PUBLIC DISCLOSURE

April 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Halls
RSSD #145059

101 West Main Street
Halls, Tennessee 38040

Federal Reserve Bank of St. Louis

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

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

TABLE OF CONTENTS

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

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

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

- A majority of loans and other lending-related activities are in the assessment area.

- The borrower's profile analysis reveals reasonable penetration among businesses and farms of different revenue sizes.

- The geographic distribution of loans reflects a poor dispersion throughout the assessment area.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Small business and small farm loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2017 – December 31, 2021
Assessment Area Concentration	January 1, 2018 – December 31, 2020
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	August 14, 2017 – April 10, 2022

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Service (ACS) data; certain business and farm demographics are based on Dun & Bradstreet data, which are applicable to the years of loan data being evaluated. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are 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 $63.7 million to $291.6 million as of December 31, 2021.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from 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 is included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Bank of Halls is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Security Bancorp of Tennessee, Inc. (SBC), a multibank holding company headquartered in Halls, Tennessee, which also owns Security Bank, Newbern, Tennessee; Bank of Crockett, Bells, Tennessee; and Gates Banking and Trust Company, Gates, Tennessee. SBC also has an ownership interest in Patriot Bank, Millington, Tennessee, and Bank of Jackson, Jackson, Tennessee.

The bank's network consists of a main office and a limited-service branch, both located in the northeastern portion of Lauderdale County, which is on the western edge of Tennessee. Additionally, the bank operates a cash-only automated teller machine and offers drive-thru accessibility at the limited-service branch. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems, such as online banking services, the bank is adequately positioned to deliver financial services to most of its assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of December 31, 2021, the bank reported total assets of $117.0 million. As of the same date, loans and leases outstanding were $44.4 million (38.0 percent of total assets), and deposits totaled $105.9 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2021		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$1,091	2.5%
Commercial Real Estate	$8,534	19.2%
1–4 Family Residential	$8,876	20.0%
Farmland	$14,105	31.8%
Farm Loans	$1,238	2.8%
Commercial and Industrial	$6,439	14.5%
Loans to Individuals	$3,052	6.9%
Total Other Loans	$1,053	2.4%
TOTAL	**$44,387**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to agriculture, commercial real estate, and commercial and industrial loans.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on August 14, 2017.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 32,820, is located in western Tennessee in a nonmetropolitan statistical area portion of Tennessee (nonMSA Tennessee). The assessment area consists of the entirety of Lauderdale County, a single census tract in the southern portion of Dyer County (census tract 9646.00 in nonMSA Tennessee), and a single census tract in the western portion of Crockett County (census tract 9613.00 in the Jackson MSA). Although one tract is located in an MSA, the inclusion of this tract does not extend the assessment area substantially beyond an MSA boundary and does not necessitate designation of a separate assessment area.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2021, there are 16 FDIC-insured depository institutions in the assessment area that operate 37 offices. Bank of Halls (operating two, or 5.4 percent, of the offices in the assessment area) ranked sixth in terms of deposit market share, with 5.5 percent of the total assessment area deposit dollars.

Credit needs in the assessment area, as noted primarily from the community contact, include small dollar loans to businesses and agricultural loans, especially for business owners interested in starting new ventures.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	1	2	8	0	0	**11**
	9.1%	18.2%	72.7%	0.0%	0.0%	**100%**
Family Population	1,040	1,371	5,787	0	0	**8,198**
	12.7%	16.7%	70.6%	0.0%	0.0%	**100%**

As shown above, 27.3 percent of the census tracts in the assessment area are LMI geographies and 29.4 percent of the family population resides in these tracts. Two of the three LMI census tracts are located in Lauderdale County in the city of Ripley, Tennessee. The remaining LMI census tract is located in Crockett County.

The majority of the assessment area family population resides in middle-income census tracts, seven of which are located in Lauderdale County, and one of which is located in Dyer County. All seven tracts in Lauderdale County were considered distressed due to poverty throughout the review period, and the middle-income tract in Dyer County was designated as distressed due to poverty in 2018.

Based on 2015 ACS data, the median family income for the assessment area was $37,552. At the same time, the median family income for nonMSA Tennessee was $46,066. More recently, the FFIEC estimates the 2018, 2019, and 2020 median family income for nonMSA Tennessee to be $50,100, $50,100, and $52,200, respectively. The following table displays population percentages of assessment area families by income level compared to the nonMSA Tennessee family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	2,558	1,512	1,439	2,689	0	**8,198**
	31.2%	18.4%	17.6%	32.8%	0.0%	**100%**
NonMSA Tennessee	81,163	70,532	77,971	159,460	0	**389,126**
	20.9%	18.1%	20.0%	41.0%	0.0%	**100%**

As shown in the table above, 49.6 percent of families within the assessment area were considered LMI, which is higher than the LMI family percentage of 39.0 percent in nonMSA Tennessee. Further, the percentage of families living below the poverty threshold in the assessment area, 22.2

percent, is above the 15.4 percent level in nonMSA Tennessee. Considering these factors, the assessment area appears less affluent than nonMSA Tennessee as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Tennessee. The median housing value for the assessment area is $81,294, which is well below the figure for nonMSA Tennessee ($106,819). Furthermore, the assessment area housing affordability ratio of 38.0 percent is above the nonMSA Tennessee figure of 34.0 percent. Notwithstanding the more affordable housing values, the median gross rent for the assessment area of $609 per month is slightly higher than the $601 per month for nonMSA Tennessee. Based on the housing data, housing appears to be within reach of the assessment area's LMI population. However, a community contact revealed housing is not within reach for some LMI individuals due to the high poverty levels in the assessment area.

Industry and Employment Demographics

The assessment area economy is primarily supported by service-oriented and manufacturing sectors. County business patterns indicate that there are 25,568 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (25.0 percent), followed by government (22.5 percent), and retail trade (10.6 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Tennessee as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Tennessee**
2018	4.8%	4.1%
2019	4.7%	4.1%
2020	7.7%	7.9%
2021	4.8%	4.4%

As shown in the table above, unemployment levels for the assessment area, as well as nonMSA Tennessee, have shown a stable trend prior to a sharp increase in 2020 largely attributed to the COVID-19 pandemic and related economic disruption of local economies. Overall, unemployment levels in the assessment area are slightly higher than nonMSA Tennessee, with the exception of 2020.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. This interview was conducted with an individual specializing in small business development. The community contact interviewee categorized the economy as generally stable but lagging the economic performance of the rest of the state and the nation. The contact attributes the lower economic prosperity to the high relative poverty and low educational attainment in the area. Further, the contact indicated that land resources in the area are limited, decreasing opportunity for economic growth. A large percentage of area residents work in lower-income jobs, specifically in food production and the service industry, further contributing to lower economic prosperity. Various manufacturing employers have left the area in recent years, in conjunction with technological advances, causing a decrease in the number of available farm labor jobs. The contact indicated that the area population is aging, and most young people who leave the area for college do not return.

The contact indicated that the area has a good number of banks that offer products to meet the needs of the area population but expressed a need for banks to support homeownership for LMI individuals via specialized mortgage products such as down payment assistance programs. Area banks provide financial literacy training in the schools. The contact indicated, however, that there is a need for more financial literacy training of the adult population, as well as mentorship and training for new business owners. Lastly, the contact indicated a need for banks to offer small dollar loans for start-up businesses, as well as loan products for business owners and farmers with less-than-ideal credit characteristics, such as SBA- and USDA-guaranteed loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents an 18-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of December 31, 2021**	**Average LTD Ratio**
Bank of Halls	Halls, Tennessee	$116,953	51.3%
Regional Banks	Halls, Tennessee	$63,696	52.5%
	Sardis, Tennessee	$117,434	75.5%
	Ripley, Tennessee	$291,602	40.3%

Based on data from the previous table, the bank's level of lending is generally in line with that of other banks in the region. During the review period, the LTD ratio experienced a generally decreasing trend with an 18-quarter average of 51.3 percent. In comparison, the average LTD ratio for one regional peer was lower and had a generally decreasing trend, while the average LTD ratios for the other two regional peers were higher and had generally decreasing trends. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

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

Lending Inside and Outside of Assessment Area January 1, 2018 through December 31, 2021						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	36	59.0%	25	41.0%	**61**	**100%**
	$4,148	42.1%	$5,713	57.9%	**$9,862**	**100%**
Small Farm	24	61.5%	15	38.5%	**39**	**100%**
	$3,101	58.0%	$2,245	42.0%	**$5,345**	**100%**
TOTAL LOANS	**60**	**60.0%**	**40**	**40.0%**	**100**	**100%**
	$7,249	**47.7%**	**$7,958**	**52.3%**	**$15,207**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 60.0 percent of the total loans were made inside the assessment area, accounting for 47.7 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed. First, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2018–2020 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and the average small business aggregate data over the same period.

Business Revenue and Loan Size			2018–2020 Small Business Loans by Revenue and Loan Size						
			Count			Dollars			Total Businesses
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$ %	$ %	%
Business Revenue		$1 Million or Less	31	86.1%	38.7%	$1,749	42.2%	32.3%	88.8%
		Over $1 Million/ Unknown	5	13.9%	61.3%	$2,400	57.8%	67.7%	11.2%
		TOTAL	**36**	**100.0%**	**100.0%**	**$4,149**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or Less	27	75.0%	85.4%	$634	15.3%	27.6%	
		$100,001–$250,000	2	5.6%	10.8%	$430	10.4%	37.6%	
		$250,001–$1 Million	7	19.4%	3.8%	$3,085	74.4%	34.8%	
		Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
		TOTAL	**36**	**100.0%**	**100.0%**	**$4,149**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million or Less	$100,000 or Less	27	87.1%		$634	36.2%		
		$100,001–$250,000	2	6.5%		$430	24.6%		
		$250,001–$1 Million	2	6.5%		$685	39.2%		
		Over $1 Million	0	0.0%		$0	0.0%		
		TOTAL	**31**	**100.0%**		**$1,749**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank originated a substantial majority of its small business loans (86.1 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 88.8 percent of businesses in the assessment area had annual revenues of $1 million or less. Further, the bank's lending compares more than favorably to the average small business aggregate lending figure of 38.7 percent.

Next, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2018–2020 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and the average small farm aggregate data over that same period.

Farm Revenue and Loan Size			2018–2020 Small Farm Loans by Revenue and Loan Size						
			Count			Dollars			Farms
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$ %	$ %	%
Farm Revenue		$1 Million or Less	18	75.0%	38.5%	2,066	66.6%	50.4%	91.7%
		Over $1 Million/ Unknown	6	25.0%	61.5%	1,035	33.4%	49.6%	8.3%
		TOTAL	**24**	**100.0%**	**100.0%**	**3,101**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or Less	15	62.5%	83.4%	784	25.3%	33.3%	
		$100,001–$250,000	6	25.0%	10.5%	1,175	37.9%	29.4%	
		$250,001–$500,000	3	12.5%	6.1%	1,142	36.8%	37.3%	
		Over $500,000	0	0.0%	0.0%	0	0.0%	0.0%	
		TOTAL	**24**	**100.0%**	**100.0%**	**3,101**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million or Less	$100,000 or Less	14	77.8%		684	33.1%		
		$100,001–$250,000	1	5.6%		240	11.6%		
		$250,001–$1 Million	3	16.7%		1,142	55.3%		
		Over $1 Million	0	0.0%		0	0.0%		
		TOTAL	**18**	**100.0%**		**2,066**	**100.0%**		

The bank's level of lending to small farms is reasonable. The bank originated the majority of its small farm loans (75.0 percent) to farms with revenues of $1 million or less. In comparison, assessment area demographics estimate that 91.7 percent of farms in the assessment area had annual revenues of $1 million or less. Further, the bank's lending compares favorably to the average small farm aggregate lending figure of 38.5 percent.

<u>Geographic Distribution of Loans</u>

As noted previously, the assessment area includes one low-income and two moderate-income census tracts, representing 27.3 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects poor penetration throughout these LMI census tracts, based on the small business and small farm loan categories.

The following table displays 2018–2020 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and the average small business aggregate data over the same period.

Distribution of Small Business Loans Inside the Assessment Area by Geography Income Level 2018–2020							
Census Tract Income Level	**Bank Small Business Loans**				**% of Businesses**	**Aggregate**	
	#	**#%**	**$ 000s**	**$ %**		**#%**	**$ %**
Low	0	0.0%	$0	0.0%	14.9%	6.0%	5.8%
Moderate	6	16.7%	$974	23.5%	27.4%	25.5%	33.2%
Middle	30	83.3%	$3,175	76.5%	57.7%	64.9%	59.5%
Upper	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	$0	0.0%	0.0%	3.5%	1.5%
TOTAL	**36**	**100.0%**	**$4,149**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in low-income census tracts (0.0 percent) is below the estimated percentage of businesses operating inside this census tract (14.9 percent) and compares unfavorably to the average small business aggregate lending figure of 6.0 percent in low-income census tracts. Consequently, the bank's performance in low-income areas is poor. The bank's percentage of loans in moderate-income census tracts (16.7 percent) is below the estimated percentage of businesses operating inside these census tracts (27.4 percent) and the average small business aggregate lending figure of 25.5 percent in moderate-income census tracts, representing poor performance. Therefore, the bank's overall geographic distribution of small business loans is poor.

Next, the bank's geographic distribution of small farm loans was reviewed. The following table displays small farm loan activity by geography income level compared to the location of farms throughout the bank's assessment area and the average small farm aggregate data over the same period.

Distribution of Small Farm Loans Inside the Assessment Area by Geography Income Level 2018–2020							
Census Tract Income Level	**Bank Small Farm Loans**				**% of Farms**	**Aggregate**	
	#	**#%**	**$ 000s**	**$ %**		**#%**	**$ %**
Low	0	0.0%	$0	0.0%	8.7%	1.4%	0.4%
Moderate	9	37.5%	$1,733	55.9%	27.8%	27.7%	25.9%
Middle	15	62.5%	$1,368	44.1%	63.5%	69.6%	73.5%
Upper	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	$0	0.0%	0.0%	1.4%	0.2%
TOTAL	**24**	**100.0%**	**$3,101**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in low-income census tracts (0.0 percent) is below the estimated percentage of farms operating inside this census tract (8.7 percent) and compares unfavorably to the average small farm aggregate lending figure of 1.4 percent in low-income census tracts. Consequently, the bank's performance in low-income areas is poor. The bank's percentage of loans in moderate-income census tracts (37.5 percent) is above the estimated percentage of businesses operating inside these census tracts (27.8 percent) and the average small farm aggregate lending figure of 27.7 percent in moderate-income census tracts, representing excellent performance. Therefore, the bank's overall geographic distribution of small business loans is reasonable.

Lastly, based on reviews from both loan categories, Bank of Halls had loan activity in 45.5 percent of all assessment area census tracts. While the bank did not make any loans in the two LMI census tracts in the town of Ripley, Tennessee, the bank's branches are approximately 13 miles from these tracts, presenting geographical challenges to serving the southern-most portion of the bank's assessment area. This is further supported by the bank not making any loans in four middle-income tracts in this area. Therefore, no conspicuous lending gaps were identified.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (August 14, 2018 through April 10, 2022).

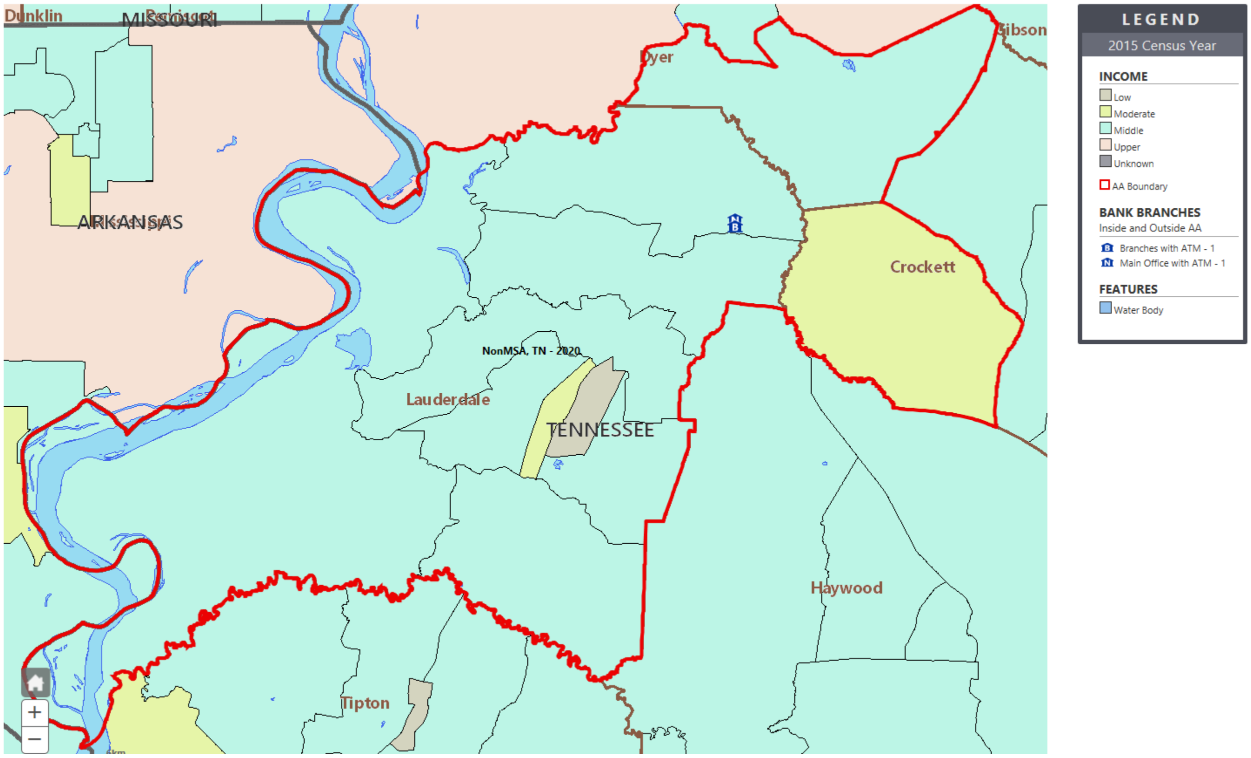
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

Appendix A

ASSESSMENT AREA DETAIL

Bank of Halls - Halls, TN 2022
NonMSA, TN - 2020



Appendix B

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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