%	144,761 37.9%	**381,796** **100%**

Based on the data in the preceding table, the assessment area is slightly less affluent than the nonMSA Indiana as a whole. Although the first table in this section indicates that the vast majority of assessment area families live in middle-income census tracts, this table reveals that a significant portion of assessment area families (44.5 percent) are considered LMI. This LMI family population figure is above that of the nonMSA Indiana (36.3 percent). Furthermore, the assessment area also has a smaller upper-income family population, 29.6 percent compared to 37.9 percent.

Housing Demographics

Housing in the assessment area is consistent relative to nonMSA Indiana, as shown by slightly lower housing values, slightly higher median gross rents, and a similar housing affordability ratio. The median housing value for the assessment area was $74,696, which is slightly lower than the figure for nonMSA Indiana at $80,573. The 2000 median rent for the assessment area was $463 per month, compared to $449 per month for nonMSA Indiana. The assessment area housing affordability ratio of 46.0 percent is similar than the housing affordability ratio of 48.0 percent for statewide nonMSA Indiana, indicating comparable affordability of housing within the assessment area relative to median household income.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing and retail-trade sectors. By number of paid employees in the assessment area, manufacturing plays the lead role (1,794), followed by retail trade (1,090), and healthcare and social assistance (962).[3] Business demographic estimates indicate there are 435 businesses in the assessment area. Some of the major employers include Morgan Foods, Inc., American Plastics, and Genesis. Two significant employers have left the area in recent history. Freudenberg-Nok, a brake-parts manufacturer moved operations to Mexico and Hyosung, a steel cord manufacturer, consolidated operations in Brazil. According to 2011 data; the annualized unemployment rate for the assessment area was 11.2 percent.[4] The 2011 annualized unemployment rate for the state of Indiana was 9.0 percent.

[3] Source: U.S. Census Bureau 2009 County Business Patterns.
[4] Source: Bureau of Labor Statistics. All unemployment figures are not seasonally adjusted.

Community Contact Information

As a part of this CRA evaluation, two community contact interviews were conducted in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. Both contacts work in economic development in Scott County. The community contact interviewees remarked that the local economy has been down in recent years. One contact stated that the departure of the area's largest employers, Freudenberg-Nok and Hyosung, cost the county approximately 300 jobs. Banking competition in the area is present but not overly aggressive. The banks in the assessment area are active in the community and according to community contacts, there are no unmet credit needs. This community contact information helped form the performance context in which to evaluate the bank's activities for this assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Scott County State Bank meets the standards for a Satisfactory rating under CRA small bank procedures. The CRA small bank performance standards evaluate the following five criteria as applicable.

- The distribution of loans by borrower income and business revenue
- The geographic distribution of loans
- The bank's average LTD ratio
- The concentration of lending within the assessment area
- A review of written complaints

The remaining sections of this evaluation are based upon analyses of the bank's lending performance under these five performance criteria.

Loan Distribution by Borrower's Profile

The small bank performance standards evaluate the bank's lending to borrowers of various income levels. 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. The 2011 estimated median family income figure for nonMSA Indiana is $52,900. Overall, the bank's performance in extending loans to borrowers with different incomes and businesses of varying revenues meets the standards for satisfactory performance. The following table shows the distribution of residential real estate loans by income level of the borrower.

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	**Borrower Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Residential Real Estate	13	14	24	14	3	**68**
	19.1%	20.6%	35.3%	20.6%	4.4%	**100%**
Families	23.3%	21.2%	25.9%	29.6%	0.0%	**100%**

The bank's level of extending 1-4 family residential real estate loans to low-income borrowers is considered reasonable, with 19.1 percent of 1-4 family residential real estate loans extended to low-income borrowers compared to a low-income family population of 23.3 percent. In addition, the bank's level of extending 1-4 family residential real estate loans to moderate-income borrowers is considered reasonable, with 20.6 percent of residential loans extended to moderate-income borrowers compared to a moderate-income family population of 21.2 percent. Based on this data, the overall borrower distribution of 1-4 family residential real estate loans reflects reasonable penetration among borrowers of different income levels.

As with the bank's Home Mortgage Disclosure Act loan activity, the borrower distribution of consumer motor vehicle loans was also analyzed by borrower's income profile. The following table shows the distribution of motor vehicle loans by income level of the borrower compared to household population income characteristics.

Distribution of Loans Inside Assessment Area by Income Level of Borrower

Dataset	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Consumer Motor Vehicle	12	15	9	10	**46**
	26.1%	32.6%	19.6%	21.7%	**100%**
Household Population	25.6%	18.6%	22.9%	32.8%	**100%**

This analysis revealed excellent penetration to LMI borrowers. By number, 58.7 percent of the motor vehicle loans reviewed was made to LMI borrowers, which compares favorably to the LMI household population of 44.2 percent. Reviewed separately, the bank's performance by number of motor vehicle loans made to LMI borrowers, 26.1 percent and 32.6 percent, respectively, each significantly exceeded the household population comparisons of 25.6 percent for low-income and 18.6 percent for moderate-income. Based on this data, the distribution of the bank's consumer motor vehicle loans reflects excellent penetration among individuals of different income levels.

Similar to the borrower's profile analysis conducted for the two previous loan categories, the bank's distribution of business loans to businesses of various sizes was reviewed. The following table reflects the bank's distribution of business loans by gross annual revenue and loan amount.

Lending Distribution by Business Revenue Level

Dataset	Loan Origination Amount (in $000s)			TOTAL
	≤$100	>$100≤$250	>$250≤$1,000	
$1 Million or Less	38	3	0	**41**
	76.0%	6.0%	0.0%	**82.0%**
Greater Than $1 Million	8	0	1	**9**
	16.0%	0.0%	2.0%	**18.0**
TOTAL	**46**	**3**	**1**	**50**
	92.0%	**6.0%**	**2.0%**	**100%**

The bank's performance in extending loans to small businesses is considered reasonable. The bank extended 82.0 percent of all of the business loans sampled to small businesses. Data made available by Dun & Bradstreet indicates that 91.0 percent of all businesses in the assessment area are small businesses. While lower than the Dun & Bradstreet data, the bank's performance is considered reasonable when considering the fact that 92.0 percent of loans to small businesses were in amounts of $100,000 or less.

Therefore, the bank's overall borrower's profile performance, based upon the lending analysis of all three loan categories, is reasonable.

Geographic Distribution of Loans

As noted in the description of the bank's assessment area, the bank's assessment area contains one moderate-income census tract and four middle-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. Overall, the bank's performance in extending loans to areas with different income level of geographies meets the standards for satisfactory performance.

The following section displays the geographic distribution of The Scott County State Bank's residential real estate loans in comparison to owner-occupied housing statistics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography

Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Residential Real Estate	0	8	60	0	0	**68**
	0.0%	11.8%	88.2%	0.0%	0.0%	**100%**
Owner-Occupied Housing	0.0%	15.7%	84.3%	0.0%	0.0%	**100%**

The analysis of residential real estate loans revealed lending performance comparable to owner-occupied housing statistics. The bank's total penetration of moderate-income census tracts by number of loans (11.8 percent) is slightly below the percentage of owner-occupied housing units in moderate-income census tracts (15.7 percent). However, this performance is considered reasonable.

The geographic distribution of consumer loan activity is displayed in the following table.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Consumer Motor Vehicle Loans	0	5	41	0	0	**46**
	0.0%	10.9%	89.1%	0.0%	0.0%	**100%**
Household Population	0.0%	18.8%	81.3%	0.0%	0.0%	**100%**

This analysis revealed poor loan distribution of motor vehicle loans throughout the assessment area. Of the 46 motor vehicle loans reviewed, 10.9 percent was made to borrowers in LMI census tracts, which is below the LMI household population of 18.8 percent.

The following table displays the results of the bank's geographic distribution of small business loans, along with the estimated percentages of business institutions located in each geography income category for comparison purposes.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Small Business Loans	0	4	46	0	0	**50**
	0.0%	8.0%	92.0%	0.0%	0.0%	**100%**
Business Institutions	0.0%	11.5%	88.5%	0.0%	0.0%	**100%**

The bank's lending in the moderate-income census tract is reasonable given the performance context. The bank originated 8.0 percent of small business loans to small businesses within the LMI census tracts. In comparison, 11.5 percent of the reporting small businesses are located within the LMI census tracts. In assessing the bank's performance, consideration was given to the high level of competition that the bank is experiencing, especially from much larger nationwide institutions that have branches in the moderate-income census tract. In addition, as noted by one community contact, one business owns about 85 percent of the land in the moderate-income census tract. Allowing for these factors, the geographic distribution of the bank's small business loans reflects reasonable dispersion throughout the assessment area. Despite the observed poor performance in motor vehicle lending, the overall geographic distribution performance is considered reasonable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. As previously discussed, there were no banks headquartered within Scott County that are comparable to The Scott County State Bank in terms of product offerings and bank structure. The table below displays the bank's average LTD ratio in comparison to that of local banks. The average net LTD ratio represents a 16-quarter average (September 30, 2008 through June 30, 2012) dating back to the bank's last CRA examination.

Loan-to-Deposit Ratio Analysis (as of June 30, 2012)			
Name	**Asset Size (000s)**	**Headquarters**	**Average LTD Ratio**
The Scott County State Bank	$133,265	Scottsburg, Indiana	86.2%
Regional Competitors	$379,100	Seymour, Indiana	93.8%
	$221,723	New Washington, Indiana	90.0%
	$139,565	Brownstown, Indiana	58.1%

The bank's LTD ratio was 75.9 percent as of June 30, 2012, and the quarterly average ratio was 86.2 percent since the last examination. The Scott County State Bank's performance under this criterion was compared to that of three financial institutions, based on their proximity, asset size, branch structure, and loan portfolio mix. For the period ending June 30, 2012, the assets of these institutions ranged from $139.6 and $379.1 million, and their quarterly average LTD ratios ranged from 58.1 to 93.8 percent. The bank's quarterly average LTD ratio is considered reasonable given the size, structure, and financial condition of the bank and the credit needs in the assessment area.

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			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
Residential Real Estate	68 78.2%	19 21.8%	**87** 100.0%
	$ 4,630 71.5%	$ 1,847 28.5%	**$ 6,477** 100.0%
Small Business	50 80.6%	12 19.4%	**62** 100.0%
	$ 2,672 72.5%	$ 1,013 27.4%	**$ 3,685** 100.0%
Consumer Motor Vehicle	46 79.3%	12 20.7%	**58** 100.0%
	$ 531 84.0%	$ 101 16.0%	**$ 632** 100.0%
TOTAL	**164** 79.2%	**43** 20.8%	**207** 100.0%
	$ 7,833 73.2%	**$ 2,960** 26.8%	**$ 10,793** 100.0%

As noted above, a majority of loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 79.2 percent of total loans were made inside the assessment area, accounting for 73.2 percent of the dollar volume of total loans. The bank meets the standard for satisfactory performance under this criterion.

Review of Complaints

No CRA-related complaints were filed against the bank during the time frame used for this evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based upon 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

Listing of Census Tracts in CRA Assessment Area				
County	**Census Tract Number**	**Census Tract Income Level**	**MSA**	**Contains Bank Office**
Scott	9668.00	Moderate	N/A	No
Scott	9667.00	Middle	N/A	No
Scott	9669.00	Middle	N/A	No
Scott	9670.00	Middle	N/A	Yes
Scott	9671.00	Middle	N/A	Yes

GLOSSARY

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.

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.

Census tract: A small subdivision of metropolitan and other densely populated 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 upon 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) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals; (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> low- or moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan 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 non-relatives 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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 that 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 (for example, 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: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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 (for example, 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 a 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) are measured. The criteria relate to lending, investment and service retail, 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 Report 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 either by 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 non-mortgage, 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 Report 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.