PUBLIC DISCLOSURE

February 11, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Ohio County, Inc.
RSSD# 912943

1500 Bill Monroe Memorial Boulevard
Beaver Dam, Kentucky 42320

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.

Bank of Ohio County (BOC) meets the criteria for a Satisfactory rating based upon the evaluation of the bank's lending activity. The borrower's profile analysis reveals excellent penetration among borrowers of different income levels, including low- and moderate-income (LMI) categories, and businesses of different sizes. Secondly, the bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, structure, financial condition, and assessment area credit needs, and a majority of the bank's loans and other lending-related activities are within the bank's assessment area. Lastly, the geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area, and no Community Reinvestment Act (CRA)-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION[1]

The bank's CRA performance was evaluated using the small bank examination procedures, and the period of review spanned from the date of the bank's previous CRA evaluation on February 9, 2009 to February 11, 2013. Lending samples were chosen from 1-4 family residential real estate loans, business purpose loans, and consumer motor vehicle loans, all of which were originated from February 9, 2009 to December 31, 2011. These three loan categories are considered the bank's primary lines of business, based upon 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 upon Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data). Unless otherwise noted, assessment area demographics are based upon 2000 U.S. census data (certain business and farm geodemographics are based upon Dun & Bradstreet data, which are applicable to the year of loan data being evaluated). Generally speaking, when analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is 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 $90.6 million to $111.0 million.

To augment this evaluation, two recent interviews (community contacts) with members of the local community were referenced in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area.[2]

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[1] Information presented in this section (e.g., review period dates and loan sample details) pertains throughout the rest of this evaluation unless specifically noted otherwise.
[2] Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

BOC is a full-service financial institution offering both consumer and commercial purpose loans and deposit products. BOC is a wholly owned subsidiary of Town and Country Financial, Inc., a one-bank holding company headquartered in Beaver Dam, Kentucky. The bank operates from its main office located in Beaver Dam, Kentucky. In addition to the main office, the bank operates one full-service branch located in Dundee, Kentucky. The bank has one automated teller machine (ATM) located at the Beaver Dam office, and a third party arrangement for a second non-deposit taking ATM located at Murphy’s gas station in Beaver Dam. In addition to being full-service facilities, the main office and the branch have drive-up accessibility. The bank did not open or close any branch offices during this review period. Based on the locations of the bank’s offices and other service delivery systems such as 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 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 December 31, 2012, the bank reported total assets of $92.5 million. As of the same date, deposits totaled $73.6 million, and loans and leases outstanding were $41.7 million. The bank’s loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2012		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$1,513	3.6%
Commercial Real Estate	$14,059	33.7%
Multifamily Residential	0	0.0%
1-4 Family Residential	$14,057	33.7%
Secured by First Liens	$11,023	26.4%
Secured by Junior Liens	$12	0.0%
Home Equity Loans	$3,022	7.2%
Farmland	$802	1.9%
Farm Loans	$216	0.5%
Commercial and Industrial	$6,427	15.4%
Loans to Individuals	$1,551	3.7%
Credit Cards	$0	0.0%
Related Plans	$0	0.0%
Automobiles	$347	0.8%
Other Loans to Individuals	$1,204	2.9%
Total Other Loans	$3,079	7.4%
TOTAL	**$41,704**	**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 real estate, commercial real estate loans, and commercial and industrial 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.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on February 9, 2009, by the Federal Deposit Insurance Corporation (FDIC).

DESCRIPTION OF ASSESSMENT AREA

General Demographics

BOC has delineated one assessment area comprised of the seven census tracts that make up Ohio County, Kentucky, a nonMSA area located in the central portion of western Kentucky. The city of Hartford is the county seat of Ohio County, Kentucky. Ohio County contains two upper-income census tracts, while the remaining five census tracts are designated as middle-income. As of the 2000 census, Ohio County was the forty-ninth largest county out of 120 counties in Kentucky, based on total population of 22,916 individuals. Beaver Dam is the largest of the six incorporated cities in Ohio County, comprising 13.2 percent of the population with 3,033 individuals. Of the five FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked third in terms of deposit market share, encompassing 23.7 percent of the total assessment area deposit dollars.[3]

Within the assessment area, there is a need for a mix of credit products, including home, business, agricultural, and consumer-purpose loans. Other particular credit needs noted by community contacts include new, affordable housing and senior housing.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of the seven census tracts comprising Ohio County in its entirety. 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	0 0.0%	0 0.0%	5 71.4%	2 28.6%	0 0.0%	**7** **100%**
Family Population	0 0.0%	0 0.0%	5,180 78.3%	1,435 21.7%	0 0.0%	**6,615** **100%**

[3] Source: FDIC Deposit Market Share Report as of June 30, 2012.

As shown in the above table, there are no low- or moderate-income census tracts within the bank's assessment area. According to the 2000 census data, the median family income for the assessment area was $34,970 compared to the nonMSA Kentucky median family income of $32,884. More recently, the U.S Department of Housing and Urban Development (HUD) estimates the 2011 nonMSA median family income for Kentucky to be $43,000. The table displays population percentages of assessment area families by income level, compared to the nonMSA Kentucky family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	1,229	1,110	1,339	2,937	0	**6,615**
	18.6%	16.8%	20.2%	44.4%	0.0%	**100%**
NonMSA Kentucky	115,044	83,239	96,796	206,886	0	**501,965**
	22.9%	16.6%	19.3%	41.2%	0.0%	**100%**

Based on the data in the preceding table, the assessment area is slightly more affluent than nonMSA Kentucky as a whole. Although the first table in this section indicated that all of the assessment area families lived in middle- and upper-income census tracts, this table reveals that a significant portion of assessment area families (35.4 percent) are considered LMI. This LMI family population figure is below that of nonMSA Kentucky, 39.5 percent. Furthermore, the assessment area has a larger upper-income family population, 44.4 percent, compared to 41.2 percent.

Housing Demographics

Based upon housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Kentucky, as shown by lower housing values, slightly lower median gross rents, and a greater housing affordability ratio. The median housing value for the assessment area is $52,082, which is lower than the figure for nonMSA Kentucky at $58,494. The 2000 median rent for the assessment area was $349 per month, compared to $367 per month for nonMSA Kentucky. With lower housing and rent values, the assessment area housing affordability ratio of 56.7 percent is above the housing affordability ratio of 46.0 percent for statewide nonMSA Kentucky, indicating more affordable housing within the assessment area.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing and health care and social assistance sectors. By number of paid employees in the assessment area, manufacturing plays the lead role (1,750), followed closely by health care and social assistance (1,020), and retail trade (720).[4] Furthermore, business demographics estimates indicate that 92.4 percent of assessment area have gross annual revenues of $1 million or less.

[4] Source: U.S. Census Bureau 2010 County Business Patterns.

The unemployment rate in the assessment area has decreased each year since the previous CRA evaluation, from an annual high figure of 9.1 percent in 2010 to a low annualized figure of 7.1 percent in 2012.[5]

Community Contact Information

As a part of this CRA evaluation, two community contact interviews were conducted in order to obtain additional information in which to evaluate the bank's performance.

One contact works within Ohio County serving the housing needs of the community. The other works within economic development and also serves Ohio County. The community contact interviewees remarked that large businesses have not entered the area to help produce more jobs. And, more recently, smaller businesses are starting to close and leave the area because of the weak economy. According to community contacts, there is also a lack of new housing (single- and multi-family) and senior housing in Ohio County. One contact noted that there is an abundance of vacant houses in the area, which in many cases have become rental properties. Banking competition in the area is characterized as good, and both contacts recognized all banks in the area as supportive and willing to participate in community development projects.

[5] Source: U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

BOC meets the standards for a Satisfactory rating under CRA small bank procedures. The CRA small bank performance standards evaluate the following five criteria as applicable.

- The distribution of loans by borrower income and business revenue.
- The bank's average LTD ratio.
- The concentration of lending within the assessment area.
- The geographic distribution of loans.
- A review of the bank's response to written CRA complaints.

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

Loan Distribution by Borrower's Profile

The small bank performance standards evaluate the bank's lending to borrowers of various income levels. 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 HUD. The 2011 estimated median family income figure for nonMSA Kentucky is $43,000.

The following table shows the distribution of residential real estate loans by income level of the borrower.

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Residential Real Estate	3 6.5%	7 15.2%	17 37.0%	19 41.3%	0 0.0%	**46** **100%**
Families	18.6%	16.8%	20.2%	44.4%	0.0%	**100%**

The bank's record of extending 1-4 family residential real estate loans to low-income borrowers is considered reasonable, particularly in light of performance by aggregate lenders. The bank extended 6.5 percent of 1-4 family residential real estate loans to low-income borrowers, compared to a low-income family population of 18.6 percent. While the bank's performance in lending to low-income borrowers may seem low, it is above the aggregate performance of 4.3 percent in 2009, 4.3 percent in 2010, and 6.0 percent in 2011, which indicates that lending to low-income borrowers is difficult for other peer institutions in the area as well. Conversely, the bank's level of extending 1-4 family residential real estate loans to moderate-income borrowers is considered excellent, with 15.2 percent of residential loans extended to moderate-income borrowers, compared to a moderate-income family population of 16.8 percent. While slightly lower than the family population, it is higher than the aggregate performance of 13.1 percent in 2009, 13.8 percent in 2010, and 12.4 percent in 2011. Based on this data, the overall borrower distribution of 1-4 family residential real estate loans reflects reasonable penetration among borrowers of different income levels.

As with the bank's residential real estate loan activity, the bank's distribution of business loans to businesses of various sizes was reviewed. The following table reflects the bank's distribution of business loans by gross annual revenue and loan amount.

Lending Distribution by Business Revenue Level				
Dataset	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>$100≤$250**	**>$250≤$1,000**	
$1 Million or Less	19 90.5%	2 9.5%	0 0.0%	**21** **100.0%**
Greater Than $1 Million	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**
TOTAL	**19** **90.5%**	**2** **9.5%**	**0** **0.0%**	**21** **100%**

The bank's performance in extending loans to small businesses is considered excellent. The bank extended 100.0 percent of all of the business loans sampled to small businesses. In comparison, business geodemographic data as of 2011 from Dun & Bradstreet indicate that 92.4 percent of all businesses in the assessment area are small businesses. CRA aggregate lending performance to small businesses for the period was 34.1 percent in 2009, 31.2 percent in 2010, and 33.3 percent in 2011. In addition, 90.5 percent of loans to small businesses were in amounts of $100,000 or less, further demonstrating the bank's willingness to lend to small businesses.

Similar to the analysis conducted for the two previous loan categories, the borrower distribution of motor vehicle-secured loans was also analyzed by borrower's income profile. The following table shows the distribution of motor vehicle loans by income level of the borrower, compared to household population income characteristics.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower						
Dataset	**Borrower Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Motor Vehicle Secured	10 20.4%	12 24.5%	8 16.3%	19 38.8%	0 0.0%	49 100%
Household Population	22.3%	14.7%	17.3%	45.7%	0.0%	100%

This analysis revealed excellent penetration to LMI borrowers. By number, 44.9 percent of the motor vehicle secured loans reviewed were made to LMI borrowers, which significantly exceeds the LMI household population of 37.0 percent. Reviewed separately, the bank's performance by number of motor vehicle secured loans made to low-income borrowers was 20.4 percent, which is reasonable compared to the household population of 22.3 percent. In addition, the moderate-income borrower lending at 24.5 percent significantly exceeded the household population comparison at 14.7 percent, which indicates excellent penetration. Based on this data, the distribution of the bank's motor vehicle secured loans reflects excellent penetration among individuals of different income levels.

Therefore, the bank's overall borrower's profile performance, based upon the lending analysis of all three loan categories, is excellent.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. As previously discussed, there were three comparable peer banks used in this analysis. The table below displays the bank's quarterly average LTD ratio in comparison to those of local banks. The average net LTD ratio represents a 16-quarter average (March 31, 2009 through December 31, 2012) dating back to the bank's last CRA examination.

Loan-to-Deposit Ratio Analysis (as of December 31, 2012)			
Name	**Asset Size ($000s)**	**Headquarters**	**Average LTD Ratio**
Bank of Ohio County	$92,481	Beaver Dam, Kentucky	63.2%
Regional Banks	$110,970	Clarkson, KY	58.8%
	$102,692	Hardinsburg, KY	81.6%
	$90,573	Elizabethtown, KY	84.0%

The bank's quarterly average LTD ratio since the last examination was 63.2 percent. BOC's performance under this criterion was compared to that of three financial institutions, based on their proximity, asset size, branch structure, and loan portfolio mix. For the period ending December 31, 2012, the assets of these institutions ranged from $90.6 and $111.0 million, and their quarterly average LTD ratios ranged from 58.8 to 84.0 percent. Although the bank's LTD ratio is lower than two of the three banks selected, the ratio is considered reasonable given the bank's size and state business strategies.

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**
Residential Real Estate	46 80.7%	11 19.3%	**57** 100.0%
	$ 2,599 66.8%	$ 1,293 33.2%	**$ 3,892** 100.0%
Small Business	21 63.6%	12 36.4%	**33** 100.0%
	$ 769 17.6%	$ 3,604 82.4%	**$ 4,373** 100.0%
Consumer Motor Vehicle	49 86.0%	8 14.0%	**57** 100.0%
	$ 466 85.4%	$ 79 14.6%	**$ 545** 100.0%
TOTAL	**116** 78.9%	**31** 21.1%	**147** 100.0%
	$ 3,835 43.5%	**$ 4,976** 56.5%	**$ 8,811** 100.0%

As noted above, a majority of loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 78.9 percent of total loans were made inside the assessment area, accounting for 43.5 percent of the dollar volume of total loans. Although percentage by dollar volume is low, the performance context supports a reasonable rating. Both community contacts noted that banks are more than willing to lend within the assessment area, but opportunities are limited. With some businesses closing and leaving the area and few new businesses entering the area, it has been difficult for the bank to generate additional loan demand inside the assessment area. As a result, some of the bank's small business loans have taken the form of participation loans made outside the assessment area. In light of these considerations, the bank's level of lending inside its assessment area is considered reasonable.

Geographic Distribution of Loans

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. As previously stated, the bank's assessment area is comprised of five middle-income and two upper-income census tracts. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the result of which indicated that loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure. Therefore, bank's geographic distribution of loans is reasonable.

Review of Complaints

No CRA-related complaints were filed against the bank during the time frame used for this evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based upon 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

Bank of Ohio County Assessment Area				
County	**Census Tract Number**	**Census Tract Income Level**	**MSA**	**Contains Bank Office**
Ohio	9801.00	Middle	N/A	No
Ohio	9803.00	Middle	N/A	Yes
Ohio	9804.00	Middle	N/A	No
Ohio	9805.00	Middle	N/A	Yes
Ohio	9806.00	Middle	N/A	No
Ohio	9802.00	Upper	N/A	No
Ohio	9807.00	Upper	N/A	No

GLOSSARY

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.

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

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

Community 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) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals; (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> low- or moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan 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 non-metropolitan 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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 (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

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

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

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 a 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) are measured. The criteria relate to lending, investment and service retail, 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured either by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, 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 Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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.