PUBLIC DISCLOSURE

June 22, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

King Southern Bank
RSSD# 909541

5916 Lawrenceburg Road
Chaplin, Kentucky 40012

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.

King Southern Bank 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 reflects 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 analysis reveals reasonable dispersion throughout the bank's assessment area.

- The bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.

- A majority of the bank's loans and other lending-related activities are in 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 April 18, 2011 to June 22, 2015. Lending performance was based on the loan products and corresponding time periods displayed in the following table:

Loan Product	Time Period
Home Mortgage Disclosure Act (HMDA)	January 1, 2012 – December 31, 2013
Small Business	January 1, 2012 – December 31, 2013

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.

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 aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data. However, certain business geodemographics are based on 2013 Dun & Bradstreet data, which are applicable to the two years of loan data being evaluated. 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 $110.0 million to $261.7 million.

To augment this evaluation, three interviews with local community members were conducted 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

King Southern Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. King Southern Bank is wholly owned by King Bancorp Inc., a one-bank holding company headquartered in Louisville, Kentucky.

The bank's branch network consists of five branches (including the main office) all located in the Kentucky portion of the Louisville/Jefferson County, Kentucky-Indiana Metropolitan Statistical Area (Louisville MSA). The bank operates two facilities in Nelson County, its main office in Chaplin and one branch in Bloomfield. The branch in Bloomfield offers a cash-dispensing only automated teller machine (ATM). In addition to the bank's Nelson County branches, three branch facilities are operated in Jefferson County (city of Louisville). Two of the three Jefferson County locations have full-service ATMs, and the third has a cash-only ATM. The bank did not open any offices during this review period. However, one office in Jefferson County was closed on January 3, 2013. All branches are located in middle- and upper-income census tracts. While the majority of the assessment area's LMI census tracts are located in the northwestern portion of Jefferson County, the bank's branch offices are located in the eastern portion of the county. Based on this branch network and other service delivery systems, such as internet and telephone banking services, the bank is well positioned to deliver financial services to substantially all of its assessment area, especially to the eastern portions of Jefferson and Nelson Counties.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credits needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of March 31, 2015, the bank reported total assets of $177.4 million. As of the same date, loans and leases outstanding were $140.8 million (79.4 percent of total assets), and deposits totaled $126.8 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of March 31, 2015		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$12,603	9.0%
Commercial Real Estate	$61,286	43.5%
Multifamily Residential	$5,355	3.8%
1–4 Family Residential	$48,793	34.7%
Farmland	$2,077	1.5%
Farm Loans	$276	0.2%
Commercial and Industrial	$8,635	6.1%
Loans to Individuals	$1,753	1.2%
Total Other Loans	$16	0.0%
TOTAL	**$140,794**	**100%**

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

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on April 18, 2011.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area includes the entireties of Jefferson, Nelson, and Spencer Counties. These three counties are located in the state of Kentucky and make up a portion of the Louisville MSA. As of the 2010 U.S. Census, the total population of the assessment area is 801,594. By far, Jefferson County has the highest population (741,096), followed by Nelson County (43,437), and Spencer County (17,061). Jefferson County is largely urban and contains the city of Louisville. Nelson and Spencer Counties, located to the south of Jefferson County, are less urban and include smaller communities. Although no branches are located in Spencer County, the bank includes this county in its assessment area due to its close proximity to the bank's Nelson County locations.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2014, King Southern Bank ranked 16th out of 29 FDIC-insured institutions in the assessment area, accounting for 0.8 percent of the deposit market share. Breaking the counties out separately reveals that the bank has a much larger proportion of the market share in Nelson County, as it is ranked 3rd of the 8 FDIC-insured intuitions operating in the county, with 15.4 percent of total deposits. By contrast, in Jefferson County, the bank ranked 22nd out of the 25 FDIC-insured depository institutions, holding only 0.1 percent of the total deposit dollars.

Credit needs in the area are varied and include a blend of consumer and business loan products. As noted by community contacts, other credit needs in the assessment area include affordable multifamily housing and funding programs for small businesses.

Income and Wealth Demographics

As previously stated, the bank's assessment area consists of the entireties of Jefferson, Spencer, and Nelson Counties. The following table reflects the number and population of the 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	33 16.2%	38 18.6%	74 36.3%	58 28.4%	1 0.5%	**204** **100%**
Family Population	22,211 11.0%	29,596 14.7%	87,245 43.3%	62,331 31.0%	0 0.0%	**201,383** **100%**

As reflected above, the bank's assessment area contains a significant number of LMI census tracts. All of the low- and 36 of the moderate-income census tracts are located in Jefferson County. As the table shows, 34.8 percent of the census tracts in this assessment area are LMI; however, only 25.7 percent of the family population reside in LMI tracts. The largest portion of the assessment area family population resides in middle- and upper-income census tracts.

Based on 2010 U.S. Census data, the median family income for the assessment area was $58,786. Median family income figures for each county in the assessment area are shown in the table below compared to the Louisville MSA. More recently, the FFIEC estimated the 2012 and 2013 median family income figure for the Louisville MSA to be $63,800 and $60,400, respectively.

2010 Median Family Income			
Jefferson County	**Nelson County**	**Spencer County**	**Louisville MSA**
$59,182	$52,173	$64,350	$59,921

The following table displays population percentages of assessment area families by income level compared to the Louisville MSA family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	45,855 22.8%	35,318 17.5%	40,495 20.1%	79,715 39.6%	**201,383** **100%**
Louisville MSA	70,290 21.3%	59,100 17.9%	68,790 20.8%	132,222 40.0%	**330,402** **100%**

As displayed in the table above, the assessment area is slightly less affluent than the MSA. Although the first table in this section indicates that the majority of assessment area families (43.3 percent) live in middle-income census tracts, this table reveals that a significant portion of assessment area families (40.3 percent) are considered LMI. Lastly, the level of assessment area families living below the poverty level (11.7 percent) is above that of all MSA families (10.5 percent).

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area is less affordable than in the Louisville MSA. This is evidenced in the table below, which shows higher median housing values and a lower affordability ratio for the assessment area compared to the Louisville MSA.

2010 Housing Characteristics					
Dataset	**Jefferson County**	**Nelson County**	**Spencer County**	**Assessment Area**	**Louisville MSA**
Median Housing Value	$145,900	$116,800	$167,300	**$144,923**	$143,900
Median Gross Rent (monthly)	$667	$597	$605	**$665**	$667
Affordability Ratio	31.1%	38.3%	35.5%	**31.5%**	33.2%

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing and service-oriented sectors. According to the U.S. Census Bureau 2013 County Business Patterns, by number of paid employees in the assessment area, health care and social assistance leads with 67,771, followed by manufacturing (44,315), and retail trade (43,913). Furthermore, business demographic estimates indicate that in 2013, 89.0 percent of assessment area businesses had gross annual revenues of $1 million or less.

Unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the three counties in the bank's assessment area and the Louisville MSA are detailed in the following table.

Unemployment Levels for Assessment Area Counties				
Time Period	**Jefferson County**	**Nelson County**	**Spencer County**	**Louisville MSA**
2012 Annual Average	8.4%	8.5%	7.5%	8.4%
2013 Annual Average	7.9%	7.8%	6.9%	7.8%
2014 Annual Average	6.3%	6.4%	5.7%	6.2%
2015 (2-month Average)	5.1%	5.6%	4.6%	5.1%

As shown in the table above, a decreasing trend in unemployment levels is present for all three assessment area counties and the MSA. The unemployment rate in Spencer County was consistently below the Louisville MSA unemployment rate. However, unemployment rates for the remaining counties in the assessment area are substantially similar to those of the Louisville MSA.

Community Contact Information

Information from three community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these interviews, one was conducted with an individual specializing in housing, and the other two were with individuals working in economic and business development roles.

The community contacts categorized the economy as performing well compared to the statewide economy. One community contact stated the need for more apartments and rental housing in Nelson County. Another contact stated the need for funding programs for small businesses. All community contacts indicated that banking competition is high, with several large banks operating in the assessment area. Additionally, community contacts noted that all area banks are active in the community and are willing to assist in meeting the needs of its residents.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

- Loan distribution by borrower's profile (applicant income or business revenue profile).
- The geographic distribution of loans.
- The bank's average LTD ratio.
- The concentration of lending within the assessment area.
- 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.

<u>Loan Distribution by Borrower's Profile</u>

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. The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics and 2012 and 2013 aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2012 through December 31, 2013

	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	5	7.1%	11	15.7%	4	5.7%	26	37.1%	24	34.3%	**70**	**100%**
Refinance	4	15.4%	3	11.5%	4	15.4%	9	34.6%	6	23.1%	**26**	**100%**
Home Improvement	5	35.7%	0	0.0%	2	14.3%	5	35.7%	2	14.3%	**14**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5	100.0%	**5**	**100%**
TOTAL HMDA	**14**	**12.2%**	**14**	**12.2%**	**10**	**8.7%**	**40**	**34.8%**	**37**	**32.2%**	**115**	**100%**
Family Population	22.8%		17.5%		20.1%		39.6%		0.0%		**100%**	
2012 HMDA Aggregate	8.9%		19.1%		20.8%		37.2%		14.0%		**100%**	
2013 HMDA Aggregate	8.5%		17.9%		20.3%		37.1%		16.2%		**100%**	

The bank's total percentage of HMDA lending to low-income borrowers (12.2 percent) is below the percentage of low-income families within the assessment area (22.8 percent). Meanwhile, the performance of other lenders in the assessment area based on two years of aggregate HMDA data shows that 8.9 percent and 8.5 percent of loans were made to low-income borrowers. Consequently, the bank's HMDA lending performance to low-income borrowers is reasonable.

The bank's total percentage of HMDA lending to moderate-income borrowers (12.2 percent) is below the percentage of moderate-income families within the assessment area (17.5 percent), reflecting poor performance. HMDA aggregate lending to moderate-income borrowers for 2012 and 2013 was 19.1 percent and 17.9 percent, respectively. However, combined LMI lending is still reasonable, especially in light of the bank performance to low-income borrowers. As previously stated, the bank's assessment area has a higher level of poverty and a lower level of affordability for home ownership when compared to the MSA. This indicates that a level of difficulty exists for assessment area families attempting to purchase homes. Therefore, overall HMDA lending performance by borrower's profile is reasonable.

As with the borrower's profile analysis conducted for the HMDA loan category, the bank's distribution of small business loans was also analyzed. The following table shows King Southern Bank's distribution of small business loans by gross annual revenue and loan amount.

Distribution of Loans Inside Assessment Area by Business Revenue								
January 1, 2012 through December 31, 2013								
Gross Revenue	Loan Origination Amount (in $000s)						TOTAL	
	≤$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	15	48.4%	3	9.7%	10	32.3%	**28**	**90.3%**
Greater than $1 Million	0	0.0%	2	6.5%	1	3.2%	**3**	**9.7%**
TOTAL	**15**	**48.4%**	**5**	**16.1%**	**11**	**35.5%**	**31**	**100%**
Dun & Bradstreet Businesses ≤$1 million							**89.0%**	
2012 CRA Aggregate Data							**42.2%**	
2013 CRA Aggregate Data							**43.5%**	

Based on this analysis of small business loans, King Southern Bank is doing an excellent job of meeting the credit needs of small businesses in its assessment area. The table above demonstrates that 28 of 31 loans reviewed (90.3 percent) were made to businesses with gross annual revenues of $1 million or less; this performance exceeded Dun & Bradstreet data of 89.0 percent. CRA aggregate data shows that in 2012 and 2013, 42.2 percent and 43.5 percent of business loans were made to small businesses, respectively. As community contacts stated a need involving funding for small businesses, the bank outperforming Dun & Bradstreet is indicative of excellent performance for the small business loan category.

Therefore, the bank's overall borrower's profile performance, based on analyses of both HMDA and small business lending, is reasonable.

Geographic Distribution of Loans

As noted previously, the bank's assessment area contains 33 low-, 38 moderate-, 74 middle-, 58 upper-, and 1 unknown-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing and 2012 and 2013 aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2013												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	3	4.3%	8	11.4%	22	31.4%	37	52.9%	0	0.0%	**70**	**100%**
Refinance	1	3.8%	1	3.8%	16	61.5%	8	30.8%	0	0.0%	**26**	**100%**
Home Improvement	0	0.0%	0	0.0%	11	78.6%	3	21.4%	0	0.0%	**14**	**100%**
Multifamily	1	20.0%	0	0.0%	0	0.0%	4	80.0%	0	0.0%	**5**	**100%**
TOTAL HMDA	**5**	**4.3%**	**9**	**7.8%**	**49**	**42.6%**	**52**	**45.2%**	**0**	**0.0%**	**115**	**100%**
Owner-Occupied Housing	6.4%		13.2%		45.6%		34.8%		0.0%		**100%**	
2012 HMDA Aggregate	2.3%		8.7%		41.5%		47.4%		0.0%		**100%**	
2013 HMDA Aggregate	3.4%		10.1%		44.0%		42.5%		0.0%		**100%**	

The analysis of HMDA loans revealed reasonable lending performance similar to data used for comparison purposes. The bank's total penetration of low-income census tracts by number of loans (4.3 percent) is less than the percentage of owner-occupied housing units in low-income census tracts (6.4 percent). HMDA aggregate data reveal that in 2012 and 2013, 2.3 percent and 3.4 percent of loans were made to borrowers residing in low-income census tracts. As a result, HMDA lending in low-income geographies is reasonable. Similarly, bank performance in moderate-income census tracts (7.8 percent) was below demographic comparison data (13.2 percent). For 2012 and 2013, 8.7 percent and 10.1 percent of loans, respectively, were made to borrowers in moderate-income census tracts. Nevertheless, performance in moderate-income geographies is still reasonable given the high level of competition King Southern Bank faces, according to community contacts, and the fact that the bank made 11.4 percent of its total home purchase loans in moderate-income census tracts. As aforementioned, the majority of the assessment area's LMI census tracts are located in the northwestern portion of Jefferson County, while the bank's branch offices are located in the eastern portion of the county. Therefore, given distance from the bank's branches to the majority of the LMI census tracts, the bank's geographic distribution of HMDA loans to LMI borrowers is reasonable.

The bank's geographic distribution of small business loans was also reviewed. The following table displays the results of this review, as well as the demographic and aggregate comparison data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2013												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	5	16.1%	10	32.3%	16	51.6%	0	0.0%	**31**	**100%**
Business Institutions	13.2%		13.3%		34.8%		38.3%		0.3%		**100%**	
2012 CRA Aggregate Data	12.9%		13.9%		32.6%		38.2%		2.4%		**100%**	
2013 CRA Aggregate Data	13.0%		14.2%		31.4%		39.9%		1.5%		**100%**	

Overall, this analysis revealed reasonable loan distribution throughout the assessment area. The bank's performance in low-income census tracts is very poor, with no small business loans being made in these tracts. This is significantly below the demographic data (13.2 percent). As previously mentioned, the bank's branches in Jefferson County are farther east than the central business district of Louisville and the majority of the low-income census tracts in the bank's assessment areas. Additionally, the bank faces stiff competition for reaching businesses, particularly in these geographies.

The bank's performance in moderate-income census tracts is reasonable. The bank's performance in moderate-income census tracts (16.1 percent) exceeds the demographic (13.2 percent). During 2012 and 2013, CRA aggregate data reveal that 13.9 percent and 14.2 percent, respectively, of small business loans were made to small businesses in moderate-income geographies. Given this data, the physical distance from the bank's branches to the majority of the LMI census tracts, and the high amount of banking competition in the area, the geographic distribution of small business loans reflects reasonable performance.

Overall, the bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area, based on activity analyzed from both loan categories.

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 quarterly LTD ratio compared to those of regional peers with similar focus and branch structure. The average quarterly LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of March 31, 2015**	**Headquarters**	**Average LTD Ratio**
King Southern Bank	$177,384	Chaplin, Kentucky	109.1%
Regional Banks	$261,739	Bardstown, Kentucky	73.5%
	$180,224	Louisville, Kentucky	86.1%
	$109,970	Bardstown, Kentucky	91.2%

Based on data from the table above, the bank's level of lending exceeds that of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 102.4 percent (June 30, 2013) to a high of 114.9 percent (December 31, 2013) and represents a stable trend across the review period. The individual quarterly LTD ratios for the regional peers ranged from 63.6 percent to 100.1 percent, while each regional peer's quarterly LTD represents a generally increasing trend. Overall, compared to data from regional banks, King Southern Bank's average quarterly LTD ratio is more than reasonable given its 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 ($000s)						
January 1, 2012 through December 31, 2013						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
HMDA	115	89.8%	13	10.2%	**128**	**100%**
	$20,832	92.7%	$1,643	7.3%	**$22,475**	**100%**
Small Business	31	75.6%	10	24.4%	**41**	**100%**
	$7,668	69.9%	$3,300	30.1%	**$10,968**	**100%**
TOTAL LOANS	**146**	**86.4%**	**23**	**13.6%**	**169**	**100%**
	$28,500	**85.2%**	**$4,943**	**14.8%**	**$33,443**	**100%**

As shown above, a majority of the loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 86.4 percent of the total loans were made inside the assessment area, accounting for 85.2 percent of the dollar volume of total loans.

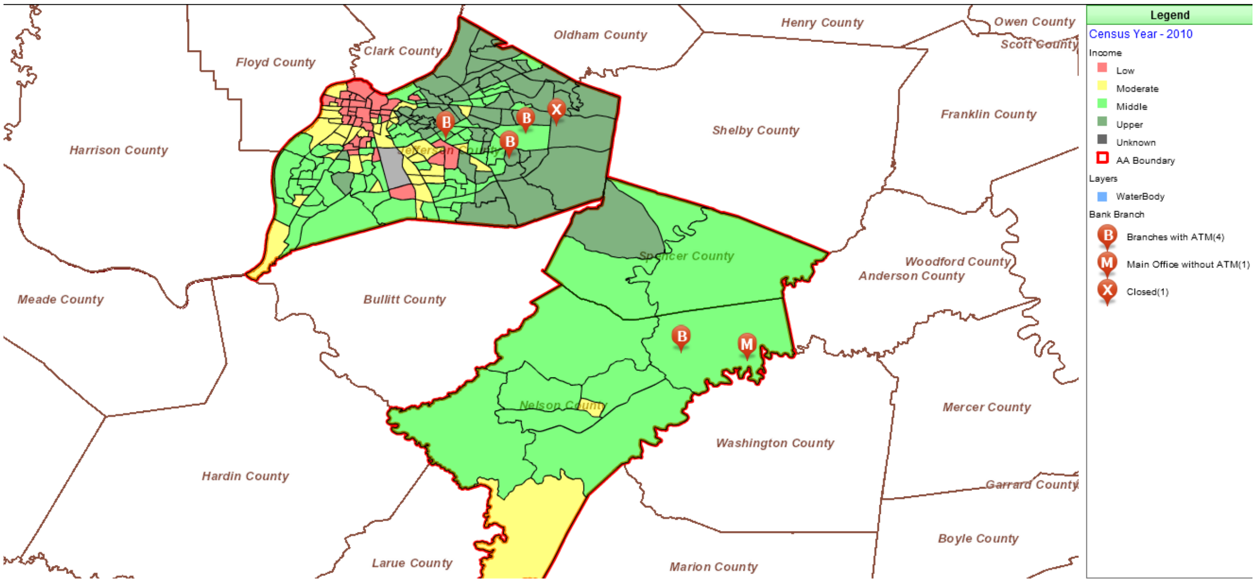
Review of Complaints

No CRA-related complaints were filed against the bank during this review period (April 18, 2011 through June 22, 2015).

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 individuals; (2) community services targeted to low- and 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- and 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 (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.