PUBLIC DISCLOSURE

July 10, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankOkolona
RSSD #919344

227 West Main Street
Okolona, Mississippi 38860

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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 COMMUNITY REINVESTMENT ACT RATING

BankOkolona is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans and other lending-related activities are originated inside the AA.
- The borrower's profile analysis reveals reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's single AA.

Small business, 1–4 family residential real estate, and consumer motor vehicle loans were used to evaluate lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Small business loans were given the most weight, followed by 1–4 family residential real estate loans, as they represent the bank's largest two products by dollar amount. Consumer motor vehicle loans were included, as they are the bank's largest product by volume, but weighted the least, as they represent only a small percentage of the bank's portfolio by dollar amount. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2018 – March 31, 2023
Assessment Area Concentration	January 1, 2021 – December 31, 2021
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	December 3, 2018 – July 9, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 American Community Survey data, and certain business demographics are based on 2021 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an AA. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $281.9 million to $461.6 million as of March 31, 2023.

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

DESCRIPTION OF INSTITUTION

BankOkolona is an intrastate community bank headquartered in Okolona, Mississippi. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Bancorp of Okolona, Inc., Okolona, Mississippi.
- The bank has total assets of $258.7 million, as of March 31, 2023, and this represents an increase of 34.3 percent since the last evaluation.
- In addition to its main office in Okolona, the bank has three branch offices located in Bruce, Houston, and Mantee. The bank also has a loan production office in Tupelo.
- All four branch offices, including the main office, have cash-dispensing-only automated teller machines (ATMs).
- The bank acquired First Federal Savings and Loan Association, Aberdeen, Mississippi (Monroe County), on July 1, 2023. The performance of this branch was not included in this evaluation because it was acquired immediately prior to the start of this examination, and its operations were not fully integrated into the bank.
- As shown in the following table, the bank's primary business focus is 1–4 family residential real estate and commercial lending. The consumer motor vehicle loan product was also included in the analysis, as it represents the bank's largest product by origination and is a significant product offering for the bank.

Composition of Loan Portfolio as of March 31, 2023		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
1–4 Family Residential	$44,206	27.5%
Farmland	$34,265	21.3%
Commercial Real Estate	$30,787	19.2%
Commercial and Industrial	$23,146	14.4%
Loans to Individuals	$12,247	7.6%
Farm Loans	$7,978	5.0%
Construction and Development	$5,729	3.6%
Multifamily Residential	$1,385	0.9%
Total Other Loans	$833	0.5%
TOTAL LOANS	**$160,576**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its December 3, 2018 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's North Central Mississippi AA consists of Calhoun, Chickasaw, and Webster counties in their entireties (see Appendix A for an AA map).

- The bank's AA during the previous CRA evaluation was Chickasaw County, in its entirety, and parts of Calhoun, Monroe, and Webster counties. The bank expanded its AA to include all of Calhoun, Chickasaw, and Webster counties on April 25, 2022.

- According to the June 30, 2022 Federal Deposit Market Share report, the bank has a market share of 24.4 percent, which ranks second out of eight FDIC-insured depository institutions operating in the AA.

- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are manufacturing (32.0 percent), retail trade (18.3 percent), and agriculture (6.5 percent).

- One community contact interview was conducted with an individual from an organization that provides assistance to small businesses in the AA.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	1	3	7	1	0	**12**
	8.3%	25.0%	58.3%	8.3%	0.0%	**100%**
Family Population	445	2,744	6,805	1,370	0	**11,364**
	3.9%	24.1%	59.9%	12.1%	0.0%	**100%**

- The bank's AA includes one low-income, three moderate-income, seven middle-income, and one upper-income census tracts. This represents the addition of one low-income and one middle-income census tract since the previous CRA evaluation.

- As noted in the table above, 25.0 percent of the census tracts are moderate-income geographies, and 24.1 percent of the population resides in these tracts.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
North Central Mississippi AA	42,179	40,298	-4.5%
Calhoun County	14,789	13,266	-10.3%
Chickasaw County	17,391	17,106	-1.6%
Webster County	9,999	9,926	-0.7%
NonMSA Mississippi	1,581,017	1,523,899	-3.6%
Mississippi	2,988,081	2,961,279	-0.9%
Source: 2020 U.S. Census Bureau: Decennial Census *2011–2015 U.S. Census Bureau: American Community Survey*			

- The AA population has experienced a declining population trend, decreasing 4.5 percent during the review period. NonMSA Mississippi has also experienced a declining population trend, decreasing 3.6 percent during the review period. Calhoun County experienced the largest decline of 10.3 percent during the review period.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
North Central Mississippi AA	$44,643	$52,188	16.9%
Calhoun County	$43,911	$51,087	16.3%
Chickasaw County	$39,333	$46,336	17.8%
Webster County	$51,288	$64,577	25.9%
NonMSA Mississippi	$47,961	$53,003	10.5%
Mississippi	$53,836	$58,923	9.4%
Source: 2011–2015 U.S. Census Bureau: American Community Survey *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.*			

- Based on the 2015 ACS data, the median family income for the AA was $44,643, and the median income for nonMSA Mississippi was $47,961. More recently, the 2020 median family income for the AA and nonMSA Mississippi grew to $52,188 and $53,003, respectively, indicating slightly higher levels of growth in the AA as compared to nonMSA Mississippi.

Unemployment Rates					
Area	**2018**	**2019**	**2020**	**2021**	**2022**
North Central Mississippi AA	5.0%	5.7%	9.0%	5.6%	4.2%
Calhoun County	4.8%	5.7%	8.0%	5.2%	4.1%
Chickasaw County	5.1%	5.8%	10.7%	6.2%	4.5%
Webster County	5.1%	5.8%	7.3%	5.4%	3.9%
NonMSA Mississippi	5.3%	5.9%	8.2%	5.8%	4.2%
Mississippi	4.9%	5.5%	8.0%	5.5%	3.9%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics					

- Unemployment levels for the AA are in line with the nonMSA Mississippi levels, with both experiencing a spike in 2020 due to the COVID-19 pandemic. These figures have since declined from the 2020 annual highs.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
North Central Mississippi AA	60.1%	18.3%	33.4%	51.2%	20.5%	16.8%
Calhoun County	50.0%	25.0%	26.5%	44.0%	16.0%	16.0%
Chickasaw County	65.3%	15.2%	33.6%	56.7%	27.8%	19.5%
Webster County	63.2%	21.7%	44.3%	53.7%	18.9%	13.8%
NonMSA Mississippi	62.0%	33.6%	37.8%	50.7%	23.8%	18.0%
Mississippi	66.7%	40.9%	39.8%	52.3%	26.2%	17.8%
Cost Burden is housing cost that equals 30% or more of household income. *Source: 2015–2019 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy*						

- Within the AA, 60.1 percent of low-income renters are cost burdened, and 18.3 percent of moderate-income renters are cost burdened. In nonMSA Mississippi, 62.0 percent of low-income renters are cost burdened, while 33.6 percent of moderate-income renters are cost burdened. This illustrates that moderate-income renters in the AA spend significantly less of their income on housing than moderate-income renters in nonMSA Mississippi as a whole. In addition, moderate-income renters are less cost burdened than all renters in the AA as well as nonMSA Mississippi.

- The table above also shows 51.2 percent of low-income homeowners within the AA are cost burdened and 20.5 percent of the moderate-income homeowners are cost burdened. These figures are closely in line with the nonMSA Mississippi figures indicating 50.7 percent of low-income homeowners are cost burdened and 23.8 percent of moderate-income homeowners are cost burdened.

  The community contact noted that an increase in home prices and higher interest rates have decreased the affordability of housing for low-income buyers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and geographic location.

Comparative LTD Ratios December 31, 2018 – March 31, 2023			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 18-Quarter Average**
BankOkolona	Okolona, Mississippi	$258,677	68.3%
Similarly Situated Institutions			
Regional Banks	Kilmichael, Mississippi	$281,902	60.7%
	Clarksdale, Mississippi	$390,453	62.3%
	Pontotoc, Mississippi	$461,579	66.1%

The bank's LTD ratio is reasonable. The bank's level of lending is above three regional peer banks. During the review period, the LTD ratio declined but maintained an 18-quarter average of 68.3 percent. On March 31, 2023, the quarterly LTD was also 68.3 percent, down from 87.5 percent on December 31, 2018. In comparison, the average LTD ratio for the regional peer banks ranged from 60.7 percent to 66.1 percent.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
Small Business	62	62.0%	$3,742	61.1%	38	38.0%	$2,378	38.9%
1–4 Family Residential Real Estate	52	69.3%	$3,780	53.9%	23	30.7%	$3,238	46.1%
Consumer Motor Vehicle	86	74.8%	$1,086	68.9%	29	25.2%	$490	31.1%
TOTAL LOANS	200	69.0%	$8,608	58.5%	90	31.0%	$6,106	41.5%
Note: Percentages may not total 100.0% due to rounding.								

A majority of the bank's loans, by number and dollar, were originated inside the AA. Overall, 69.0 percent of the total loans were originated inside the AA, accounting for 58.5 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has a reasonable distribution among individuals of different income levels and businesses of different sizes. More specifically, the bank's lending performance to small businesses and 1–4 family residential real estate LMI borrowers is reasonable, and the bank's performance lending to consumer motor vehicle LMI borrowers is excellent.

<u>Small Business Lending</u>

The borrower distribution of small business lending is reasonable. As displayed in the following table, the bank's lending to small businesses (43.5 percent) is above aggregate lending levels (33.5 percent) but below the demographic (88.1 percent).

Distribution of 2021 Small Business Lending by Revenue Size of Businesses
Assessment Area: North Central Mississippi

Business Revenue and Loan Size		Count: Bank #	Count: Bank %	Count: Aggregate %	Dollars: Bank $ (000s)	Dollars: Bank $ %	Dollars: Aggregate $ %	Total Businesses %
Business Revenue	$1 Million or Less	27	43.5%	33.5%	$1,516	40.5%	19.2%	88.1%
	Over $1 Million/ Unknown	35	56.5%	66.5%	$2,226	59.5%	80.8%	11.9%
	TOTAL	62	100.0%	100.0%	$3,742	100.0%	100.0%	100.0%
Loan Size	$100,000 or Less	53	85.5%	92.9%	$1,547	42.7%	42.6%	
	$100,001 – $250,000	7	11.3%	4.6%	$1,048	28.0%	23.0%	
	$250,001 – $1 Million	2	3.2%	2.6%	$1,097	29.3%	34.4%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	62	100.0%	100.0%	$3,742	100.0%	100.0%	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	23	85.2%		$703	46.4%		
	$100,001 – $250,000	3	11.1%		$419	27.6%		
	$250,001 – $1 Million	1	3.7%		$394	26.0%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	27	100.0%		$1,516	100.0%		

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

<u>Residential Real Estate Lending</u>

The bank's 1–4 family residential real estate loan distribution is reasonable. The bank's lending to low-income borrowers (9.6 percent) exceeds the aggregate (4.5 percent) but is below the demographic (25.5 percent). Similarly, the bank's performance lending to moderate-income borrowers (19.2 percent) exceeds the aggregate (15.8 percent) and is comparable to the demographic (18.7 percent).

Distribution of 2021 Residential Real Estate Lending by Borrower Income Level Assessment Area: North Central Mississippi							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Low	5	9.6%	4.5%	$233	6.2%	2.0%	25.5%
Moderate	10	19.2%	15.8%	$494	13.1%	11.6%	18.7%
Middle	13	25.0%	25.4%	$585	15.5%	21.2%	18.0%
Upper	22	42.3%	40.7%	$2,399	63.5%	48.5%	37.8%
Unknown	2	3.8%	13.6%	$68	1.8%	16.7%	0.0%
TOTAL	**52**	**100.0%**	**100.0%**	**$3,780**	**100.0%**	**100.0%**	**100.0%**

Source: 2021 FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.

<u>Consumer Motor Vehicle</u>

The borrower distribution of consumer motor vehicle lending is excellent. The bank's lending to low-income borrowers (23.3 percent) is comparable to the percentage of low-income households in the AA (28.5 percent), while the bank's lending to moderate-income borrowers (34.9 percent) more than doubles the household comparator of 15.3 percent. When combined, the bank's lending to LMI borrowers exceeds the percentage of LMI households in the AA.

Distribution of 2021 Consumer Motor Vehicle Lending by Borrower Income Level Assessment Area: North Central Mississippi					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	# %	$ (000s)	$ %	
Low	20	23.3%	$267	24.6%	28.5%
Moderate	30	34.9%	$356	32.8%	15.3%
Middle	22	25.6%	$295	27.2%	17.0%
Upper	11	12.8%	$146	13.4%	39.2%
Unknown	3	3.5%	$22	2.0%	0.0%
TOTAL	**86**	**100.0%**	**$1,086**	**100.0%**	**100.0%**

Source: 2021 FFIEC Census Data: 2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. More specifically, the geographic distribution of the bank's small business loans reflects poor dispersion, while the geographic distribution of the bank's 1–4 family residential real estate and consumer motor vehicle loans reflects reasonable distribution. Geographic constraints may hinder the bank from fully serving the entirety of Webster County in the AA. However, based on reviews from all three loan categories, the bank had loan activity in 91.7 percent of all of its assessment area census tracts. Thus, no conspicuous lending gaps were noted.

Small Business Lending

The geographic distribution of small business lending is poor. The geographic distribution of small business loans to low-income census tracts (0.0 percent) is below the aggregate (6.0 percent) and below the demographic (7.0 percent), which is considered poor. The geographic distribution of lending in moderate-income census tracts (19.4 percent) is also below the aggregate (30.2 percent) and the demographic (36.9 percent), which is also considered poor.

Distribution of 2021 Small Business Lending by Income Level of Geography Assessment Area: North Central Mississippi							
Tract Income Levels	**Count**			**Dollar**			**Total Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0%	6.0%	$0	0.0%	5.2%	7.0%
Moderate	12	19.4%	30.2%	$368	9.8%	39.1%	36.9%
Middle	44	71.0%	49.2%	$3,020	80.7%	45.5%	49.1%
Upper	6	9.7%	13.0%	$354	9.5%	9.9%	7.0%
Unknown	0	0.0%	1.6%	$0	0.0%	0.3%	0.0%
TOTAL	**62**	**100.0%**	**100.0%**	**$6,963**	**100.0%**	**100.0%**	**100.0%**
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.							

Residential Real Estate Lending

The geographic distribution of residential real estate lending is excellent. The bank's performance lending in low-income census tracts (0.0 percent) is below the aggregate (2.7 percent) and the demographic (2.8 percent). However, taking into consideration that the only low-income census tract in the AA is not located in close proximity to a bank location, this performance is considered reasonable. The bank's performance lending in moderate-income census tracts (34.6 percent) considerably exceeds both the aggregate (21.1 percent) and demographic (22.1 percent), which is considered excellent.

Distribution of 2021 Residential Real Estate Lending by Income Level of Geography Assessment Area: North Central Mississippi							
Geographic Income Level	Bank and Aggregate Loans						Owner-Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Low	0	0.0%	2.7%	0	0.0%	2.6%	2.8%
Moderate	18	34.6%	21.1%	880	23.3%	17.5%	22.1%
Middle	29	55.8%	54.3%	2,018	53.4%	51.3%	62.6%
Upper	5	9.6%	22.0%	882	23.3%	28.6%	12.5%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	**52**	**100.0%**	**100.0%**	**3,780**	**100.0%**	**100.0%**	**100.0%**

Source: 2021 FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

<u>Consumer Motor Vehicle</u>

The geographic distribution of consumer motor vehicle lending is excellent. The bank's distribution of consumer motor vehicle loans to low-income census tracts (1.2 percent) compared to the demographic (4.4 percent) is reasonable, taking into consideration the distance of the only low-income census tract in the AA to the nearest branch. The bank's distribution of consumer motor vehicle loans to moderate-income census tracts (41.9 percent) significantly exceeds the demographic (25.7 percent), which is excellent.

Distribution of 2021 Consumer Motor Vehicle Lending by Income Level of Geography Assessment Area: North Central Mississippi					
Geographic Income Level	Bank Loans				Households %
	#	# %	$ (000s)	$ %	
Low	1	1.2%	$14	1.3%	4.4%
Moderate	36	41.9%	$409	37.6%	25.7%
Middle	46	53.5%	$616	56.7%	58.5%
Upper	3	3.5%	$48	4.4%	11.4%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**86**	**100.0%**	**$1,087**	**100.0%**	**100.0%**

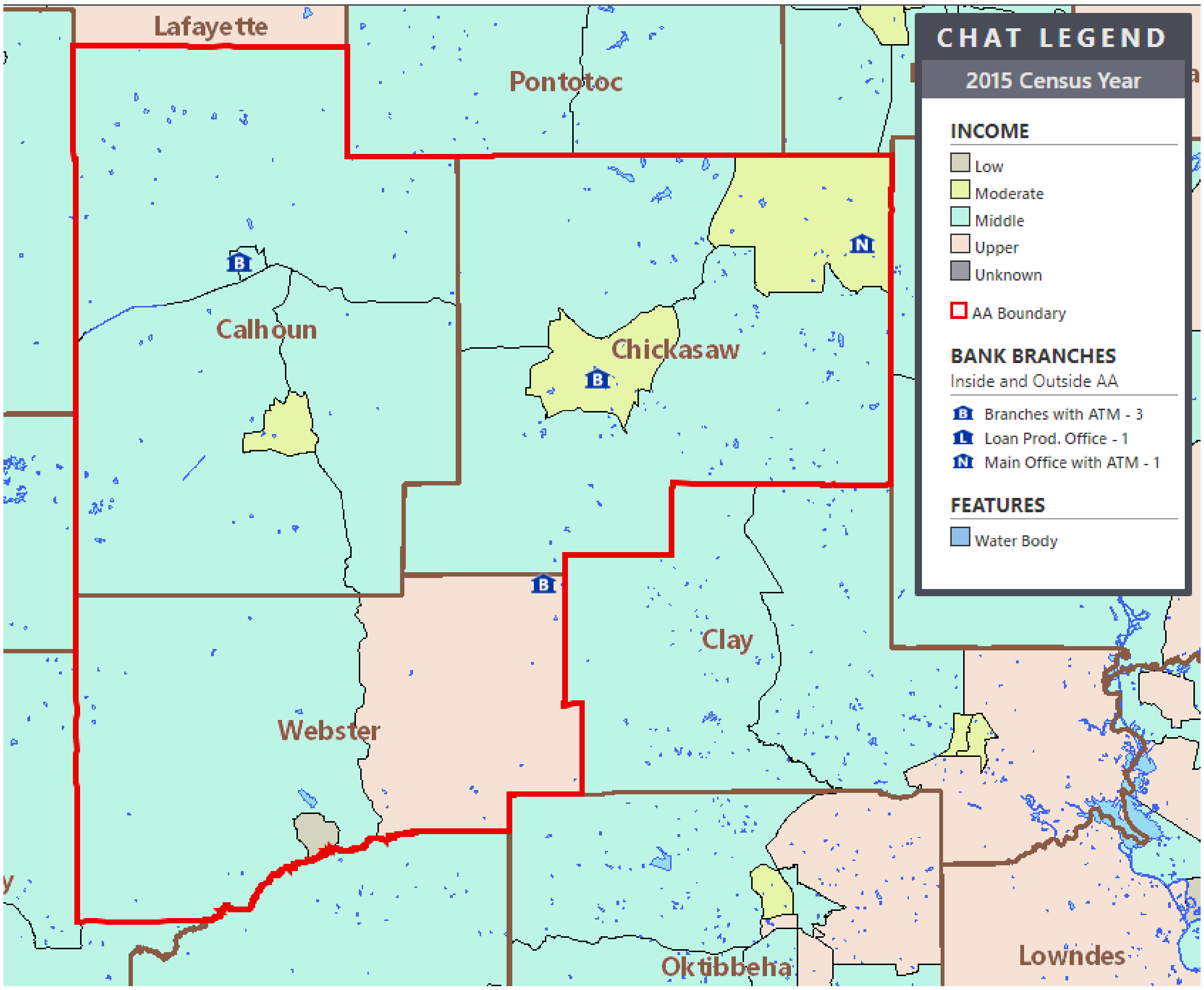
Source: 2021 FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – MAP OF THE ASSESSMENT AREA

North Central Mississippi



APPENDIX B – GLOSSARY

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

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

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

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used specifically to identify markets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small businesses/small farms: A small business/farm is considered 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.