



PUBLIC DISCLOSURE

April 29, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers and Merchants Bank of Craig County

New Castle, Virginia

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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 this 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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804422

189 Main Street

New Castle, VA 24127

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated **OUTSTANDING**.

The major factors supporting this rating include:

- The institution's loan-to-deposit ratio is considered reasonable considering the bank's size, financial condition, and credit needs of its assessment area.
- A substantial majority of the institution's residential mortgage and consumer motor vehicle secured loans considered in the evaluation were originated to borrowers inside the bank's assessment area.
- Borrower distribution performance reflects an excellent penetration among individuals of low- and moderate-income levels.
- The bank's geographic distribution performance was not evaluated due to the assessment area being comprised of only one middle-income census tract.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The Farmers and Merchants Bank of Craig County (FMBC) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures and based upon recent loans originated by the institution, residential mortgage and consumer motor vehicle secured loans were identified as primary credit products for the bank. The analysis was based on the entire universe of 55 residential real estate loans totaling \$6.3 million and the entire universe of 69 consumer motor vehicle secured loans totaling \$1.1 million originated during 2022.

FMBC was not required to collect and report HMDA data for 2021 and 2022. While the bank has reported its 2023 HMDA data, that data is not included in this analysis because the 2023 aggregate data is not yet available. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2023 is an important performance context factor needed to evaluate the bank's lending performance.

DESCRIPTION OF INSTITUTION

FMBC is headquartered in New Castle, Virginia and operates one full-service branch office in Craig County. The bank is not a subsidiary of a holding company and does not have any affiliates or subsidiaries. The institution received an Outstanding rating at its previous CRA evaluation dated August 20, 2018. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of March 31, 2024, FMBCC held assets totaling \$87.4 million, of which 52.9% were net loans. As of the same date, deposits totaled \$72.8 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) as of March 31, 2024 is represented in the following table.

Composition of Loan Portfolio

Loan Type	3/31/2024	
	\$(000s)	%
Secured by 1-4 Family dwellings	25,547	54.3
Multifamily	0	0.0
Construction and Development	3,750	8.0
Commercial & Industrial/ NonFarm NonResidential	4,554	9.7
Consumer Loans and Credit Cards	4,941	10.5
Agricultural Loans/ Farmland	8,245	17.5
All Other	5	0.0
Total	47,042	100.0

As indicated in the preceding table, the bank’s existing loan portfolio is concentrated in loans secured by residential real estate. Although agricultural and farm loans comprise the second largest proportion of the loan portfolio by dollar volume, the actual number of such loans recently extended is relatively small in comparison to the number of recently originated consumer loans. Consequently, consumer loans, specifically motor vehicle secured loans, were considered in the evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ROANOKE, VA ASSESSMENT AREA

FMBCC operates one full-service branch and serves one assessment area which includes all of Craig County, Virginia located within the Roanoke, VA Metropolitan Statistical Area (MSA). The assessment area is located in the southwest portion of Virginia, and a majority of the assessment area is comprised of the Jefferson National Forest. As of June 30, 2023, the bank is the only institution in local deposit market share with 100% of area deposits (excluding credit union deposits).

According to American Community Survey (ACS) data from 2020, the assessment area has a population of 4,892 and a median housing value of \$147,822. The owner-occupancy rate for the assessment area equals 55.2%, which is lower than the owner-occupancy rates for the Roanoke, VA MSA (60.1%) and the Commonwealth of Virginia (60%). Within the assessment area, 10.8% of families are considered below the poverty level, which is lower than the percentage of such families in the entire MSA (12.5%), but slightly higher than the percentage in the Commonwealth (9.9%). The FFIEC estimated median family income for the Roanoke, VA MSA equaled \$86,200 in 2022.

The following table provides pertinent demographic data for the assessment area.

2022 Roanoke, VA 22 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	238	15.7
Moderate	0	0.0	0	0.0	0	0.0	302	19.9
Middle	1	100.0	1,514	100.0	94	6.2	299	19.7
Upper	0	0.0	0	0.0	0	0.0	675	44.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1	100.0	1,514	100.0	94	6.2	1,514	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	2,856	1,575	100.0	55.1	644	22.5	637	22.3
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	2,856	1,575	100.0	55.1	644	22.5	637	22.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	191	100.0	174	100.0	9	100.0	8	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	191	100.0	174	100.0	9	100.0	8	100.0
Percentage of Total Businesses:				91.1		4.7		4.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	32	100.0	30	100.0	2	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	32	100.0	30	100.0	2	100.0	0	0.0
Percentage of Total Farms:				93.8		6.3		0.0

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

According to data published by the FFIEC in 2022, the assessment area’s one middle-income census tract has not been classified as distressed or underserved. A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that has experienced a high rate of unemployment and/or poverty or population loss. A nonmetropolitan middle-income geography will be designated as underserved if 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.

The following table provides the average annual unemployment rates for the assessment area, MSA, and Commonwealth of Virginia.

Roanoke, VA 22 Unemployment Rates					
Area	2018	2019	2020	2021	2022
Craig County	3.6%	3.1%	5.3%	3.3%	3.0%
Roanoke, VA MSA	3.0%	2.8%	6.2%	3.8%	2.9%
Commonwealth of Virginia	3.0%	2.8%	6.5%	3.9%	2.9%

Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics

As indicated in the preceding table, prior to the COVID-19 pandemic the assessment area’s unemployment rates were trending downward. During 2020, which was the peak of the pandemic, the assessment area experienced a substantial increase in unemployment rates; however, the area experienced lower average unemployment rates during 2020 and 2021 compared to the Roanoke, VA MSA and Commonwealth of Virginia. Since 2020, the assessment area’s unemployment rate has been trending generally downward. The area’s average annual unemployment rate for 2022 (3%) was slightly lower than its pre-pandemic level, and it approximated the MSA and statewide unemployment rates.

Within FMBCC’s assessment area, the top employers are the Craig County School Board, the County of Craig, and Innovative Creative Solutions. The top industries in the assessment area are administrative, construction, and retail trade.

An individual knowledgeable of the local market area was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact stated that the local economy is doing reasonable, and small businesses in the area are generally successful. The contact stated that many residents commute to outside areas for work, such as Roanoke and Blacksburg. The contact indicated that area financial institutions are meeting the area’s banking needs and was not aware of any discriminatory practices by local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

When evaluating a bank’s residential mortgage and consumer motor vehicle secured lending performance, relevant area demographic data from the 2020 ACS is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank’s performance, relevant area demographic data from the 2020 ACS data is used.

Despite being an active residential mortgage lender in the assessment area, FMBCC was not subject to reporting its residential mortgage loan data under the Home Mortgage Disclosure Act (HMDA) during 2022. Based on changes in reporting volume thresholds, FMBCC resumed HMDA data reporting in 2023. Aggregate HMDA loan data is used as a proxy for demand when evaluating the bank’s residential mortgage lending performance and includes all activity reported by lenders subject to reporting HMDA data within the bank’s assessment area. Because FMBCC was not subject to HMDA data reporting in 2022, FMBCC’s residential mortgage loans are not included in the aggregate data. Additionally, aggregate consumer loan data is not maintained by the regulatory agencies and thus, cannot be considered in the analysis.

When evaluating the borrower and geographic distribution for products within an assessment area, primary emphasis is placed on the number of loans originated or purchased. When determining the overall distribution performance, the performance of each product is generally weighted by the dollar volume of such lending within the assessment area. During 2022, FMBCC originated 46 residential mortgage loans totaling \$5.4 million and 63 consumer motor vehicle secured loans totaling \$916,000 within its assessment area. Consequently, FMBCC's residential mortgage loan performance generally carries greater weight when determining the bank's overall borrower distribution performance due to the significantly higher dollar volume of lending. Additionally, due to the presence of only one middle-income census tract in the assessment area, the geographic distribution of FMBCC's lending was not analyzed as a part of this evaluation.

Overall, the bank's lending test performance is rated Outstanding. This rating considers the bank's loan-to-deposit ratio, level of lending inside the assessment area, and borrower distribution performance. Each component is discussed in the following sections.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio equaled 63.5% as of March 31, 2024, and it averaged 59.3% for the 23-quarter period ending March 31, 2024. Since September 30th, 2018, assets, net loans, and deposits have increased by 45.4%, 42.6%, and 50.6%, respectively. From a peer bank perspective, there are no other small banks operating branches in FMBCC's assessment area. Sixteen banks, including FMBCC, operate branches within the larger Roanoke, VA MSA; however, FMBCC is the only small bank by asset size. The quarterly average loan-to-deposit ratio for the closest peer bank by asset size (\$802 million) operating within the Roanoke, VA MSA averaged 84.4% during the prior 23-quarter period ending March 31, 2024. FMBCC's loan-to-deposit ratio is considered reasonable given the institution's size, capacity, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of FMBCC's residential mortgage and consumer motor vehicle secured loans originated in 2022 were considered. The lending distribution inside and outside of the bank's assessment area is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	14	73.7	1,495	61.9	5	26.3	922	38.1
Home Improvement	1	100.0	120	100.0	0	0.0	0	0.0
Refinancing	31	100.0	3,816	100.0	0	0.0	0	0.0
Multi-Family Housing	0	0.0	0	0.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	46	90.2	5,431	85.5	5	9.8	922	14.5
Motor Vehicle	63	91.3	916	84.0	6	8.7	174	16.0
TOTAL LOANS	109	90.8	6,347	85.3	11	9.2	1,096	14.7

As indicated in the preceding table, a substantial majority of the total number of loans (90.8%) and dollar amount of loans (85.3%) considered in this evaluation were extended to residents inside FMBCC's assessment area. Overall, the institution's level of lending within its assessment area is considered highly responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

FMBC's borrower distribution performance is considered excellent overall for residential mortgage and consumer motor vehicle secured lending.

Residential Real Estate Lending

The borrower distribution performance of residential mortgage lending is considered excellent overall. From a loan category perspective, performance of the bank's home purchase lending is considered reasonable, while refinance lending is excellent. The overall conclusion is driven in large part by the bank's level of home purchase and refinance lending to low-income borrowers exceeding aggregate and the percentage of low-income families. Additionally, the bank extended a greater dollar volume of refinance loans during 2022; therefore, this category carries greater weight in the overall conclusion. Performance for home improvement lending was not evaluated based on its relatively limited volume within the assessment area.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Roanoke, VA							
Borrower Income Level	Bank And Aggregate Loans					Families by Family Income %	
	Bank		Agg	Bank			Agg
	#	#%	#%	\$(000)	%		%
Home Purchase Loans							
Low	3	21.4	17.9	290	19.4	11.1	15.7
Moderate	2	14.3	20.5	159	10.6	23.2	19.9
Middle	8	57.1	15.4	937	62.6	12.6	19.7
Upper	1	7.1	20.5	110	7.4	30.6	44.6
Unknown	0	0.0	25.6	0	0.0	22.4	0.0
Total	14	100.0	100.0	1,495	100.0	100.0	100.0
Refinance Loans							
Low	12	38.7	14.3	986	25.8	6.4	15.7
Moderate	9	29.0	26.2	660	17.3	24.3	19.9
Middle	6	19.4	23.8	1,084	28.4	23.9	19.7
Upper	4	12.9	19.0	1,086	28.5	25.9	44.6
Unknown	0	0.0	16.7	0	0.0	19.5	0.0
Total	31	100.0	100.0	3,816	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	15.7
Moderate	1	100.0	50.0	120	100.0	66.9	19.9
Middle	0	0.0	25.0	0	0.0	10.0	19.7
Upper	0	0.0	0.0	0	0.0	0.0	44.6
Unknown	0	0.0	25.0	0	0.0	23.1	0.0
Total	1	100.0	100.0	120	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	15	32.6	14.9	1,276	23.5	8.6	15.7
Moderate	12	26.1	24.5	938	17.3	24.2	19.9
Middle	14	30.4	19.1	2,021	37.2	18.3	19.7
Upper	5	10.9	20.2	1,196	22.0	27.8	44.6
Unknown	0	0.0	21.3	0	0.0	21.1	0.0
Total	46	100.0	100.0	5,431	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Home Purchase Loans

FMBCB's home purchase lending during 2022 is considered reasonable.

The bank's level of lending to low-income borrowers (21.4%) exceeded both the aggregate lending level (17.9%) and the percentage of area low-income families (15.7%). However, its level of lending to moderate-income borrowers (14.3%) lagged the aggregate lending level (20.5%) and the percentage of area moderate-income families (19.9%).

Refinance Loans

FMBCB's refinance lending during 2022 is considered excellent.

The bank's level of lending to low-income borrowers (38.7%) substantially exceeded the aggregate lending level (14.3%) and the percentage of area low-income families (15.7%). The bank's level of lending to moderate-income borrowers (29%) also exceeded the aggregate lending level (26.2%) and the percentage of area moderate-income families (19.9%).

Consumer Motor Vehicle Secured Lending

The borrower distribution performance of motor vehicle secured lending is considered excellent.

Distribution of 2022 Motor Vehicle Lending By Borrower Income Level					
Assessment Area: Roanoke, VA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	%	
Low	36	57.1	383	41.8	24.5
Moderate	16	27.0	341	37.2	17.5
Middle	8	12.7	174	19.0	14.2
Upper	2	3.2	18	2.0	43.8
Unknown	0	0.0	0	0.0	0.0
Total	63	100.0	916	100.0	100.0
<i>Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

During 2022, FMBCC’s level of consumer motor vehicle secured lending to low-income borrowers (57.1%) substantially exceeded the percentage of area low-income households (24.5%). Likewise, the bank’s level of consumer motor vehicle secured lending to moderate-income borrowers (27%) substantially exceeded the percentage of moderate-income households (17.5%). Overall, FMBCC’s consumer motor vehicle borrower distribution performance during 2022 is considered excellent.

Geographic Distribution of Loans

As previously mentioned, the bank’s assessment area consists entirely of one middle-income census tract, and an assessment of the bank’s geographic distribution performance was not performed.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

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.

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 development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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 Test (and if applicable, consideration of investments and services) 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 refinancings 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.

Limited-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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.

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.

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 loan(s) to business(es): A loan 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 either secured 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 nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan 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.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.