



PUBLIC DISCLOSURE

December 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Local Bank
RSSD# 815754

110 East Main
Hulbert, Oklahoma 74441

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

NOTE: This document is an evaluation of this bank'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 bank. 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 bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

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

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* 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. In addition, available aggregate data for the most recent three years (2020, 2021, and 2022) was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's Cherokee County AA. Examiners reviewed the following data:

- The bank's 17-quarter average NLTD ratio.
- A statistical sample of 69 small business loans from a universe of 105 loans originated between January 1, 2022 and December 31, 2022.
- A statistical sample of 59 home mortgage loans from a universe of 83 loans originated between January 1, 2022 and December 31, 2022.

For this evaluation, greater weight was placed on commercial lending based on the higher number of commercial loans originated during the evaluation period. Furthermore, greater consideration was given to the volume of loan originations rather than the dollar amount, as it is more representative of the number of individuals and entities served.

DESCRIPTION OF INSTITUTION

Local Bank is a community bank headquartered in Hulbert, Oklahoma. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Cherokee County Bancshares, Inc., which has a top-tier holding company, Grandview Bankshares, Inc., both of Hulbert, Oklahoma.
- The bank has total assets of \$319.2 million as of June 30, 2023.
- In addition to the main office in Hulbert, the bank operates two full-service branches in Tahlequah and Park Hill, Oklahoma.
- The bank operates three cash-dispensing automated teller machines (ATMs) at each of its respective branch locations as well as three offsite cash-only ATMs in a recreation area, a hospital, and a senior living center all in Tahlequah, Oklahoma.
- Since the prior evaluation, the bank opened two Loan Production Offices (LPOs) outside of its delineated AA in Grove and Sallisaw, Oklahoma. Additionally, the bank opened an off-site cash-only ATM in downtown Sallisaw.
- As shown in the table below, the bank's primary business focus is commercial and residential real estate lending.

Table 1

Composition of Loan Portfolio as of June 30, 2023		
Loan Type	\$(000)	%
Construction and Land Development	19,766	10.4
Farmland	19,272	10.1
1- to 4- Family Residential Real Estate	55,423	29.0
Multifamily Residential Real Estate	5,677	3.0
Nonfarm Nonresidential Real Estate	39,917	20.9
Agricultural	4,019	2.1
Commercial and Industrial	27,314	14.3
Consumer	17,124	9.0
Other	2,347	1.2
Gross Loans	190,859	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its September 16, 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 Cherokee County AA consists of Cherokee County in its entirety (see Appendix A for an AA map and Appendix B for additional demographic data).

- The AA delineation remains unchanged since the prior CRA examination.
- The Cherokee County AA is comprised of two moderate-, ten middle-, and one upper-income census tracts based on 2016-2020 ACS data. This represents a change from the prior evaluation when the AA’s income designations included one moderate- and eight middle-income census tract(s).
- According to the June 30, 2023 Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share Report, the bank ranked first out of six FDIC-insured depository institutions operating from a total of 13 offices in the AA, with a deposit market share of 33.2 percent.
- To further augment the CRA performance evaluation, a community contact recently conducted as part of the CRA evaluation of another financial institution with offices in the bank’s AA was reviewed to ascertain the credit needs of the area communities, the responsiveness of area banks in meeting those credit needs, and for perspectives on local economic conditions. The community member represents an economic development organization.

Table 2

Population Change			
Assessment Area: Cherokee County			
Area	2015 Population	2020 Population	Percent Change
Cherokee County	48,097	47,078	(2.1)
NonMSA Oklahoma	1,333,350	1,289,548	(3.3)
Oklahoma	3,849,733	3,959,353	2.8

*Source: 2020 U.S. Census Bureau: Decennial Census
2011 – 2015 U.S. Census Bureau: American Community Survey*

- The AA experienced a slight decrease in population from 2015 to 2020 which was similar to rural areas statewide, while the state of Oklahoma experienced an overall increase in population.
- The town of Hulbert, Oklahoma, where the bank is headquartered, had a population of 497 in 2020, while the branch towns of Tahlequah and Park Hill were more densely populated, with 16,463 and 3,704 residents, respectively.

Table 3

Median Family Income Change			
Assessment Area: Cherokee County			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Cherokee County	55,950	56,339	0.7
NonMSA Oklahoma	56,258	58,565	4.1
Oklahoma	63,401	67,511	6.5
<i>Source: 2011 – 2015 U.S. Census Bureau: American Community Survey 2016 – 2020 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- Growth in the AA’s median family income (MFI) from 2015 to 2020 was significantly lower than figures for rural areas statewide and the state of Oklahoma.
- The AA’s MFI in 2020 was similar to the figure for rural areas statewide, although it was 19.8 percent lower than the statewide figure.
- Based on 2020 American Community Survey data, the portion of families in the AA living below the poverty level was 14.1 percent, compared to rural areas statewide and the state of Oklahoma, at 13.5 percent and 11.3 percent, respectively.

Table 4

Housing Cost Burden						
Assessment Area: Cherokee County						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Cherokee County	73.4	29.9	41.1	49.6	27.5	17.9
NonMSA Oklahoma	64.4	27.6	34.5	48.4	21.4	15.5
Oklahoma	71.1	30.5	37.9	52.5	24.5	16.0
<i>Cost Burden is housing cost that equals 30 percent or more of household income.</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

- The AA housing affordability ratio¹ of 34.4 percent indicates lower affordability when compared to rural areas statewide and the state of Oklahoma, at 42.0 percent and 37.8 percent, respectively.
- The housing cost burden for low-income renters and moderate-income homeowners was higher than the respective figures for rural areas statewide and the entire state.
- The AA’s median housing value of \$126,342 fell between figures for rural areas statewide and the state of Oklahoma, at \$110,370 and \$142,400, respectively.

¹ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

Table 5

Unemployment Rates					
Assessment Area: Cherokee County					
Area	2017	2018	2019	2020	2021
Cherokee County	5.1	4.1	3.8	5.6	4.1
NonMSA Oklahoma	4.3	3.5	3.4	6.0	3.8
Oklahoma	4.0	3.3	3.1	6.2	3.8

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The unemployment rate in Cherokee County has remained consistently higher than statistics for rural areas statewide and the state of Oklahoma, with the exception of 2020 when national, state, and local figures surged as a result of the global pandemic.
- Primary economic sectors in Cherokee County are in government, retail, accommodation and food services, and health care and social assistance.
- A community contact stated that there is a need for small business lending in the area, specifically for startup businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending test performance is Satisfactory. This conclusion was based on reasonable performance generally noted in each criterion, including the bank’s net loan-to-deposit ratio, a majority of loan originations which occurred within the bank’s AA, and the geographic and borrower distributions.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD 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, area of operations in proximity to the bank’s AA.

The bank’s NLTD ratio is reasonable. As illustrated in Table 6, the bank’s 17-quarter average NLTD ratio of 73.7 percent fell within the ratios of the five comparator financial institutions with ratios ranging from 69.8 percent to 92.1 percent.

Table 6

Comparative NLTD Ratios June 30, 2019 – June 30, 2023			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			17 Quarter Average
Local Bank	Hulbert, Oklahoma	319,188	73.7
Similarly Situated Institutions			
Bank of Commerce	Chelsea, Oklahoma	198,595	71.7
First Priority Bank	Pryor, Oklahoma	387,751	86.8
Carson Community Bank	Stilwell, Oklahoma	159,619	74.7
American Bank of Oklahoma	Collinsville, Oklahoma	382,781	92.1
Bank of Grand Lake	Grove, Oklahoma	256,148	69.8

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by number and dollar volume, inside the AA. A majority of the bank’s home mortgage loans were originated within the AA, while a majority of the small business loans by number and dollar volume were outside the AA, primarily due to lending generated by the bank’s LPOs in Sequoyah and Delaware Counties.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Home Mortgage Loans	38	64.4	10,377	64.0	21	35.6	5,835	36.0
Small Business	33	47.8	4,320	33.4	36	52.2	8,608	66.6
Total Loans	71	55.5	14,698	50.4	57	44.5	14,443	49.6

Note: Percentages may not total 100.0 percent 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.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. As illustrated in Table 8, the distribution of home mortgage loans in moderate-income tracts was comparable to the demographic figure, which represents the percentage of owner-occupied housing units by census tract income level.

A review of the dispersion of loans among the various tracts throughout the AA revealed no conspicuous gaps or lapses.

Table 8

Distribution of 2022 Home Mortgage Lending By Income Level of Geography					
Assessment Area: Cherokee County					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	5	13.2	1,112	10.7	10.8
Middle	31	81.6	8,762	84.4	81.2
Upper	2	5.3	503	4.8	8.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	38	100.0	10,377	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 percent due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. The distribution of small business loans in moderate-income census tracts was comparable to the demographic figure.

A review of the dispersion of loans among the various tracts throughout the AA revealed no conspicuous gaps or lapses.

Table 9

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Cherokee County					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	3	9.1	180	4.2	10.0
Middle	29	87.9	4,128	95.6	86.5
Upper	1	3.0	12	0.3	3.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	33	100.0	4,320	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 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

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.

Home Mortgage Lending

The borrower distribution of home mortgage lending is poor. The bank’s lending distribution to low- and moderate-income borrowers was below the respective demographic figure, which represents the percentage of families by family income level in the AA. Additionally, lending to upper-income borrowers was above the demographic figure, and demonstrates a concentration of home mortgage lending to upper-income borrowers in the AA.

Table 10

Distribution of 2022 Home Mortgage Lending By Borrower Income Level					
Assessment Area: Cherokee County					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	%	
Low	2	5.3	193	1.9	21.3
Moderate	4	10.5	467	4.5	18.6
Middle	6	15.8	1,169	11.3	22.6
Upper	25	65.8	8,484	81.8	37.4
Unknown	1	2.6	65	0.6	0.0
Total	38	100.0	10,377	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 percent due to rounding.

Small Business Lending

The borrower distribution of small business lending is excellent. As illustrated in Table 11, the bank originated 93.9 percent of loans to small businesses, which is comparable to the percentage of total businesses operating in the AA. To augment the analysis, a review of the three-year average aggregate lending data for small business lending noted a distribution of 44.2 percent of business loans in the AA by number were originated to small businesses, which was well-below the demographic figure. While not a direct comparator, as the bank is not a CRA reporter, aggregate CRA figures are relevant as a proxy to ascertain demand for credit. When taking these factors into consideration, the bank’s performance exceeds the credit needs of its AA.

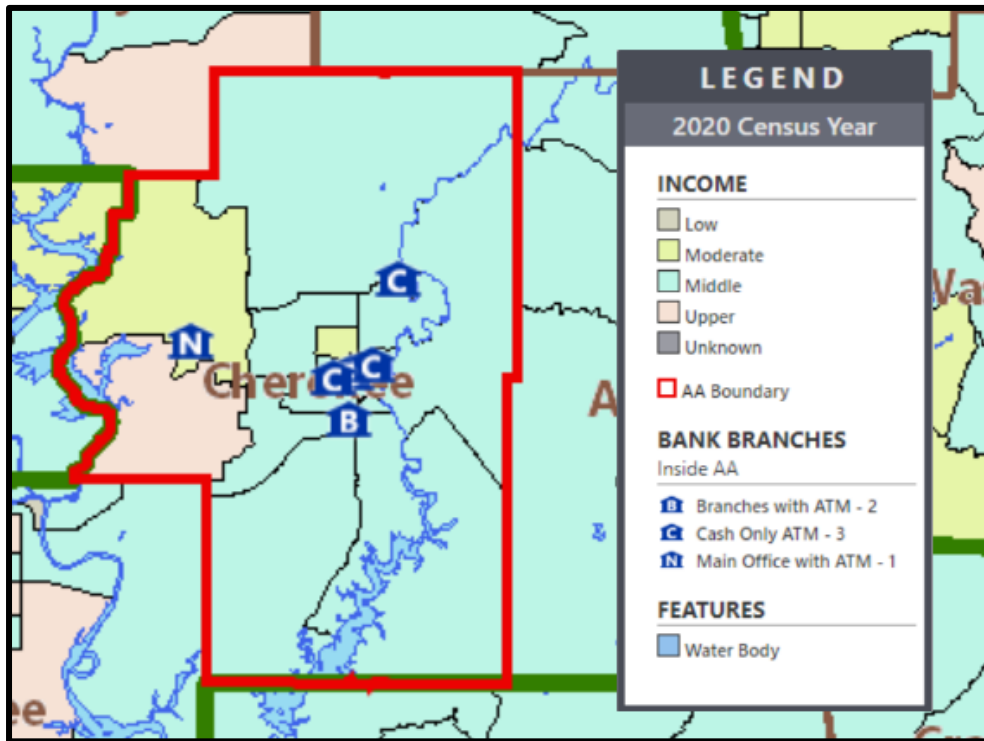
Table 11

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Cherokee County					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	31	93.9	3,616	83.7	93.1
Over \$1 Million	2	6.1	704	16.3	5.5
Revenue Unknown	0	0.0	0	0.0	1.4
Total	33	100.0	4,320	100.0	100.0
By Loan Size					
\$100,000 or Less	23	69.7	862	20.0	
\$100,001 - \$250,000	6	18.2	955	22.1	
\$250,001 - \$1 Million	4	12.1	2,503	57.9	
Total	33	100.0	4,320	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	23	74.2	862	23.8	
\$100,001 - \$250,000	5	16.1	754	20.9	
\$250,001 - \$1 Million	3	9.7	2,000	55.3	
Total	31	100.0	3,616	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

2022 Cherokee County AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,383	21.3
Moderate	2	15.4	1,335	12.0	313	23.4	2,080	18.6
Middle	10	76.9	9,028	80.9	1,127	12.5	2,522	22.6
Upper	1	7.7	800	7.2	133	16.6	4,178	37.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13	100.0	11,163	100.0	1,573	14.1	11,163	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,780	1,264	10.8	45.5	852	30.6	664	23.9
Middle	18,194	9,484	81.2	52.1	4,668	25.7	4,042	22.2
Upper	1,305	935	8.0	71.6	161	12.3	209	16.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	22,279	11,683	100.0	52.4	5,681	25.5	4,915	22.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	136	10.0	122	9.6	11	14.7	3	15.8
Middle	1,181	86.5	1,103	86.8	62	82.7	16	84.2
Upper	48	3.5	46	3.6	2	2.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,365	100.0	1,271	100.0	75	100.0	19	100.0
Percentage of Total Businesses:				93.1		5.5		1.4
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	8	13.6	8	13.6	0	0.0	0	0.0
Middle	43	72.9	43	72.9	0	0.0	0	0.0
Upper	8	13.6	8	13.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	59	100.0	59	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
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 percent due to rounding.								

APPENDIX C – 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.

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

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income 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, other secured consumer loans, and other unsecured consumer loans.

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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

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

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

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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 area (NonMSA): Any area that is not located within an MSA.

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.

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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. 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.

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