PUBLIC DISCLOSURE

October 3, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Union Bank of Mena
RSSD #86349

303 Highway 71 North
Mena, Arkansas 71953

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

NOTE: **This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

TABLE OF CONTENTS

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The Union Bank of Mena meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses of different revenue sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Residential real estate, small business, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. Due to the concentration of lending volume by dollar amount, greater emphasis was placed on 1–4 family residential real estate, followed by small business. Consumer motor vehicle lending performance carried the least weight in forming conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2018 – June 30, 2022
Assessment Area Concentration	January 1, 2020 – December 31, 2020
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	June 4, 2018 – October 2, 2022

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, and certain business demographics are based on 2020 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 impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $250.5 million to $306.5 million as of June 30, 2022.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from the interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

The Union Bank of Mena is a full-service retail bank offering both consumer and commercial loans and deposit products. The bank is a wholly owned subsidiary of Union Bankshares, Inc., a two-bank holding company headquartered in Mena, Arkansas. The bank's branch network consists of three full-service offices that operate in Arkansas, including the main office located in Mena. In addition to the main office, the bank has branches located in Wickes and Hatfield. Two of the bank's three locations have cash-dispensing automated teller machines (ATMs) on site. Additionally, the bank has a stand-alone ATM located in Mena. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2022, the bank reported total assets of $349.9 million. As of the same date, loans and leases outstanding were $212.1 million (60.6 percent of total assets), and deposits totaled $319.4 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2022		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$11,773	5.6%
Commercial Real Estate	$30,173	14.2%
Multifamily Residential	$1,963	0.9%
1–4 Family Residential	$97,969	46.2%
Farmland	$10,480	4.9%
Farm Loans	$3,817	1.8%
Commercial and Industrial	$19,289	9.1%
Loans to Individuals	$36,596	17.3%
Total Other Loans	$0	0.0%
TOTAL	**$212,060**	**100%**

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

The bank received a Satisfactory rating at its previous CRA evaluation conducted on June 4, 2018, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 20,364, is located in a nonmetropolitan (nonMSA) statistical area of western Arkansas. The assessment area consists of the entirety of Polk County. Additionally, the assessment area consists entirely of middle-income census tracts, which are all distressed due to poverty. Since the 2010 Census, the assessment area's population has been largely unchanged. The community contact stated that Polk County primarily consists of rural areas, with Mena being the most populous city and economically active part of the county.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2022, there are five FDIC-insured depository institutions in the assessment area that operate seven offices. The Union Bank of Mena (operating three of the offices (42.9 percent)) ranked first in terms of deposit market share, with 64.3 percent of the total assessment area deposit dollars.

Credit needs in the assessment area include quality affordable housing and home improvement financing for current homeowners. The community contact specifically noted the need to improve the condition of existing affordable housing and a lack of quality affordable rental housing to meet area demand.

Income and Wealth Demographics

The assessment area consists of six middle-income census tracts, encompassing 5,306 families. Based on 2015 U.S. ACS data, the median family income for the assessment area was $42,120. At the same time, the median family income for nonMSA Arkansas was $45,047. More recently, the FFIEC estimated the 2021 median family income for nonMSA Arkansas to be $52,200. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Assessment Area	1,222	1,065	1,086	1,933	0	**5,306**
	23.0%	20.1%	20.5%	36.4%	0.0%	**100%**
nonMSA Arkansas	63,831	53,700	58,267	123,066	0	**298,864**
	21.4%	18.0%	19.5%	41.2%	0.0%	**100%**

As shown in the table above, 43.1 percent of families in the assessment area were considered LMI, which is slightly higher than the percentage of LMI families in nonMSA Arkansas (39.4 percent). The percentage of families living below the poverty threshold in the assessment area (18.0 percent) is higher than the level in nonMSA Arkansas (16.6 percent). Considering these factors, the assessment area appears less affluent than nonMSA Arkansas as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Arkansas. The median housing value for the assessment area is $84,270, which is slightly less than the figure for nonMSA Arkansas ($85,869). Similarly, the median gross rent for the assessment area of $483 per month is lower than the $588 per month for nonMSA Arkansas. Furthermore, the assessment area housing affordability ratio of 39.8 percent is comparable to the nonMSA Arkansas figure of 41.0 percent. Although the housing demographic values generally suggest that housing is more affordable than nonMSA Arkansas, the community contact characterized the available affordable housing in the assessment area as aging and in relatively poor condition.

Furthermore, rental units appear to be less prominent in the assessment area than in nonMSA Arkansas. Of all housing units in the assessment area, 16.5 percent are rental units, compared to 24.9 percent of rental units found in nonMSA Arkansas. The assessment area's lower percentage of rental units corresponds with information from the community contact, who noted that the assessment area does not have an adequate supply of affordable rental housing to meet the area's demand.

Industry and Employment Demographics

County business patterns indicate that there are 5,675 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (21.0 percent), followed by government (18.2 percent), and healthcare and social assistance (16.8 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Arkansas as a whole.

Unemployment Levels		
Time Period (Annual Average)	**Assessment Area**	**nonMSA Arkansas**
2019	4.1%	4.2%
2020	6.7%	6.4%
2021	4.4%	4.5%
2022 (Jan-Aug)	4.3%	4.4%

As shown in the preceding table, unemployment levels for the assessment area, as well as nonMSA Arkansas, have shown a fluctuating trend. The table illustrates an increase in unemployment levels for both the assessment area and nonMSA Arkansas in 2020, which is most likely attributed to the COVID-19 pandemic. According to the community contact, several local plants and facilities were forced to shut down temporarily due to the pandemic, resulting in many residents being furloughed or laid off. However, it appears that both the assessment area and nonMSA Arkansas have recovered to near pre-pandemic levels of unemployment. Overall, unemployment levels in the assessment area are comparable to those of nonMSA Arkansas.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact works for an organization that specializes in providing quality and affordable housing to the Polk County community. The community contact stated the economic activities within the region were growing and attributed the accelerating economic growth to the area's tourism industry, Mena's thriving airport, and the area's manufacturing industry and healthcare system.

The community contact stressed the need for quality and affordable housing in Polk County and described the current affordable housing stock as aging and in generally poor condition. Additionally, the contact acknowledged low wages in the assessment area as an obstacle preventing renters from becoming homeowners. Landlords are also facing challenges because their rental income or disposable income is not sufficient to repair their rental properties to increase property values. The COVID-19 pandemic also created housing and credit challenges for both renters and homeowners, because many residents lost their jobs or experienced salary freezes that limited their income flow. Due to these challenges, the contact emphasized a need for banks to support current homeowners with financing to rehab their homes. Overall, the community contact believed addressing these needs would add value to the economic growth of Polk County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of June 30, 2022**	**Average LTD Ratio**
The Union Bank of Mena	Mena, Arkansas	$349,949	69.6%
Regional Banks	De Queen, Arkansas	$306,489	81.9%
	Horatio, Arkansas	$250,455	86.9%
	Greenwood, Arkansas	$267,370	66.7%

Based on data from the previous table, the bank's level of lending is similar to that of other banks in the region. During the review period, the LTD ratio experienced a downward trend, with a 17-quarter average of 69.6 percent. In comparison, the average LTD ratios for the regional peers were higher, with the exception of one peer, and generally had fluctuating trends. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2020 through December 31, 2020						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
1–4 Family Residential Real Estate	77	81.1%	18	18.9%	**95**	**100%**
	$7,673	82.5%	1,633	17.5%	**$9,306**	**100%**
Small Business	60	75.0%	20	25.0%	**80**	**100%**
	$6,523	62.4%	3,924	37.6%	**$10,446**	**100%**
Consumer	107	82.3%	23	17.7%	**130**	**100%**
	$1,651	79.7%	421	20.3%	**$2,073**	**100%**
TOTAL LOANS	**244**	**80.0%**	**61**	**20.0%**	**305**	**100%**
	$15,847	**72.6%**	**$5,978**	**27.4%**	**$21,824**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 80.0 percent of the total loans were made inside the assessment area, accounting for 72.6 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from each loan category reviewed. In reaching overall conclusions, emphasis was primarily placed on 1–4 family residential real estate followed by small business and, lastly, consumer motor vehicle.

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 ($50,800 for nonMSA Arkansas as of 2020). The following table shows the distribution of 2020 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, the data for the 2020 HMDA aggregate for the assessment area is displayed.

Distribution of 2020 1–4 Family Residential Real Estate Lending
By Borrower Income Level
Assessment Area: Polk County

Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	#%	$	$%		#%	$ %
Low	7	9.1%	404	5.3%	23.0%	2.6%	1.3%
Moderate	16	20.8%	1,071	14.0%	20.1%	14.7%	10.4%
Middle	22	28.6%	2,103	27.4%	20.5%	19.9%	17.3%
Upper	32	41.6%	4,095	53.4%	36.4%	37.6%	45.2%
Unknown	0	0.0%	0	0.0%	0.0%	25.2%	25.8%
TOTAL	**77**	**100.0%**	**7,673**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (9.1 percent) is substantially below the low-income family population figure (23.0 percent) but above the aggregate lending level to low-income borrowers (2.6 percent). Therefore, the bank's performance among low-income borrowers is reasonable. The bank's level of lending to moderate-income borrowers (20.8 percent) is comparable to the moderate-income family population percentage (20.1 percent) but above the aggregate lending level to moderate-income borrowers (14.7 percent), reflecting excellent performance. Overall lending levels to LMI individuals (29.9 percent) is lower than the percentage of LMI families in the assessment area (43.1 percent) but higher than the aggregate lending level to LMI borrowers (17.3 percent). Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2020 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of 2020 Small Business Lending By Borrower Income Level Assessment Area: Polk County								
Business Revenue and Loan Size		2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	57	95.0%	35.0%	$5,061	77.6%	26.5%	90.9%
	Over $1 Million/ Unknown	3	5.0%	65.0%	$1,462	22.4%	73.5%	9.1%
	TOTAL	**60**	**100.0%**	**100.0%**	**$6,523**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	42	70.0%	92.2%	$1,696	26.0%	40.8%	
	$100,001–$250,000	12	20.0%	6.1%	$2,013	30.9%	32.8%	
	$250,001–$1 Million	6	10.0%	1.7%	$2,814	43.1%	26.4%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**60**	**100.0%**	**100.0%**	**$6,523**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	42	73.7%		$1,696	33.5%		
	$100,001–$250,000	11	19.3%		$1,853	36.6%		
	$250,001–$1 Million	4	7.0%		$1,512	29.9%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**57**	**100.0%**		**$5,061**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank originated the majority of its small business loans (95.0 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 90.9 percent of businesses in the assessment area had annual revenues of $1 million or less, and the aggregate lending level to small businesses is 35.0 percent. Furthermore, the bank originated 70.0 percent of its business loans in dollar amounts less than $100,000, indicating a willingness to lend to businesses of all sizes.

Lastly, the following table shows the distribution of 2020 consumer motor vehicle loans by borrower income level in comparison to household demographics in the assessment area.

Distribution of 2020 Consumer Lending By Borrower Income Level Assessment Area: Polk County					
Borrower Income Levels	2020				
	Count		Dollar		Households
	#	%	$ (000s)	$ %	%
Low	14	13.1%	$151	9.1%	23.3%
Moderate	24	22.4%	$267	16.2%	18.5%
Middle	19	17.8%	$266	16.1%	17.7%
Upper	50	46.7%	$968	58.6%	40.5%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**107**	**100.0%**	**$1,652**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (13.1 percent) is substantially below the low-income household population figure (23.3 percent). Considering the elevated poverty levels in the assessment area, lending to low-income individuals is challenging. Therefore, the bank's performance is reasonable. Conversely, the bank's percentage of lending to moderate-income borrowers (22.4 percent) is higher than the moderate-income household population figure (18.5 percent), reflecting excellent performance. When considering performance to both income categories, the bank's performance is reasonable overall.

<u>Geographic Distribution of Loans</u>

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the bank's loan dispersion was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure. Additionally, no conspicuous lending gaps were noted. Therefore, the bank's geographic distribution of loans is reasonable.

<u>Responses to Complaints</u>

No CRA-related complaints were filed against the bank during this review period (June 4, 2018 through October 2, 2022).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

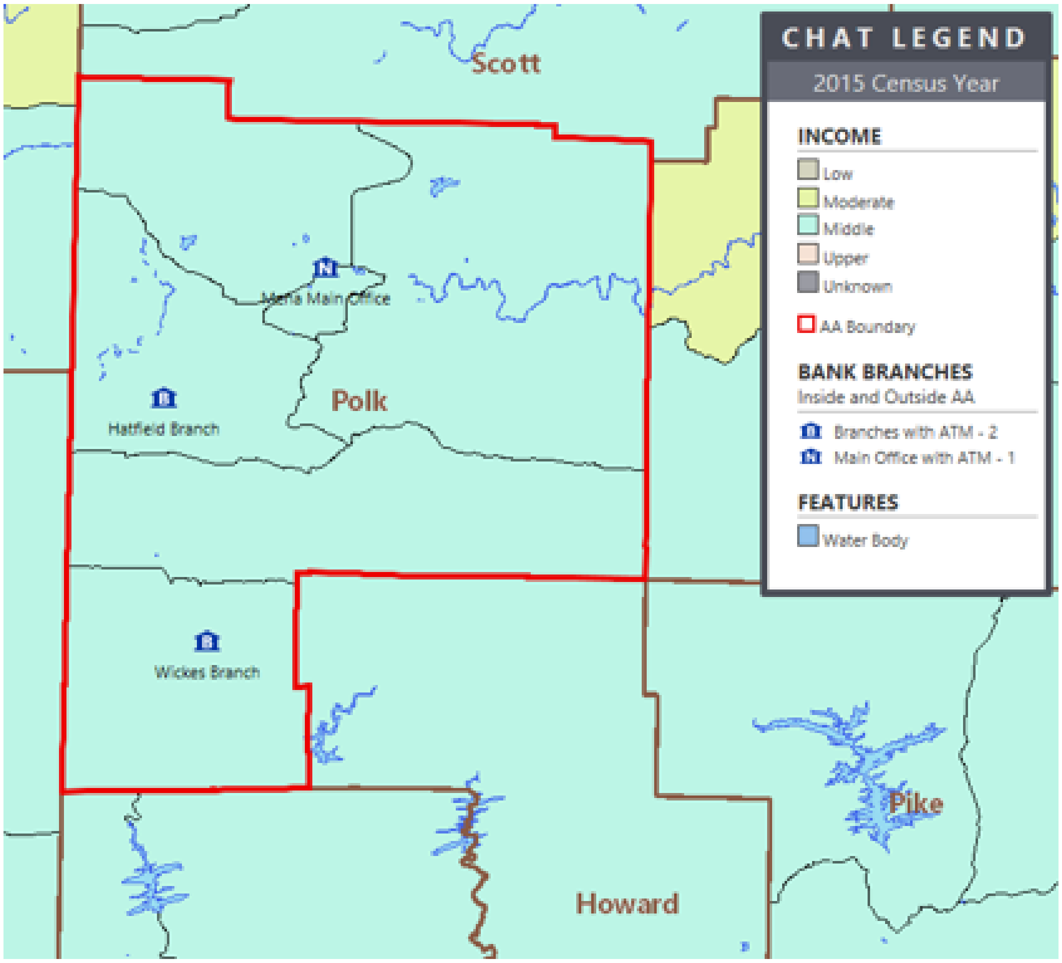
Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Appendix A

ASSESSMENT AREA DETAIL

Union Bank of Mena – Mena, AR

Polk NonMSA AR 2020 – Tract Income



Appendix B

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- or moderate-income individuals; (2) community services targeted to low- or moderate-income 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 low- or moderate-income 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 by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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