PUBLIC DISCLOSURE

September 30, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankTennessee
RSSD #831576

1125 West Poplar Avenue
Collierville, Tennessee 38017

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.

BankTennessee meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.

- A majority of loans and other lending-related activities are in the assessment areas.

- Geographic distribution of loans reflects a poor dispersion throughout the assessment areas.

- Distribution of loans to borrowers reflects excellent penetration among businesses of different revenue sizes and individuals of different income levels (including low- and moderate-income [LMI]).

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC) small bank procedures. The bank maintains operations in three delineated assessment areas within the state of Tennessee, two of which are located in partial metropolitan statistical areas (MSAs).

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2019.

Assessment Area	Offices		Deposits as of 6/30/2019		Assessment Area Reviews		
	#	%	$ (000s)	%	Full Scope	Limited Scope	TOTAL
Memphis	6	75.0%	$205,205	76.0%	1	0	**1**
NonMetropolitan Statistical Area (nonMSA) Tennessee	1	12.5%	$23,444	8.7%	1	0	**1**
Nashville	1	12.5%	$41,256	15.3%	0	1	**1**
OVERALL	**8[1]**	**100%**	**$269,905**	**100%**	**2**	**1**	**3**

[1] On August 28, 2019, BankTennessee opened a new branch in Smith County, bringing the total number of offices to nine. The bank expanded its Nashville Assessment Area to include Smith County of the Nashville, Tennessee MSA.

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the Memphis Assessment Area was given primary consideration, as it contains the majority of the bank's branches and loan and deposit activity.

Furthermore, small business and residential real estate loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy.[2] The loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on small business lending, performance in the small business loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2015 – June 30, 2019
Assessment Area Concentration	January 1, 2017 – December 31, 2017
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	July 6, 2015 – September 29, 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 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 affecting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Four other banks were identified as similarly situated peers, with asset sizes ranging from $329.9 million to $404.9 million as of June 30, 2019.

To augment this evaluation, four community contact interviews conducted with members of the local community were utilized to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs. Key details from these community contact interviews are included in the *Description of Assessment Area* section, applicable to the assessment area in which they were conducted.

[2] Small business loans were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

DESCRIPTION OF INSTITUTION

BankTennessee is a full-service retail bank offering both consumer and commercial loan and deposit products and is wholly owned by BankTennessee Bancshares. Both entities are headquartered in Collierville, Tennessee. At the time of this evaluation, the bank's branch network consisted of eight offices (including the main office), six of which have full-service automated teller machines (ATMs) on site, while the main office and one branch have cash-dispensing ATMs. The bank also has an agreement with First Horizon Bank, Memphis, Tennessee, to allow BankTennessee's customers to use its ATMs without surcharge, resulting in the free use of 500 additional ATMs for bank customers. In addition to being full-service facilities, three branches also have drive-up accessibility. The bank offers mobile banking, telephone banking, and online banking services, which allow customers to check account balances, transfer funds, and utilize online bill pay service through its website (www.banktennessee.com). Based on this branch network and other service delivery systems such as online banking and full-service ATMs, the bank is positioned to deliver financial services to each of its assessment areas, though the bank faces competitive disadvantages in the Memphis market given the total number of banks and branches relative to the size of BankTennessee.

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 the credit needs of its assessment areas based on its available resources and financial products. As of June 30, 2019, the bank reported total assets of $309.5 million. As of the same date, loans and leases outstanding were $248.2 million (80.2 percent of total assets), and deposits totaled $269.9 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2019		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$35,310	14.2%
Commercial Real Estate	$63,933	25.8%
Multifamily Residential	$3,397	1.4%
1–4 Family Residential	$86,078	34.7%
Farmland	$4,737	1.9%
Farm Loans	$1,225	.5%
Commercial and Industrial	$40,756	16.4%
Loans to Individuals	$10,383	4.2%
Total Other Loans	$2,406	1.0%
TOTAL	**$248,225**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to 1–4 family residential, commercial real estate, and commercial and industrial loans.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on July 6, 2015.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

BankTennessee meets the standards for a Satisfactory rating under the small bank procedures, which evaluate bank performance under the following five criteria, as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 16-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**
BankTennessee	Collierville, Tennessee	$309,482	88.1%
Regional Banks	Memphis, Tennessee	$404,924	98.7%
	Brownsville, Tennessee	$329,889	86.9%
	Bartlett, Tennessee	$354,337	63.1%
	Millington, Tennessee	$344,543	51.5%

Based on data from the previous table, the bank's level of lending is generally in line with that of other banks in the region. During the review period, the bank's quarterly LTD ratio remained relatively stable, with a 16-quarter average of 88.1 percent. BankTennessee's LTD ratio ranged from a high of 92.5 percent to a low of 81.3 percent during the review period. Two of the regional banks' LTD ratios also remained relatively stable, while the other two saw increases across the review period. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

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 areas.

Lending Inside and Outside of Assessment Areas January 1, 2017 – December 31, 2017						
Loan Type	**Inside Assessment Areas**		**Outside Assessment Areas**		**TOTAL**	
Small Business	68	80.0%	17	20.0%	**85**	**100%**
	$3,180	44.7%	$3,933	55.3%	**$7,113**	**100%**
HMDA	55	67.9%	26	32.1%	**81**	**100%**
	$9,124	64.5%	$5,023	35.5%	**$14,147**	**100%**
TOTAL LOANS	**123**	**74.1%**	**43**	**25.9%**	**166**	**100%**
	$12,304	**57.9%**	**$8,956**	**42.1%**	**$21,260**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown above, 74.1 percent of the total loans were made inside the assessment areas, accounting for 57.9 percent of the dollar volume of total loans.

Geographic and Borrower Distribution

As displayed in the following table, the bank's overall distribution of lending by income level of census tracts reflects poor penetration throughout the bank's assessment areas, with the greatest emphasis on the Memphis Assessment Area.

Assessment Area	Geographic Distribution of Loans
Memphis	Poor
NonMSA Tennessee	Reasonable
Nashville	Above
OVERALL	**POOR**

Overall, performance by borrower's income/revenue profile is excellent, based on the analyses of lending in the bank's three assessment areas, again, with the greatest emphasis on the Memphis Assessment Area.

Assessment Area	Loan Distribution by Borrower's Profile
Memphis MSA	Excellent
NonMSA Tennessee	Reasonable
Nashville	Below
OVERALL	**EXCELLENT**

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (July 6, 2015 through September 29, 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.

MEMPHIS, TENNESSEE METROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MEMPHIS ASSESSMENT AREA

Bank Structure

The bank operates six of its offices in this assessment area. The main office and four bank branches are located in Shelby County, and the bank operates one branch in Tipton County. All six offices are full-service locations and include ATMs. Based on its branch network and other service delivery systems, the bank faces competitive disadvantages in serving all of Shelby County, considering the number of banks and branches with operations in the county.

General Demographics

The Memphis Multistate MSA is comprised of eight counties in Tennessee, Arkansas, and Mississippi. The bank has designated two of the eight counties of the Memphis MSA as an assessment area, including Shelby County, which contains the population core of the MSA with the city of Memphis and some surrounding suburbs. The following table lists the counties in the bank's assessment area along with their respective populations per 2015 ACS data.

County		Population
Tennessee	Shelby County	937,750
	Tipton County	61,674
Total Assessment Area Population		999,424

This assessment area is a competitive banking market, with 36 FDIC-insured depository institutions with a total of 237 branches. The bank is ranked 22nd among the 36 financial institutions operating within the assessment area, encompassing only 0.77 percent of the assessment area's deposit market share.

This assessment area covers a metropolitan area with a diverse population. As a result, credit needs in the area vary and include a blend of small business and residential real estate credit products. According to community contacts, the banking environment is healthy, as there are sufficient bank and ATM locations in most of the area. However, per contacts, basic personal banking products are not as accessible for an LMI population that tends to rely heavily on easily accessible payday lenders.

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	65	50	40	73	6	**234**
	27.8%	21.4%	17.1%	31.2%	2.6%	**100%**
Family Population	44,821	47,793	41,874	101,923	404	**236,815**
	18.9%	20.2%	17.7%	43.0%	0.2%	**100%**

As shown in the preceding table, 49.2 percent of the census tracts in the assessment area are LMI geographies, while only 39.1 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around the city of Memphis.

According to 2015 ACS data, the median family income for the assessment area was $57,861. At the same time, median family income for the Memphis MSA as a whole was $58,186. More recently, the FFIEC estimates the 2017 median family income for the Memphis MSA to be $59,100. The following table displays population percentages of assessment area families by income level compared to the Memphis MSA family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	61,286	36,402	38,936	100,191	**236,815**
	25.9%	15.4%	16.4%	42.3%	**100%**
Memphis MSA	80,440	51,623	56,875	136,883	**325,821**
	24.7%	15.8%	17.5%	42.0%	**100%**

As shown in the table above, 41.3 percent of families within the assessment area were considered LMI, which is slightly higher than LMI family percentages of 40.5 percent in the Memphis MSA as a whole. The percentage of families living below the poverty level in the assessment area, 16.3 percent, is slightly higher than the 14.9 percent level in the Memphis MSA. Considering these factors, the assessment area is slightly less affluent than the Memphis MSA as a whole.

Housing Demographics

As displayed in the following table, homeownership affordability in the assessment area is comparable to the Memphis MSA as a whole.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$131,701	35.4%	$855
Memphis MSA	$133,347	35.7%	$849

Median gross rents varied by county in the assessment area from a low of $741 in Tipton County to a high of $859 in Shelby County. Affordability ratios in the assessment area were similar. In

Tipton County, the ratio was 38.4 percent compared to 35.3 percent in Shelby County, indicating it is slightly more affordable to live in Tipton County. Additionally, the counties' median housing values were also similar; in Tipton County the median housing value was $139,600, compared to $130,800 in Shelby County. Per community contacts, homeownership in the assessment area is out of reach for many LMI residents, who lack awareness of available resources to obtain and maintain a single family home.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector, as evidenced by Dun & Bradstreet data indicating 92.1 percent of businesses in the assessment area have gross annual revenues of less than $1 million. County business patterns indicate that there are 444,191 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (16.4 percent), followed by transportation and warehousing (11.4 percent), and retail trade (11.3 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 and the Memphis MSA as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Memphis MSA**
2016	5.3%	5.3%
2017	4.4%	4.4%
2018	4.2%	4.1%
2019 (2-quarter average)	3.9%	4.0%

As shown in the table above, the unemployment rate in both the assessment area and the Memphis MSA were substantially similar and followed a decreasing trend over time. One community contact stated that inaccessibility of transportation is a contributing factor in unemployment for the assessment area's LMI individuals.

Community Contact Information

For the Memphis assessment area, two community contact interviews were referenced as part of this evaluation. The community contact interviewees specialize in small business lending and affordable housing, respectively.

Both community contacts described the economy in the city of Memphis as growing, though one contact indicated there is room for improvement. Growth is attributed to a combination of the low interest rate environment and an increase in the number of entrepreneurs starting businesses in the area, in part due to tax incentives instituted by the city of Memphis. The most significant event that has influenced the economy and its growth has been interest rates set by the Federal Reserve. Both contacts described poverty levels in the assessment area as elevated and partially attributed the poverty rate to businesses moving out of the city in recent years, where LMI individuals lack sufficient transportation and access to jobs. Both contacts mentioned the need for job skills training; as automation has increased, the demand for elevated computer/technological job skills training has subsequently risen. Further, one contact noted a need for licensed contractors and skilled laborers in the housing development industry. Finally, one contact noted that small businesses and startups in the Memphis area lack venture capital opportunities, and barriers include lack of proper financial accounting and collateral to meet bank lending standards.

One community contact indicated a lack of affordable single-family housing stock in the City of Memphis and Shelby County. Homeownership in the assessment area is not attainable for many LMI families that are cost burdened, paying over 30 percent of their income toward rental housing costs. The contact further stated there is an increased need for home improvement loans due to the age and quality of housing in LMI areas. Major barriers for LMI individuals pursuing homeownership include low credit scores, lack of down payment funds, and high debt-to-income ratios. Finally, one community contact indicated that it is likely that LMI individuals in the assessment area are not aware of financial resources available to them, including financial and homeownership counseling.

Regarding access to banking needs in the area, the contacts stated that there are banking deserts in Shelby County and its LMI areas, although there are enough banks and ATMs in the assessment area generally. Both contacts agreed that basic personal banking products are not always accessible to LMI individuals, and that LMI individuals tend to rely on check-cashing services and predatory lenders. Some financial institutions in the area are going above and beyond to meet the personal banking needs of LMI residents by working to provide accessible and affordable products and services. However, as one contact stated, additional bank branches would be the most effective channel to reach LMI communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MEMPHIS ASSESSMENT AREA

The geographic distribution of loans reflects poor penetration throughout the assessment area. However, the distribution of loans reflects excellent penetration among businesses of different sizes and borrowers of different income levels.

Geographic Distribution of Loans

The assessment area includes 65 low- and 50 moderate-income census tracts, representing nearly half of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects poor penetration throughout these LMI census tracts, based on the small business and HMDA loan categories, with primary emphasis on the bank's small business lending. The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2017 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2017 – December 31, 2017

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	4	8.9%	0	0.0%	11	24.4%	30	66.7%	0	0.0%	**45**	**100%**
Business Institutions	14.9%		16.3%		17.7%		50.0%		1.1%		**100%**	
2017 Small Business Aggregate	11.7%		17.0%		15.5%		53.5%		2.3%		**100%**	

While the bank's level of lending in low-income census tracts (8.9 percent) is below the estimated percentage of businesses operating inside these census tracts (14.9 percent), it is more in line with the 2017 aggregate lending level in low-income census tracts (11.7 percent). Consequently, the bank's performance in low-income areas is reasonable. However, the bank originated no small business loans in moderate-income census tracts, which is significantly below the 2017 aggregate lending percentage in moderate-income census tracts (17.0 percent) and the percentage of small businesses in moderate-income census tracts (16.3 percent), and performance is deemed very poor. Considering small business lending among LMI census tracts, geographic distribution of small business loans is poor.

Next, the bank's geographic distribution of HMDA loans was reviewed. The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2017 – December 31, 2017												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	1	4.2%	3	12.5%	10	41.7%	10	41.7	0	0.0%	**24**	**100%**
Refinance	0	0.0%	1	12.5%	3	37.5%	4	50.%	0	0.0%	**8**	**100%**
Home Improvement	1	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**2**	**6.1%**	**4**	**12.1%**	**13**	**39.4%**	**14**	**42.4%**	**0**	**0.0%**	**33**	**100%**
Owner-Occupied Housing	13.2%		17.6%		18.7%		50.3%		0.2%		**100%**	
2017 HMDA Aggregate	4.8%		11.0%		17.3%		66.9%		0.0%		**100%**	

The review of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. Although the bank's total penetration of low-income census tracts by number of loans (6.1 percent) is significantly lower than the percentage of owner-occupied housing units in low-income census tracts (13.2 percent), the bank's performance is similar to other lenders in the assessment area (4.8 percent).

Similarly, the analysis of HMDA loans revealed reasonable lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of moderate-income census tracts by number of loans (12.1 percent) is again below the percentage of owner-occupied housing units in moderate-income census tracts (17.6 percent) but slightly above that of other lenders based on aggregate lending data (11.0 percent). Combined, the bank's geographic distribution of HMDA loans in LMI geographies is reasonable.

Lastly, based on reviews from both loan categories, BankTennessee had lending activity in 7.0 percent of LMI census tracts. However, given the aforementioned competitive disadvantages the bank faces in this large and populous assessment area, this lending penetration does not reflect any conspicuous lending gaps in LMI areas.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from both loan categories reviewed. However, greater emphasis was placed on performance in the small business loan category given the bank's strategic focus on small business lending.

Small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 – December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<u><</u>$100		**>$100 and <u><</u>$250**		**>$250 and <u><</u>$1,000**			
$1 Million or Less	40	88.9%	2	4.4%	3	6.7%	**45**	**100%**
Greater than $1 Million/Unknown	0	0.0%	0	0.0%	0	0.0%	**0**	**0.0%**
TOTAL	**40**	**88.9%**	**2**	**4.4%**	**3**	**6.7%**	**45**	**100%**
Dun & Bradstreet Businesses < $1MM							**86.5%**	
2017 CRA Aggregate Data							**47.3%**	

The bank's level of lending to small businesses is excellent. The bank originated all of its small business loans to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 86.5 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2017 aggregate lending level to small businesses was 47.3 percent.

Next, the bank's distribution of HMDA loans by borrower's profile was analyzed. 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 ($59,100 for the Memphis MSA as of 2017). The following table shows the distribution of HMDA reported loans by borrower income level compared 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 – December 31, 2017												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	3	12.5%	1	4.2%	12	50.0%	8	33.3%	**24**	**100%**
Refinance	0	0.0%	1	12.5%	1	12.5%	1	12.5	5	62.5	**8**	**100%**
Home Improvement	1	100%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**1**	**3.0%**	**4**	**12.1%**	**2**	**6.1%**	**13**	**39.4%**	**13**	**39.4**	**33**	**100%**
Family Population	25.9%		15.4%		16.4%		42.3%		0.0%		**100%**	
2017 HMDA Aggregate	3.5%		10.8%		16.4%		44.3%		25.0%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (3.0 percent) is substantially below the low-income family population percentage (25.9 percent), but similar to the 2017 aggregate lending level to low-income borrowers (3.5 percent), reflecting reasonable performance. Similarly, the bank's level of lending to moderate-income borrowers (12.1 percent) is below the moderate-income family population percentage (15.4 percent) but above the aggregate lending level of 10.8 percent, reflecting reasonable performance. Therefore, considering performance to both income categories, the bank’s overall distribution of HMDA loans by borrower’s profile is reasonable.

LAUDERDALE COUNTY, TENNESSEE NONMETROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMSA TENNESSEE ASSESSMENT AREA

Bank Structure

The bank operates one of its offices in this assessment area in a moderate-income census tract in the city of Ripley. The branch is located in Ripley, Tennessee, which is located northeast of the Memphis metropolitan area. Since the last examination, the bank did not open or close any branches in this assessment area. Based on its branch network and other service delivery systems, the bank is positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The nonMSA Tennessee assessment area is comprised of Lauderdale County, which is located in western Tennessee along the Mississippi River that forms the Arkansas border. Per 2015 ACS data, the assessment area population was 27,427. Of the seven FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked last in deposit market share, encompassing 5.8 percent of total deposit dollars.

Credit needs in the assessment area include small dollar business loans and home purchase loans for first-time buyers or individuals with impaired credit. Another area need is for workforce development initiatives to combat the problem of the area's youth leaving for education and job opportunities. Both contacts characterized the local economy as lagging behind that of the greater region.

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	1	1	7	0	0	**9**
	11.1%	11.1%	77.8%	0.0%	0.0%	**100%**
Family Population	1,040	800	4,939	0	0	**6,779**
	15.3%	11.8%	72.9%	0.0%	0.0%	**100%**

As shown above, 22.2 percent of the census tracts in the assessment area are LMI geographies, while 27.1 percent of the family population resides in these tracts. The two LMI census tracts are located in the center of Lauderdale County, around and including the city of Ripley, Tennessee.

Based on 2015 ACS data, the median family income for the assessment area was $37,015. At the same time, the median family income for nonMSA Tennessee was $46,254. More recently, the FFIEC estimates the 2017 median family income for nonMSA Tennessee to be $47,900. The following table displays population percentages of assessment area families by income level compared to the nonMSA Tennessee family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	2,167 32.0%	1,216 17.9%	1,114 16.4%	2,282 33.7%	**6,779** **100%**
NonMSA Tennessee	83,574 20.9%	72,665 18.2	80,142 20.0%	163,464 40.9%	**399,845** **100%**

As shown in the table above, 49.9 percent of families within the assessment area were considered LMI, which is higher than the LMI family percentage of 39.1 percent in nonMSA Tennessee. The percentage of families living below the poverty level in the assessment area, 23.4 percent, is considerably higher than the 15.4 percent level in nonMSA Tennessee. Considering these factors, the assessment area appears less affluent than nonMSA Tennessee as a whole.

Housing Demographics

As displayed in the following table, homeownership in the assessment area is more affordable compared to the nonMSA Tennessee.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$81,119	37.3%	$608
NonMSA Tennessee	$106,548	34.0%	$600

The median housing value and affordability ratio of Lauderdale County indicate that housing is more affordable in the assessment area than in nonMSA Tennessee overall. However, one community contact stated that affordable housing stock does not meet demand in the assessment area. Although new homes are being built across the county, they are not affordable for LMI buyers. Furthermore, the contact mentioned that barriers preventing LMI families from obtaining and maintaining housing include lack of employment and homebuyer education.

Industry and Employment Demographics

The assessment area supports a strong small business sector, as evidenced by Dun & Bradstreet data that indicates 88.0 percent of businesses in the assessment area have annual revenues of less than $1 million. County business patterns indicate that there are 4,694 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (22.2 percent), retail trade (15.4), and healthcare and social assistance (13.9). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area and the nonMSA Tennessee.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Tennessee**
2015	8.8%	6.7%
2016	7.7%	5.6%
2017	5.8%	4.5%
2018	5.8%	4.2%
2019 (2-quarter average)	5.3%	4.1%

As shown in the table above, the unemployment levels in both the assessment area and nonMSA Tennessee decreased over the review period. The assessment area has consistently had a higher unemployment rate than nonMSA Tennessee. According to one community contact, Lauderdale County has one of the highest unemployment rates in the state of Tennessee, which they attributed to a lack of workforce development training and educational programs.

Community Contact Information

Two community contact interviews from the nonMSA Tennessee assessment area were referenced as part of this evaluation. The community contact interviews were conducted with a representative of a nonprofit organization, specializing in affordable housing, and an individual working for a small business development organization.

The community contacts described the economic barriers Lauderdale County is currently facing. Specifically, the contacts noted a decrease in population, due to residents leaving for education and job opportunities. Additionally, the surrounding counties are able to attract more industries and population due to their proximity to the Memphis area, their location along major highways, and the presence of larger employers. Since the area is primarily rural with a dependence on agriculture, one contact noted that many residents work, shop, and seek healthcare in larger cities such as Dyersburg, Jackson, or Memphis. Furthermore, employment prospects are difficult in the county, based on community contact observations. Specifically, it was mentioned that large employers in the area are downsizing their numbers of employees as individuals retire. Other contributing factors to the area's high unemployment rate include a lack of training and education opportunities and widespread poverty. Lastly, there is a need in the area for small business support services, including incubators and technical centers.

A lack of affordable housing stock was noted by contacts to be a barrier to homeownership in Lauderdale County. The city of Ripley has older housing stock, and many homes are in need of repair. One contact stated that while new homes are being built in Lauderdale County, they are not affordable for LMI buyers. In addition, low credit scores, lack of financial education, and lack of employment were noted as significant barriers preventing LMI individuals from making the transition to homeownership. The contact believes all types of 1–4 family residential real estate loans are important credit needs in the assessment area, but in particular, home purchase loans are needed, especially innovative products that cater to individuals struggling with the aforementioned barriers to homeownership.

The community contacts agreed that banks in the area are active in community outreach efforts and willing to collaborate to provide financial education. One contact mentioned that the local financial institutions do a good job of providing personal financial services to LMI residents. Banks in the area offer electronic and mobile banking services, but the majority of residents still go inside their local branch to conduct their banking needs. Both community contacts stated LMI residents rely heavily on alternative lenders due to lower lending standards and quicker access to funds. Additional needs noted by one community contact include more participation from financial institutions in providing small-dollar loans, financial education, and pre- and post-homebuyer education in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NONMSA TENNESSEE ASSESSMENT AREA

The geographic distribution of loans reflects reasonable penetration throughout the assessment area. Similarly, the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.

Geographic Distribution of Loans

As noted previously, the nonMSA Tennessee assessment area includes one low-income and one moderate-income census tract, representing 22.2 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the small business and HMDA loan categories, with primary emphasis on the bank's small business lending. The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2017 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2017 – December 31, 2017

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	1	5.0%	4	20.0%	15	75.0%	0	0.0%	0	0.0%	**20**	**100%**
Business Institutions	17.3%		22.1%		60.6%		0.0%		0.0%		**100%**	
2017 Small Business Aggregate	9.3%		15.6%		74.6%		0.0%		0.5%		**100%**	

The bank's level of lending in low-income census tracts (5.0 percent) is below the estimated percentage of businesses operating inside these census tracts (17.3 percent) but more comparable to 2017 aggregate lending levels in low-income census tracts (9.3 percent). As a result, the bank's performance in low-income areas is reasonable. The bank's percentage of loans in moderate-income census tracts (20.0 percent) is slightly lower than the percentage of small businesses in moderate-income census tracts (22.1 percent) and above 2017 aggregate lending levels in moderate-income census tracts (15.6 percent), representing reasonable performance. Therefore, the bank's overall geographic distribution of small business loans is reasonable.

Next, the bank's geographic distribution of HMDA loans was reviewed. The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2017 – December 31, 2017												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	1	11.1%	3	33.3%	5	55.6	0	0.0%	0	0.0%	**9**	**100%**
Refinance	2	28.6%	2	28.6%	3	42.9%	0	0.0%	0	0.0%	**7**	**100%**
Home Improvement	0	0.0%	0	0.0%	2	100%	0	0.0%	0	0.0%	**0**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**3**	**16.7%**	**5**	**27.8%**	**10**	**55.6%**	**0**	**0.0%**	**0**	**0.0%**	**18**	**100%**
Owner-Occupied Housing	7.0%		7.8%		85.1%		0.0%		0.0%		**100%**	
2017 HMDA Aggregate	6.9%		11.8%		81.4%		0.0%		0.0%		**100%**	

The analysis of HMDA loans revealed excellent lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (16.7 percent) is significantly higher than the percentage of owner-occupied housing units in low-income census tracts (7.0 percent) and 2017 aggregate lending (6.9 percent). Bank performance in moderate-income census tracts was also significantly above comparison data and deemed excellent. The bank's total penetration of moderate-income census tracts by number of loans (27.8 percent) is well above both the percentage of owner-occupied housing units in moderate-income census tracts (7.8 percent) and 2017 aggregate lending (11.8 percent). Combined, the bank's geographic distribution of HMDA loans in LMI geographies, is excellent.

Lastly, based on reviews from both loan categories, BankTennessee had loan activity in all assessment area census tracts. Therefore, no conspicuous lending gaps were noted in LMI areas.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed. While the bank's HMDA loan distribution by borrower's profile is poor and performance under the small business loan category is excellent, greater emphasis is placed on performance in the small business loan category, given the bank's strategic focus on small business lending.

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 ($47,900 for the nonMSA Tennessee as of 2017). The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 – December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	19	95.0%	1	5.0%	0	0.0%	**20**	**100%**
Greater than $1 Million/Unknown	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL	**19**	**95.0%**	**1**	**5.0%**	**0**	**0.0%**	**20**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**88.0%**	
2017 CRA Aggregate Data							**51.7%**	

The bank's level of lending to small businesses is excellent. The bank originated all of its small business loans to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 88.0 percent of businesses in the assessment area have annual revenues of $1 million or less, and the 2017 aggregate lending level to small businesses is 51.7 percent.

Next, the bank's distribution of HMDA loans by borrower's profile was analyzed. The following table shows the distribution of HMDA reported 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 – December 31, 2017												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	1	11.1%	2	22.2%	5	55.6%	1	11.1%	**9**	**100%**
Refinance	1	14.3%	0	0.0%	1	14.3%	5	71.4%	0	0.0%	**7**	**100%**
Home Improvement	0	0.0%	1	50.0%	1	50.0%	0	0.0%	0	0.0%	**2**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**1**	**5.6%**	**2**	**11.1%**	**4**	**22.2%**	**10**	**55.6%**	**1**	**5.6%**	**18**	**100%**
Family Population	32.0%		17.9%		16.4%		33.7%		0.0%		**100%**	
2017 HMDA Aggregate	9.0%		19.3%		19.3%		31.5%		21.0%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (5.6 percent) is substantially below the low-income family population figure (32.0 percent), and below the 2017 aggregate lending level to low-income borrowers (9.0 percent), reflecting poor performance. Similarly, the bank's level of lending to moderate-income borrowers (11.1 percent) is below the moderate-income family population percentage (17.9 percent) and aggregate lending levels of 19.3 percent, also reflecting poor performance. Therefore, considering performance to both income categories, the bank's overall distribution of HMDA loans by borrower's profile is poor.

NASHVILLE, TENNESSEE METROPOLITAN STATISTICAL AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NASHVILLE ASSESSMENT AREA

The bank operates one office in this assessment area, which includes Wilson County in its entirety. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Population Income Level					
Demographic Type	**Population Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Family Population	5,758	5,828	6,855	14,451	**32,892**
	17.5%	17.7%	20.8%	43.9%	**100%**
Household Population	8,634	6,740	7,998	21,156	**44,528**
	19.4%	15.1%	18.0%	47.5%	**100%**

Assessment Area Demographics by Geography Income Level						
Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	
Census Tracts	1	4	8	8	0	**21**
	4.8%	19.0%	38.1%	38.1%	0.0%	**100%**
Family Population	572	4,032	15,315	12,973	0	**32,892**
	1.7%	12.3%	46.6%	39.4%	0.0%	**100%**
Household Population	1,034	6,676	20,499	16,319	0	**44,528**
	2.3%	15.0%	46.0%	36.7%	0.0%	**100%**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NASHVILLE ASSESSMENT AREA

The bank's performance in this assessment area is consistent with the bank's performance within the MSA portion of the state of Tennessee that was reviewed using full-scope procedures, as detailed in the following table. For more information relating to the bank's Lending Test performance in this assessment area, see the tables in *Appendix A*.

Lending Test Criteria	Performance
Geographic Distribution of Loans	Above
Distribution of Loans by Borrower's Profile	Below
OVERALL	**Consistent**

LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE REVIEW ASSESSMENT AREAS
Nashville, Tennessee Assessment Area

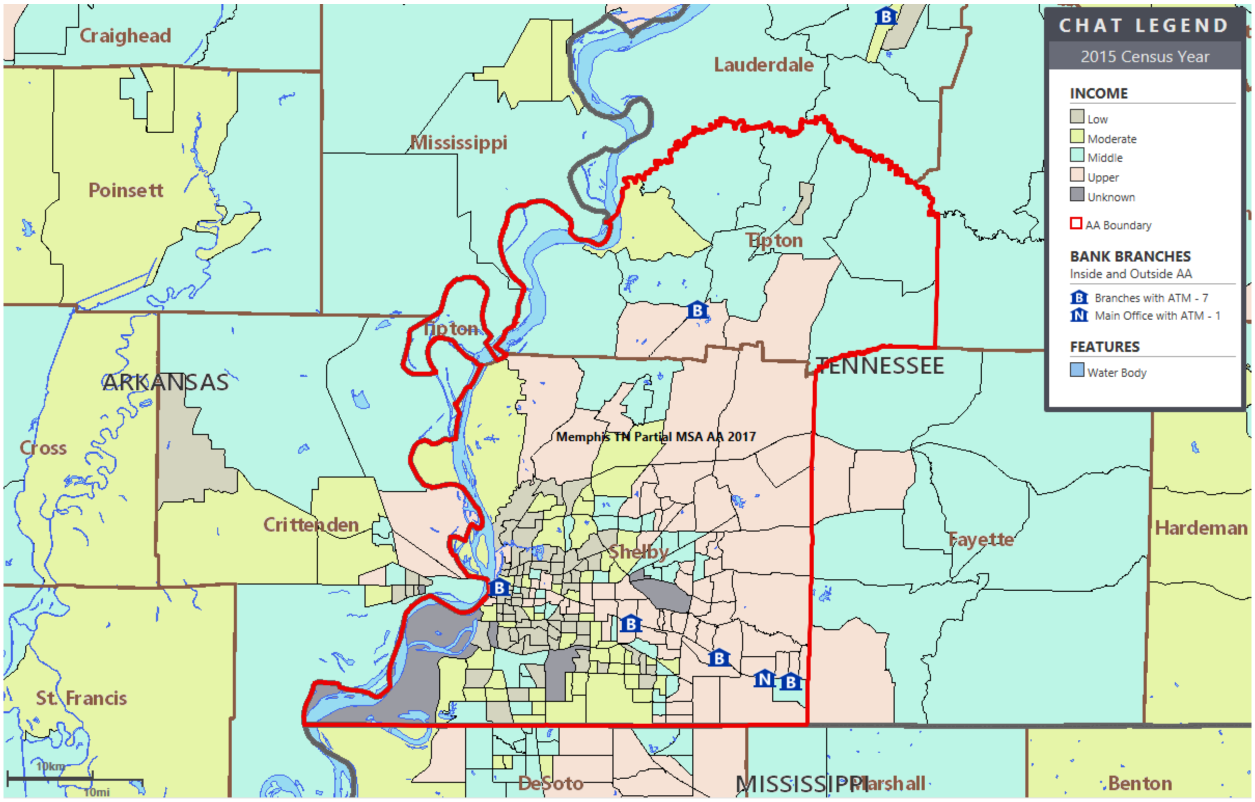
Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2017 – December 31, 2017												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	1	33.3%	2	66.7%	0	0.0%	0	0.0%	**3**	**100%**
Business Institutions	6.1%		18.0%		38.0%		38.0%		0.0%		**100%**	
2017 Small Business Aggregate	4.1%		15.6%		41.7%		37.5%		1.1%		**100%**	

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2017 – December 31, 2017												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	1	100%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
Refinance	0	0.0%	1	33.3%	2	66.7%	0	0.0%	0	0.0%	**3**	**100%**
Home Improvement	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**0**	**0.0%**	**2**	**50.0%**	**2**	**50.0%**	**0**	**0.0%**	**0**	**0.0%**	**4**	**100%**
Owner-Occupied Housing	1.3%		8.6%		49.0%		41.2%		0.0%		**100%**	
2017 HMDA Aggregate	1.2%		9.5%		44.9%		44.4%		0.0%		**100%**	

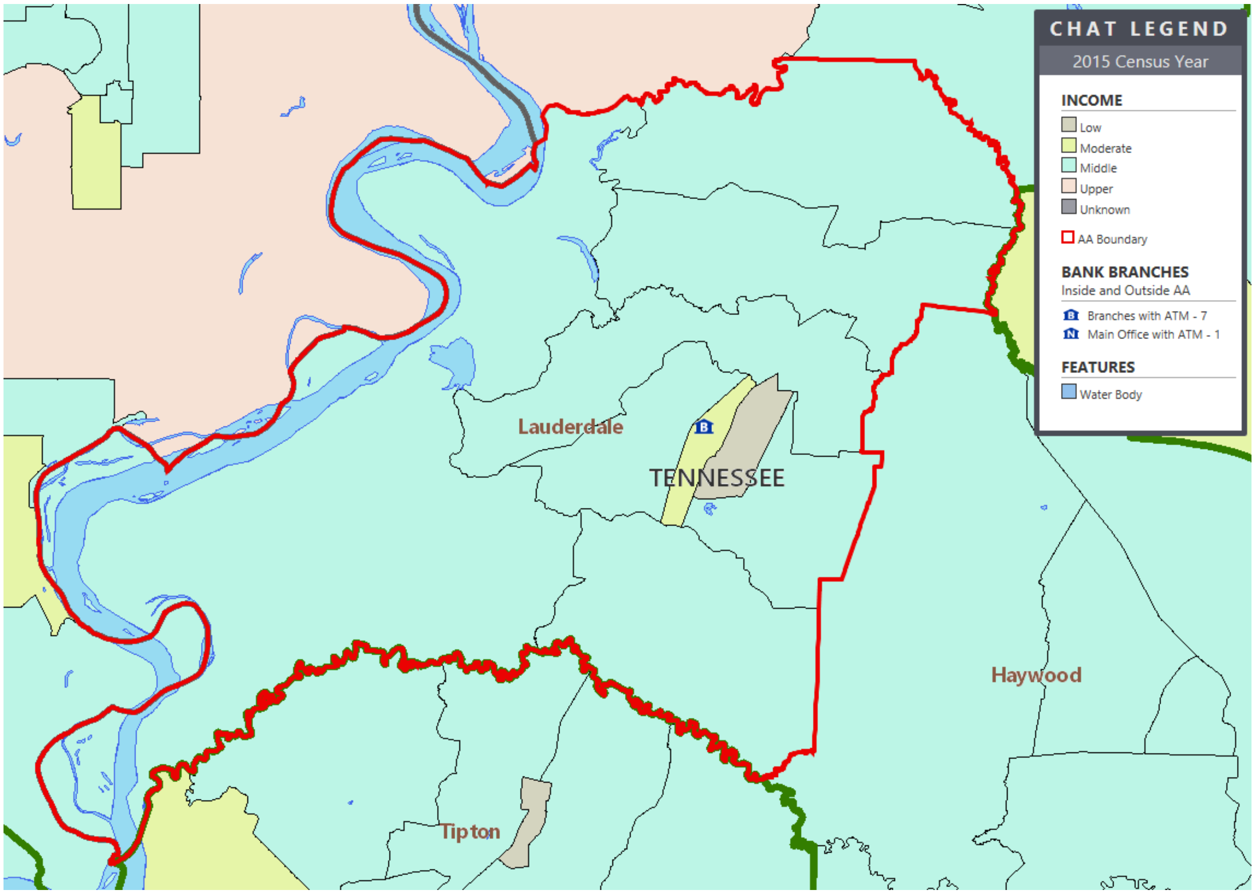
Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 – December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	3	100%	0	0.0%	0	0.0%	**3**	**100%**
Greater than $1 Million/Unknown	0	0.0%	0	0.0%	0	0.0%	**0**	**0.0%**
TOTAL	**3**	**100%**	**0**	**0.0%**	**0**	**0.0%**	**3**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**92.1%**	
2017 CRA Aggregate Data							**54.5%**	

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2017 – December 31, 2017												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	0	0.0%	0	0.0%	1	100%	0	0.0%	**1**	**100%**
Refinance	0	0.0%	0	0.0%	0	0.0%	2	66.7%	1	33.3%	**3**	**100%**
Home Improvement	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**3**	**75.0%**	**1**	**25.0%**	**4**	**100%**
Family Population	17.5%		17.7%		20.8%		43.9%		0.0%		**100%**	
2017 HMDA Aggregate	3.0%		13.4%		22.0%		41.3%		20.3%		**100%**	

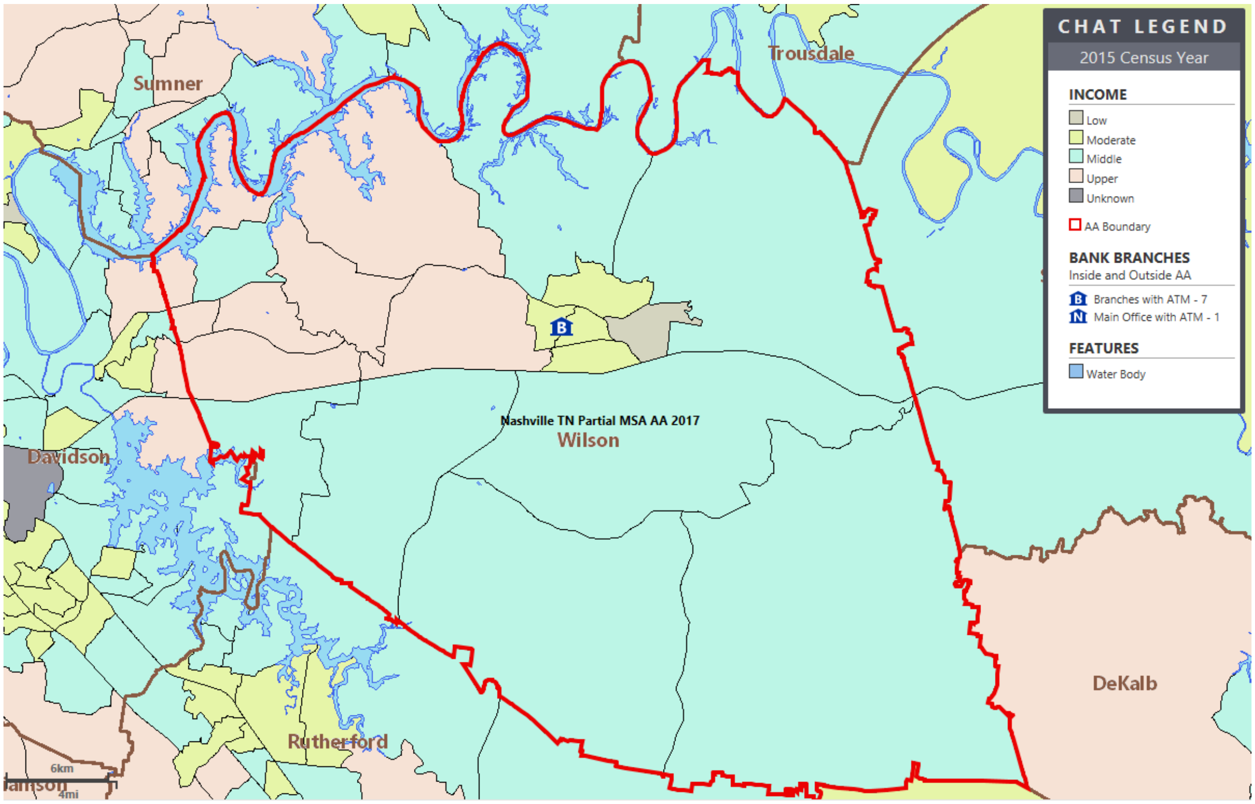
Memphis Assessment Area



NonMSA Tennessee Assessment Area



Nashville Assessment Area



GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (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 (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution’s record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured 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 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.