PUBLIC DISCLOSURE

April 1, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Jackson
RSSD #2577739

420 Oil Well Road
Jackson, Tennessee 38305

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

The Bank of Jackson (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's loan-to-deposit (LTD) ratio is less than 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 AA.

The bank's lending performance was evaluated using 1–4 family residential real estate and small business loans, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2019 – December 31, 2023
Assessment Area Concentration	January 1, 2022 – December 31, 2022
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	December 2, 2019 – March 31, 2024

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey data and certain business demographics are based on 2022 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 $188.8 million to $295.9 million as of December 31, 2023.

To augment this evaluation, one community contact interview with a member of the local community was conducted 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

The Bank of Jackson is an intrastate community bank headquartered in Jackson, Tennessee. The bank's characteristics include:

- The bank is a wholly owned subsidiary of WestTenn Bancorp, Inc., Jackson, Tennessee, a one-bank holding company, which is partially owned by Security Bancorp of Tennessee, Inc., Halls, Tennessee.

- The bank has total assets of $224.8 million as of December 31, 2023. That represents an increase of 17.5 percent since the last evaluation.

- In addition to its main office in Jackson, the bank has two branches, also located in Jackson. The bank did not open or close any office location during the review period.

- The bank operates a cash-dispensing-only ATM at each office location.

- As shown in the following table, the bank's primary business focus is commercial lending and 1–4 family residential real estate.

Composition of Loan Portfolio as of December 31, 2023		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
Construction and Development	$18,145	29.2%
Commercial Real Estate	$15,658	25.2%
1–4 Family Residential	$13,514	21.8%
Commercial and Industrial	$7,372	11.9%
Farmland	$3,341	5.4%
Loans to Individuals	$2,559	4.1%
Farm Loans	$1,041	1.7%
Total Other Loans	$425	0.7%
TOTAL	**$62,055**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its December 2, 2019, 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 Madison County AA consists of Madison County, Tennessee, in its entirety (see Appendix A for an AA map). Madison County is part of the Jackson, Tennessee Metropolitan Statistical Area (Jackson MSA), which is located in a western portion of the state.

- According to the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report, the bank has a market share of 7.4 percent, which ranks 6th out of 14 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 (22.1 percent), healthcare and social assistance (16.0 percent), and retail trade (13.9 percent).

- One community contact interview was conducted with an individual from an economic development organization.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	4	4	9	10	1	**28**
	14.3%	14.3%	32.1%	35.7%	3.6%	**100%**
Family Population	2,007	3,306	9,891	9,388	70	**24,662**
	8.1%	13.4%	40.1%	38.1%	0.3%	**100%**

- At the previous evaluation, the bank's AA contained three low-income and seven moderate-income census tracts. The census tract where the bank's southernmost branch is located and two adjacent tracts changed from moderate income to middle income, which may have impacted the bank's lending performance in moderate-income geographies.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Assessment Area	98,184	98,823	0.7%
Jackson MSA	179,680	180,504	0.5%
Tennessee	6,499,615	6,910,840	6.3%
Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey			

- As noted in the table, the AA population has gradually increased 0.7 percent during the review period, which is substantially similar to population growth for the entire Jackson MSA.

- According to the community contact, Madison County is the largest community between Memphis and Nashville with approximately half of the workforce commuting from outside the county. While the county's population is just under 100,000, it serves as a retail and business hub for over 300,000 people in neighboring counties.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Assessment Area	$60,659	$60,177	-0.8%
Jackson MSA	$56,279	$58,697	4.3%
Tennessee	$61,304	$68,793	12.2%
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.			

- The median family income in the AA is trending slightly downward compared with the Jackson MSA overall, which is rising.

Unemployment Rates					
Area	**2019**	**2020**	**2021**	**2022**	**2023 Year-to-Date (January–September)**
Assessment Area	3.5%	7.5%	4.7%	3.4%	3.4%
Jackson MSA	3.7%	7.0%	4.4%	3.4%	3.4%
Tennessee	3.3%	7.5%	4.5%	3.4%	3.4%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics					

- Both the AA and Jackson MSA experienced a spike in unemployment in 2020 due to the COVID-19 pandemic. Unemployment has subsequently declined and is now in line with the pre-pandemic figures.

- The drop in unemployment levels in the AA from 2020 to 2023 is consistent with the community contact's statement indicating that there has been a shortage in labor due to lower unemployment rates.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	72.4%	56.5%	47.4%	64.1%	38.0%	17.3%
Jackson MSA	70.6%	43.9%	42.9%	57.5%	29.6%	15.7%
Tennessee	71.4%	39.0%	40.4%	53.7%	26.7%	16.7%
Cost burden is housing cost that equals 30% or more of household income. *Source: 2016–2020 U.S. Department of Housing and Urban Development: Comprehensive Housing Affordability Strategy*						

- In the AA, more low-income renters (72.4 percent) and owners (64.1 percent) experience housing cost burden than moderate-income renters (56.5 percent) and owners (38.0 percent).

- As shown in the table above, the housing cost burden for all renters and owners in the AA is slightly more than the Jackson MSA overall.

Home Mortgage Loan Trends				
Area	**2019**	**2020**	**2021**	**2022**
Assessment Area	2,006	2,743	2,812	1,970
Jackson MSA	3,503	4,654	5,059	3,552
Tennessee	180,847	281,475	293,397	175,252
Source: FFIEC Home Mortgage Disclosure Act Aggregate Data				

- The number of home mortgage loans was much lower in 2022 than in previous years, both in the AA and in the MSA overall.

- The community contact cited high interest rates and low housing inventory as barriers to homeownership in the AA.

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, 2019 – December 31, 2023			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 17-Quarter Average**
The Bank of Jackson	Jackson, Tennessee	$224,839	31.0%
Similarly Situated Institutions			
Regional Banks	Decaturville, Tennessee	$276,848	83.8%
	Lexington, Tennessee	$295,870	93.5%
	McKenzie, Tennessee	$188,839	57.2%

The bank's LTD ratio is less than reasonable. The bank's quarterly LTD ratio experienced a decreasing trend through the 2nd quarter of 2022, when it reached a low of 24.0 percent. Subsequently, it improved to 32.1 percent as of the 4th quarter of 2023. Nevertheless, the bank's 17-quarter average of 31.0 percent during the review period is well below the range of the similarly situated regional banks used for comparison and is also less than the average LTD ratio of 38.5 percent that was calculated at the previous evaluation.

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)**	**$ %**
1–4 Family Residential Real Estate	31	79.5%	$5,123	76.5%	8	20.5%	$1,574	23.5%
Small Business	29	82.9%	$4,685	75.3%	6	17.1%	$1,540	24.7%
TOTAL LOANS	60	81.1%	$9,808	75.9%	14	18.9%	$3,113	24.1%
Note: Percentages may not total 100.0% due to rounding.								

A majority of the bank's loans, by number and dollar, are originated inside the AA. Overall, 81.1 percent of the total loans were originated inside the AA, accounting for 75.9 percent of the total dollar volume of 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 LMI borrowers is reasonable, and the bank's lending performance to small businesses is reasonable.

Residential Real Estate Lending

The bank's residential real estate loan distribution is reasonable. The bank's lending to low-income borrowers (6.5 percent) exceeds aggregate (4.7 percent) but is below the demographic comparator (23.5 percent). The bank's performance lending to moderate-income borrowers (12.9 percent) is in line with both the aggregate (13.9 percent) and demographic (14.6 percent) figures.

Distribution of 2022 Residential Real Estate Lending by Borrower Income Level
Assessment Area: Madison County

Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Low	2	6.5%	4.7%	$276	5.4%	1.8%	23.5%
Moderate	4	12.9%	13.9%	$552	10.8%	8.0%	14.6%
Middle	9	29.0%	19.5%	$1,148	22.4%	14.6%	19.6%
Upper	16	51.6%	41.2%	$3,147	61.4%	41.1%	42.3%
Unknown	0	0.0%	20.7%	$0	0.0%	34.5%	0.0%
TOTAL	**31**	**100.0%**	**100.0%**	**$5,123**	**100.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2020 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.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to small businesses (72.4 percent) exceeds the aggregate (46.4 percent) but trails the demographic figure (89.7 percent).

Distribution of 2022 Small Business Lending by Revenue Size of Businesses Assessment Area: Madison County								
Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	21	72.4%	46.4%	$2,188	46.7%	41.9%	89.7%
	Over $1 Million/ Unknown	8	27.6%	53.6%	$2,496	53.3%	58.1%	10.3%
	TOTAL	**29**	**100.0%**	**100.0%**	**$4,684**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	13	44.8%	87.0%	$377	8.0%	27.1%	
	$100,001 – $250,000	10	34.5%	7.6%	$1,657	35.4%	23.2%	
	$250,001 – $1 Million	6	20.7%	5.3%	$2,650	56.6%	49.8%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**29**	**100.0%**	**100.0%**	**$4,684**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	13	61.9%		$377	17.2%		
	$100,001 – $250,000	6	28.6%		$961	43.9%		
	$250,001 – $1 Million	2	9.5%		$850	38.8%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**21**	**100.0%**		**$2,188**	**100.0%**		

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016–2020 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 bank's 1–4 family residential real estate lending in LMI geographies is excellent, and the bank's lending to small businesses in LMI geographies is poor.

While the geographic distribution of loans within the AA was determined to be reasonable, it was noted during the review that the bank made no loans in one moderate-income and three low-income census tracts that were all located on the eastern side of the city of Jackson. Therefore, further analysis was conducted to determine whether there was the presence of conspicuous lending gaps. It was noted that aggregate data revealed that other community banks were struggling to lend in these census tracts, which supports statements from the community contact that all lenders have difficulty in these areas. When considering the additional performance context, these lending gaps were not considered conspicuous.

Residential Real Estate Lending

The geographic distribution of home mortgage lending is excellent. The bank's lending in low-income census tracts (3.2 percent) is in line with the aggregate (4.0 percent) and demographic (4.3 percent) figures. The bank's lending in moderate-income census tracts (19.4 percent) is significantly above the aggregate (10.1 percent) and demographic (11.7 percent) figures.

Distribution of 2022 Residential Real Estate Lending by Income Level of Geography Assessment Area: Madison County							
Geographic Income Level	Bank and Aggregate Loans						Owner-Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Low	1	3.2%	4.0%	$156	3.0%	3.3%	4.3%
Moderate	6	19.4%	10.1%	$715	14.0%	8.0%	11.7%
Middle	13	41.9%	41.1%	$1,866	36.4%	44.4%	37.5%
Upper	11	35.5%	44.4%	$2,386	46.6%	44.0%	46.0%
Unknown	0	0.0%	0.4%	$0	0.0%	0.3%	0.5%
TOTAL	**31**	**100.0%**	**100.0%**	**$5,123**	**100.0%**	**100.0%**	**100.0%**
Source: 2022 FFIEC Census Data *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Percentages may not total 100.0% due to rounding.*							

Small Business Lending

The geographic distribution of small business lending is poor. While the bank's lending to small businesses in low-income tracts (3.4 percent) is in line with both the aggregate (4.5 percent) and demographic figures (4.9 percent), the evaluation did not reflect any small business loans made in moderate-income census tracts during the review period.

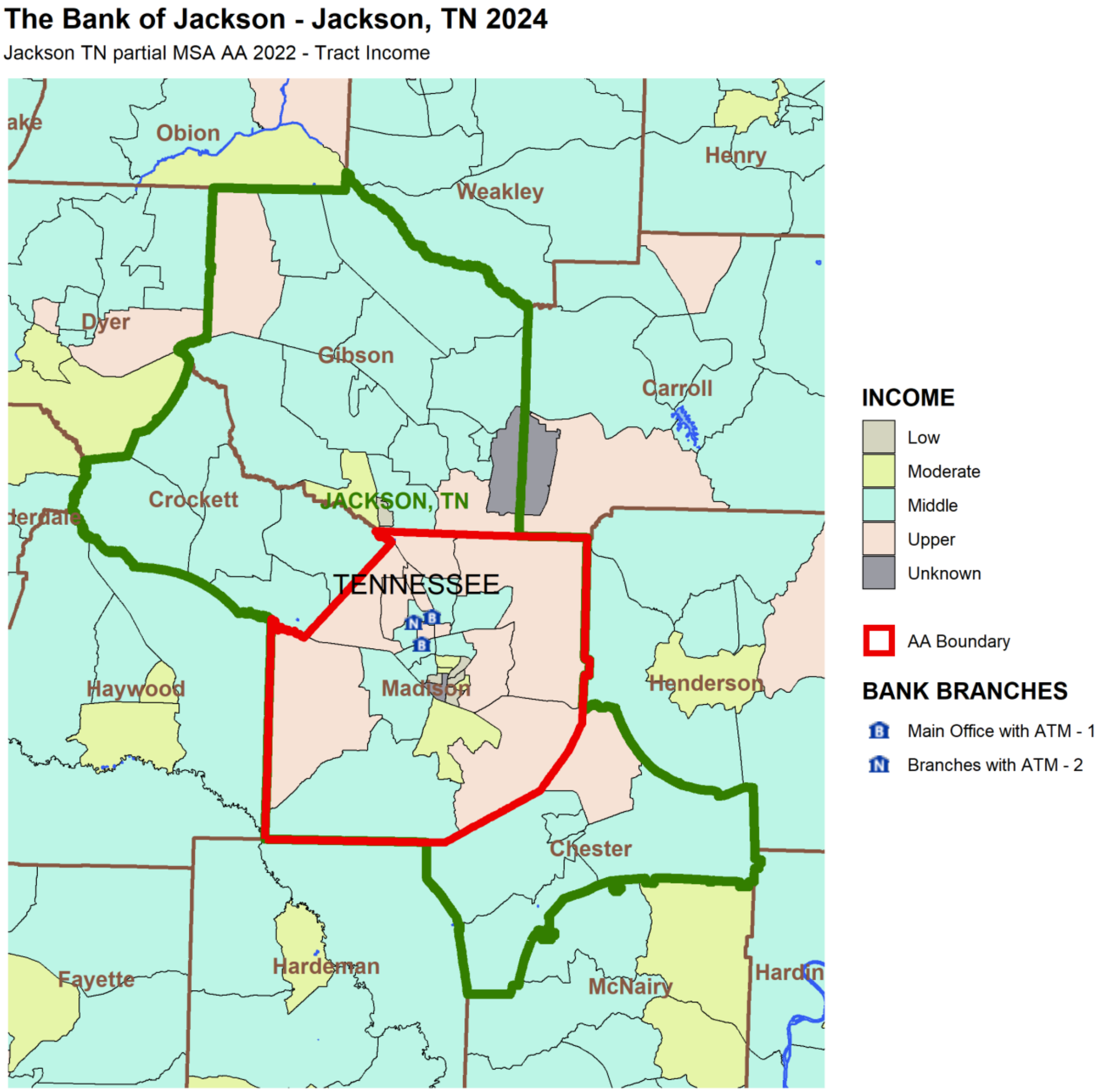
Distribution of 2022 Small Business Lending by Income Level of Geography Assessment Area: Madison County							
Tract Income Levels	Count			Dollar			Total Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	$ (000s)	$ %	$ %	%
Low	1	3.4%	4.5%	$150	3.2%	3.3%	4.9%
Moderate	0	0.0%	8.5%	$0	0.0%	6.7%	10.2%
Middle	15	51.7%	40.6%	$2,407	51.4%	37.0%	46.6%
Upper	13	44.8%	37.3%	$2,128	45.4%	39.9%	30.5%
Unknown	0	0.0%	9.1%	$0	0.0%	13.0%	7.7%
TOTAL	**29**	**100.0%**	**100.0%**	**$4,685**	**100.0%**	**100.0%**	**100.0%**
Source: 2022 FFIEC Census Data *2022 Dun & Bradstreet Data* *2016–2020 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

Madison County, Tennessee Assessment Area



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.