PUBLIC DISCLOSURE

April 4, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of McCrory
RSSD# 898140

124 North Edmonds Avenue
McCrory, Arkansas 72101

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.

Bank of McCrory 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 borrower's profile analysis reveals reasonable penetration among farms of different sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- A majority of the bank's loans and other lending-related activities are in the bank's assessment area.
- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area.
- No CRA-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) small bank examination procedures, and the period of review spanned from the date of the bank's previous CRA evaluation on March 26, 2012 to April 4, 2016. Lending performance was based on the following loan products and the corresponding time periods displayed in the following table:

Loan Product	Time Period
Small Farm	January 1, 2012–December 31, 2014
Consumer Motor Vehicle	

These two loan categories are considered the bank's primary lines of business based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, 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 agricultural lending, performance based on the small farm product carried the most significance towards the bank's overall performance conclusions.

Under the small bank CRA performance criteria, analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain farm geodemographics are based on Dun & Bradstreet data, which are applicable to the years of loan data being evaluated. 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 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. Three other banks were identified as similarly situated peers, with asset sizes ranging from $46.9 million to $90.7 million.

To augment this evaluation, two community contact interviews were conducted with members of the local community. These community contact interviews were used in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Bank of McCrory is a full-service, small community bank located in McCrory, in eastern Arkansas. The bank offers both consumer and commercial loan and deposit products. Bank of McCrory is partially owned by M.D. Thompson & Son Co., a one-bank holding company located in McCrory, Arkansas. The bank's main office has a cash-dispensing automated teller machine (ATM) on site and drive-up accessibility. The bank does not operate any branches and did not close any branch offices or ATMs during this review period. With the main office and other service delivery systems, such as online banking and a mobile phone application allowing customers to check account balances, the bank is 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 December 31, 2015, the bank reported total assets of $80.9 million. As of the same date, loans and leases outstanding were $25.9 million (32.0 percent of total assets) and deposits totaled $72.8 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of December 31, 2015		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Commercial Real Estate	$1,155	4.5%
1–4 Family Residential	$3,208	12.4%
Farmland	$3,799	14.7%
Farm Loans	$13,178	50.8%
Commercial and Industrial	$2,798	10.8%
Loans to Individuals	$1,748	6.7%
Total Other Loans	$37	0.1%
TOTAL LOANS	**$25,923**	**100%**

As indicated in the preceding table, over half of the bank's lending resources are directed to farm loans. It is also worth noting that, by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represents a significant product offering of the bank. As consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products, consumer loans may often represent a significant product line by number of loans made, even if not reflected as such by dollar amount outstanding.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on March 26, 2012.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area is located in eastern Arkansas and includes the entirety of Woodruff County. Woodruff County is part of nonmetropolitan statistical area (nonMSA) Arkansas. The assessment area includes two middle-income census tracts that are classified as distressed and underserved due to poverty and population loss. According to the 2010 U.S. Census, the county has a population of 7,260, an 11.9 percent decline from the 2000 U.S. Census, which reported a population of 8,241. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report dated June 30, 2015, Bank of McCrory ranked first of the three FDIC-insured depository institutions with an office in the assessment area. The bank holds 51.4 percent of the assessment area's deposit market share.

The assessment area is rural in nature, with agriculture being a vital part of the local economy. As such, agricultural lending products represent a significant credit need in the assessment area, along with the need for a standard blend of consumer and business loan products. Both community contacts further emphasized the importance of agriculture in the assessment area.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of two census tracts, comprising Woodruff County in its entirety. The following table reflects the number and population of census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	0 0.0%	2 100%	0 0.0%	0 0.0%	**2** **100%**
Family Population	0 0.0%	0 0.0%	2,195 100%	0 0.0%	0 0.0%	**2,195** **100%**

The previous table reveals that the bank's assessment area contains no low-, moderate-, or upper-income census tracts. As a result, the entire assessment area family population resides in middle-income census tracts, which are both classified as underserved and distressed due to population loss and poverty.

Based on 2010 U.S. Census data, the median family income for the assessment area was $36,917. More recently, the FFIEC estimated the 2012, 2013, and 2014 nonMSA Arkansas median family incomes to be $43,900, $44,000, and $45,300, respectively. The following table displays population percentages of assessment area families by income level compared to nonMSA Arkansas as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	589 26.8%	431 19.6%	453 20.6%	722 32.9%	**2,195** **100%**
NonMSA Arkansas	65,135 20.8%	57,160 18.3%	62,634 20.0%	128,266 41.0%	**313,195** **100%**

Based on the data in the preceding table, the assessment area is less affluent than nonMSA Arkansas as a whole. This table reveals that a large portion of assessment area families (46.4 percent) are considered LMI. This LMI family population is above that of nonMSA Arkansas (39.1 percent); the assessment area also has a smaller upper-income family population (32.9 percent) compared to nonMSA Arkansas (41.0 percent). Lastly, the level of assessment area families living below the poverty level (19.4 percent) is well above that of all nonMSA Arkansas families (15.1 percent).

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 was $55,100, which is below the figure for nonMSA Arkansas, $78,904. Similarly, housing appears to be relatively affordable considering income levels. The assessment area housing affordability ratio of 49.3 percent is above the nonMSA Arkansas figure of 42.0 percent. The cost of renting in the assessment area also appears to be lower than that of nonMSA Arkansas. For renters in the assessment area, 31.0 percent have rent exceeding 30 percent of their income compared to 39.8 percent of renters in nonMSA Arkansas. The median gross rent for the assessment area of $352 per month is also more affordable compared to the $535 per month for nonMSA Arkansas. Therefore, even though the assessment area is less affluent than nonMSA Arkansas as a whole, lower costs compared to nonMSA Arkansas keeps housing within reach for the LMI population.

Industry and Employment Demographics

The assessment area's economy is supported by a diverse mixture of manufacturing, service-oriented, and agricultural-based industries. According to the U.S. Census Bureau 2013 County Business Patterns, by number of paid employees in the assessment area, manufacturing leads with 425, followed by retail trade (252) and wholesale trade (186). Furthermore, business demographic estimates indicate that 98.0 percent of assessment area farms have gross annual revenues of $1 million or less.

The following table 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 and the state of Arkansas.

Year (Annual Average)	Assessment Area	NonMSA Arkansas	Arkansas
2012	11.0%	8.6%	7.6%
2013	10.0%	8.4%	7.4%
2014	8.2%	7.0%	6.1%

As shown in the previous table, unemployment levels for the assessment area, nonMSA Arkansas, and the state of Arkansas have shown a decreasing trend since 2012. However, unemployment levels in the assessment area have remained well above those of nonMSA Arkansas and the state.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Both interviews were conducted with individuals involved in local government. The contacts considered the county economy to be in good condition, emphasized the importance and prevalence of agriculture in the county, and noted a slight decline in farming activity due to the closure of some farms in the assessment area. Both contacts noted that banks in the assessment area are active in the community and appear to be meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Bank of McCrory meets the standards for a Satisfactory rating under the CRA small bank evaluation procedures, which evaluate bank performance under the following five criteria as applicable:

- Loan distribution by borrower's profile (applicant income or farm revenue profile).
- The concentration of lending within the assessment area.
- The bank's average LTD ratio.
- The geographic distribution of loans.
- A review of the bank's response to written CRA complaints.

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

Loan Distribution by Borrower's Profile

Overall, the bank's distribution by borrower profile of loans reflects reasonable dispersion throughout the assessment area, based on activity analyzed from both loan categories. The bank's performance included reasonable dispersion of small farm loans and excellent dispersion of consumer motor vehicle loans.

The following table reflects Bank of McCrory's distribution of small farm loans by gross annual farm revenue and loan amount compared to Dun & Bradstreet and CRA aggregate data.

Distribution of Loans Inside Assessment Area by Farm Revenue
January 1, 2012 through December 31, 2014

Gross Revenue	Loan Amounts in $000s						TOTAL	
	<$100		>$100 and ≤$250		>$250 and ≤$500			
$1 Million or Less	16	30.8%	7	13.5%	6	11.5%	**29**	**55.8%**
Greater than $1 Million/Unknown	15	28.8%	4	7.7%	4	7.7%	**23**	**44.2%**
TOTAL	**31**	**59.6%**	**11**	**21.2%**	**10**	**19.2%**	**52**	**100%**
Dun & Bradstreet Farms ≤ $1MM							**98.0%**	
2012 Small Farm Aggregate < $1MM							**6.7%**	
2013 Small Farm Aggregate < $1MM							**9.1%**	
2014 Small Farm Aggregate < $1MM							**8.7%**	

The previous table demonstrates that 55.8 percent of loans reviewed were made to farms with gross annual revenues of $1 million or less. This is below Dun & Bradstreet data, indicating that 98.0 percent of farms in the assessment area have gross annual revenues of $1 million or less. However, aggregate lending figures for 2012, 2013, and 2014 were 6.7 percent, 9.1 percent, and 8.7 percent, respectively. Consequently, the bank's borrower's profile performance for the small farm loan category is reasonable.

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

Distribution of Loans Inside Assessment Area by Income Level of Borrower January 1, 2012 through December 31, 2014												
Dataset	**Borrower Income Level**										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	40	51.9%	20	26.0%	13	16.9%	4	5.2%	0	0.0%	**77**	**100%**
Household Population	31.8%		17.5%		17.6%		33.0%		0.0%		**100%**	

As shown in the previous table, the bank's lending performance to LMI borrowers compares favorably with that of data used for comparison purposes. The bank's lending level to low-income borrower's (51.9 percent) compared to households classified as low-income (31.8 percent) in the assessment area is considered excellent. In addition, the bank's lending level to moderate-income borrower's (26.0 percent) compared to households classified as moderate-income (17.5 percent) in the assessment area is considered excellent. Furthermore, the bank's total LMI lending figure (77.9 percent) exceeds the total LMI household population level (49.3 percent). Therefore, the bank's overall consumer motor vehicle lending performance by borrower's profile is excellent.

Assessment Area Concentration

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

Lending Inside and Outside of Assessment Area						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Farm	56	74.7%	19	25.3%	**75**	**100%**
	$9,816	80.0%	$2,460	20.0%	**$12,276**	**100%**
Consumer Motor Vehicle	77	77.0%	23	23.0%	**100**	**100%**
	$497	69.4%	$219	30.6%	**$716**	**100%**
TOTAL LOANS	**133**	**76.0%**	**42**	**24.0%**	**175**	**100%**
	$10,313	**79.4%**	**$2,679**	**20.6%**	**$12,992**	**100%**

As shown in the previous table, a majority of the loans sampled were extended to farms or borrowers that operate or reside in the bank's assessment area. In total, 76.0 percent of the total loans were made inside the assessment area, accounting for 79.4 percent of the dollar volume of total loans.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The following table displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the previous CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of December 31, 2015**	**Headquarters**	**Average LTD Ratio**
Bank of McCrory	$80,917	McCrory, Arkansas	36.70%
Regional Banks	$46,888	Clarendon, Arkansas	22.40%
	$57,287	Marked Tree, Arkansas	39.40%
	$90,717	Augusta, Arkansas	66.50%

During the review period, the bank's LTD ratio ranged from a high of 50.8 percent in September 2012 to a low of 26.0 percent in March 2013. Regional peers were chosen to find similarly situated banks based on asset size, proximity to the bank's assessment area, and loan portfolio composition by credit category. The regional peers that were chosen all make a significant amount of agricultural loans to help account for the economic factors in agricultural lending. Agricultural lending has significant fluctuations based on seasons and the needs of local farms. The bank's LTD ratio exhibits a similar trend as other agricultural lenders in the region. With the exception of one competitor, the bank and its regional peers have all experienced downward trends in LTD ratios based on rolling averages, but outside of the fluctuations related to agricultural cycles, the quarterly LTD ratios have not varied significantly over the last 16 quarters. Furthermore, while the bank's LTD ratio is significantly below one regional peer, information obtained from community contacts noted that banks in the community are active and are meeting the credit needs of the community. Based on the similarities between regional peers, lending opportunities in the assessment area, and economic factors in the assessment area, the bank's LTD ratio is considered reasonable.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, the bank's lending performance is evaluated based on the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment area. However, the assessment area only contains middle-income geographies; therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this examination. Nevertheless, the loan dispersion within the assessment area's two middle-income census tracts was reviewed. The results of the analysis showed loan activity was reasonably dispersed throughout the assessment area and was consistent with demographics and branch structure. Therefore, the bank's geographic distribution of loans is reasonable.

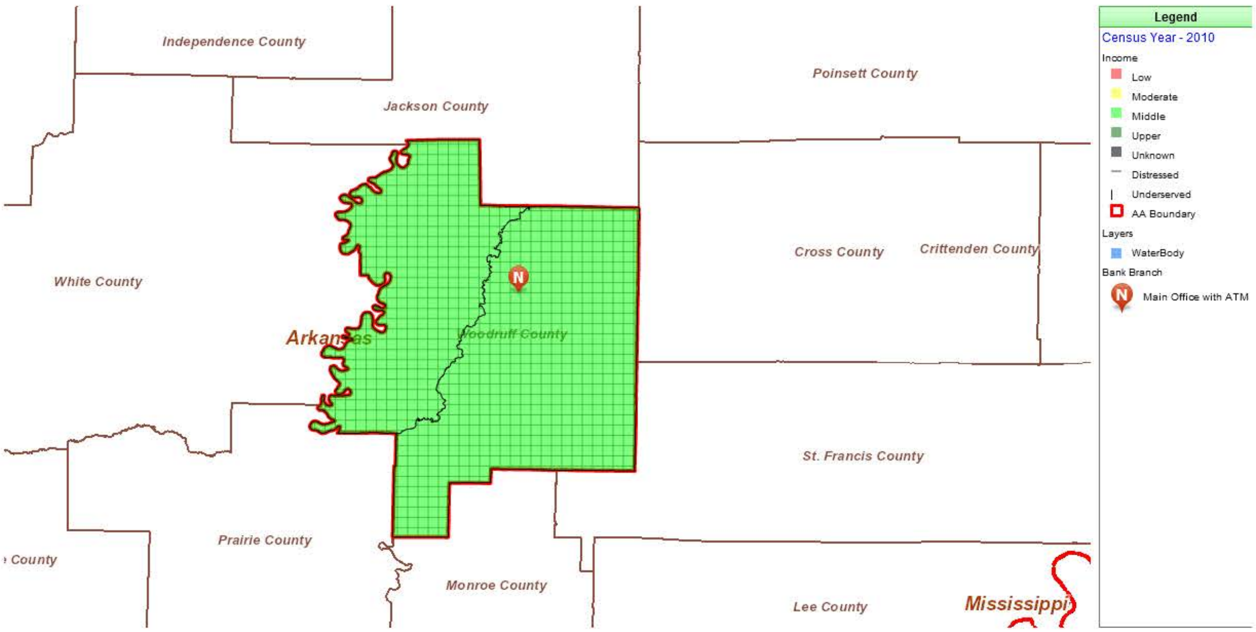
Review of Complaints

No CRA-related complaints were filed against the bank during this review period (March 26, 2012 through April 4, 2016).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

ASSESSMENT AREA DETAIL



GLOSSARY

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

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

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

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for 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 (such as age, race, sex, income, etc.) used especially to identify markets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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