

PUBLIC DISCLOSURE

January 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Perry County
Certificate Number: 1713

33 South Main Street
Lobelville, Tennessee 37097

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Region - Memphis Area Office

6060 Primacy Parkway, Suite 300
Memphis, Tennessee 38119

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 this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution originated a majority of loans inside its assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

Discriminatory or Other Illegal Credit Practices

Examiners identified violations of Section 5 of the Federal Trade Commission (FTC) Act, which prohibits unfair or deceptive acts or practices (UDAP). However, this did not warrant a downgrade in the institution's overall CRA rating.

DESCRIPTION OF INSTITUTION

Bank of Perry County (BOPC), a \$187.5 million institution headquartered in Lobelville, Tennessee, operates in Perry and Lewis Counties. There is no holding company affiliation and the bank has one affiliate and two subsidiaries, but examiners did not consider any affiliate activities in this evaluation. BOPC received a Satisfactory CRA rating at its previous November 19, 2014, FDIC CRA Performance Evaluation based on the Federal Financial Institution Examination Council's (FFIEC's) Small Institution Examination Procedures.

The bank maintains three full-service locations, two in Perry County and one in Lewis County. Each of the branch locations has a non-deposit taking automated teller machine (ATM) and offers hours and days of service consistent with area and industry norms. The institution did not open or close any offices and had no merger activity since the prior evaluation.

BOPC's business focus is residential lending, though they offer a variety of loan products. As of September 30, 2020, the bank had \$150.3 million in total loans, including construction, home

mortgage, commercial, agricultural, and consumer loans. The institution had \$155.1 million in total deposits, providing a variety of deposit services including checking, savings, money market, and certificate of deposit accounts. Alternative banking services include internet and mobile banking, electronic bill pay, and ATMs. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 09/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	10,957	7.3
Secured by Farmland	1,562	1.0
Secured by 1-4 Family Residential Properties	73,970	49.2
Secured by Multi-Family (5 or more) Residential Properties	125	0.1
Secured by Nonfarm Nonresidential Properties	23,676	15.7
Total Real Estate Loans	110,290	73.3
Commercial and Industrial Loans	13,046	8.7
Agricultural Production and Other Loans to Farmers	467	0.3
Consumer Loans	25,793	17.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	750	0.5
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	150,346	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0 percent</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution define one or more assessment areas for which examiners will evaluate its CRA performance. BOPC designated one assessment area under which examiners evaluated its performance. BOPC delineated all of Perry and Lewis Counties as its assessment area; both are located in the non-metropolitan portions of Tennessee. Perry and Lewis Counties are contiguous and are located in Middle Tennessee, approximately 75 miles southwest of Nashville, Tennessee. The assessment area contains two tracts in Perry County and two tracts in Lewis County. The bank did not make any changes to the assessment area since the previous evaluation. The assessment area conforms to CRA regulatory requirements.

Economic and Demographic Data

According to the 2015 American Community Survey (ACS) data, the assessment area’s four census tracts reflect the following income designations: one moderate-income tract and three middle-income tracts. Due to changes in the 2015 ACS data, the assessment area now contains one moderate-income census tract, while previously there were no low- or moderate-income (LMI)

tracts in the assessment area.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	25.0	75.0	0.0	0.0
Population by Geography	19,808	0.0	24.4	75.6	0.0	0.0
Housing Units by Geography	10,028	0.0	26.4	73.6	0.0	0.0
Owner-Occupied Units by Geography	6,260	0.0	23.1	76.9	0.0	0.0
Occupied Rental Units by Geography	1,678	0.0	28.7	71.3	0.0	0.0
Vacant Units by Geography	2,090	0.0	34.4	65.6	0.0	0.0
Businesses by Geography	1,011	0.0	24.4	75.6	0.0	0.0
Farms by Geography	50	0.0	28.0	72.0	0.0	0.0
Family Distribution by Income Level	5,366	23.8	18.9	22.7	34.6	0.0
Household Distribution by Income Level	7,938	25.5	16.9	19.4	38.2	0.0
Median Family Income Non-MSAs - TN		\$46,066	Median Housing Value			\$89,167
			Median Gross Rent			\$508
			Families Below Poverty Level			17.2%
<i>Source: 2015 ACS and 2019 D&B data</i> <i>Due to rounding, totals may not equal 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

Examiners utilized the 2019 FFIEC median family income of \$50,100 to analyze home mortgage and consumer loans under the Borrower Profile criterion. The following table includes the income categories for non-metropolitan areas of Tennessee.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
TN NA Median Family Income (99999)				
2019 (\$50,100)	<\$25,050	\$25,050 to <\$40,080	\$40,080 to <\$60,120	≥\$60,120
<i>Source: FFIEC</i>				

Major employers in the assessment area include Walmart, Highland Corporation, Lewis County Nursing Home, Natchez Trace Parkway, Perry County Courthouse, Perry Community Hospital, Perry County Nursing Home, and Graham Lumber Company.¹

¹ Source: www.jobs4tn.gov

Data obtained from the U.S. Bureau of Labor Statistics reported the October 2020 unemployment rate for Perry and Lewis Counties at 8.0 and 7.5 percent, respectively. Each county had higher rates than both the 7.3 percent State of Tennessee rate and the 6.9 percent national rate as of the same time-frame. Unemployment rates remained steady the last four years, but spiked in April 2020 due to the COVID-19 Pandemic.

Competition

BOPC operates in a somewhat competitive banking environment. According to the June 30, 2020, FDIC Summary of Deposits, six FDIC-insured financial institutions operated eight branches in Perry and Lewis Counties, including three full-service locations of BOPC. BOPC is the only bank that solely operates within these two counties. The institution holds 40.2 percent of this market share of deposits and ranks first among all competitors.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine financial institutions' responsiveness to these needs and shows available credit opportunities.

Examiners contacted one representative from a non-profit organization that aims to enhance the quality of life in a 13-county area of south central Tennessee, including the rural counties in the assessment area. The organization focuses on developing and retaining jobs, upgrading labor force skills, attracting and retaining industries, providing services for the elderly population in the region and enhancing the overall quality of life in the area. The contact noted their area has been hit hard since the Pandemic and opportunities remain limited for banks to assist; however, community banks have been actively involved and could continue by participating in short-term credit needs for small businesses, as well as housing and consumer credit needs.

Credit Needs

The community primarily creates loan demand for home mortgage and consumer loans. Considering information obtained from the community contact, bank management, and demographic and economic information, examiners determined that home mortgage loans represent a primary credit need of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the time period from the prior evaluation dated November 19, 2014, to the current evaluation dated January 19, 2021. To assess performance, examiners applied the FFIEC Small Institution CRA Examination Procedures, which includes the Lending Test. The appendices list the applicable test's criteria.

Activities Reviewed

For the Lending Test, CRA Small Institution Examination Procedures require examiners to determine the major product lines from which to sample. As an initial matter, examiners may select among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows loan activity for 2019, which reflects a generally consistent pattern with the lending emphasis since the previous evaluation and in the assessment area.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	5,122	8.0	52	3.4
Secured by Farmland	1,057	1.6	3	0.2
Secured by 1-4 Family Residential Properties	24,848	38.6	247	16.3
Multi-Family (5 or more) Residential Properties	80	0.1	1	0.1
Commercial Real Estate Loans	9,014	14.0	39	2.6
Commercial and Industrial Loans	5,475	8.5	52	3.4
Agricultural Loans	258	0.4	5	0.3
Consumer Loans	18,506	28.8	1,118	73.7
Other Loans	0	0.0	0	0.0
Total Loans	64,360	100.0	1,517	100.0
<i>Source: Bank records 01/01/2019 through 12/31/2019 Due to rounding, totals may not equal 100.0 percent</i>				

Considering the dollar volume and number of loans originated and products commonly reviewed for CRA, examiners determined the bank's major product lines consist of home mortgage loans at 38.7 percent by dollar and 16.4 percent by number and consumer loans at 28.8 by dollar and 73.7 percent by number. The performance is generally consistent with the lending activity during the entire evaluation period. Small business and small farm loans do not represent major product lines given the nominal number and dollar volume of originations since the prior evaluation. Refer to the Glossary for terms defining what constitutes home mortgage and small business loans for purposes of the CRA analysis.

Examiners selected samples based on a 90 percent confidence interval at the 10 percent level of precision and considered the samples representative of the performance during the entire evaluation period.

Examiners selected a random sample of home mortgage loans originated between January 1, 2019, and December 31, 2019, since Home Mortgage Disclosure reporting requirements do not apply. During 2019, the bank originated 248 home mortgage loans totaling \$24.9 million. The random sample included 55 loans totaling \$5.3 million. Examiners compared home mortgage loans to 2015 ACS demographic data.

Examiners also selected a random sample of consumer loans originated between January 1, 2019, and December 31, 2019. During 2019, the bank originated 1,118 consumer loans totaling \$18.5

million. The random sample included 67 consumer loans totaling approximately \$1.1 million. The consumer loans are compared to 2015 ACS demographic data.

For purposes of product weighting, examiners considered the stated lending focus and the dollar volume and number of 2019 home mortgage and consumer loans. Home mortgage lending received the most weight, as this product represents the largest percentage of the loan portfolio at 38.7 percent by dollar volume. Further, management stated their primary lending focus is residential lending. Institution records indicate that the lending focus and product mix remained consistent throughout the evaluation period.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and consumer loans. While the tables reflect the number and dollar volume, examiners focused on performance by number of loans because the number of loans provides a better indicator of the number of individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bank of Perry County demonstrated satisfactory performance under the Lending Test. Reasonable records regarding geographic distribution and borrower profile primarily support this conclusion. In addition, the institution originated a majority of loans inside the assessment area and achieved a more than reasonable LTD ratio.

For the CRA Small Institution Lending Test, once an institution displays at least some level of satisfactory performance regarding its LTD ratio and assessment area concentration, examiners will then place more weight on the institution's geographic loan distribution and borrower profile when arriving at the overall rating.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs. Examiners considered the institution's size, business strategy, and capacity relative to the assessment area needs when arriving at this conclusion.

For the previous 24 quarters, the bank recorded a 99.4 percent average, net LTD ratio. The quarterly LTD ratio ranged from a low of 92.1 percent as of June 30, 2020, to a high of 105.1 percent as of March 31, 2020.

The following table lists three similarly-situated institutions based on their asset size, product offerings, lending focus, and geographic location. BOPC's average, net LTD ratio is significantly higher than the three similarly-situated banks.

Loan-to-Deposit Ratio Comparison		
Bank Name	Total Assets as of September 30, 2020 (\$000s)	Average Net LTD Ratio (%)
Bank of Perry County, Lobelville, Tennessee	187,457	99.4
McKenzie Banking Company, McKenzie, Tennessee	155,149	57.2
Central Bank, Savannah, Tennessee	112,279	69.1
Heritage Bank & Trust, Columbia, Tennessee	207,447	83.5
<i>Source: Reports of Condition and Income 12/31/2014 through 09/30/2020</i>		

Assessment Area Concentration

A majority of loans and other lending related activities are in the institution's assessment area. As shown in the following table, the bank originated a majority of its home mortgage and consumer loans, by number and dollar volume, within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	46	83.6	9	16.4	55	3,743	70.5	1,565	29.5	5,308
Consumer	50	74.6	17	25.4	67	847	78.0	239	22.0	1,086
<i>Source: Bank records 01/01/2019 through 12/31/2019 Due to rounding, totals may not equal 100.0 percent</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Excellent consumer loan performance did not sufficiently lift reasonable home mortgage lending performance. The assessment area does not include any low-income geographies; therefore, examiners focused on the percentage of the number of loans in the moderate-income census tract when arriving at conclusions. This factor only considered loans granted inside the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Reasonable performance in the moderate-income geography supports this conclusion.

The following table shows that the lending in the moderate-income geography rises 7.3 percentage points higher than demographic data, evidencing reasonable performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	23.1	14	30.4	1,168	31.2
Middle	76.9	32	69.6	2,575	68.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	46	100.0	3,743	100.0

*Source: 2015 ACS data and Bank records 01/01/2019 through 12/31/2019
Due to rounding, totals may not equal 100.0 percent*

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the assessment area. Excellent performance in the moderate-income geography supports this conclusion.

The following table shows the bank originated nearly half of all consumer loans in the moderate-income census tract, which rises 21.7 percentage points over the demographic data, thereby reflecting excellent performance.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	24.3	23	46.0	273	32.2
Middle	75.7	27	54.0	574	67.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	50	100.0	847	100.0

*Source: 2015 ACS data and Bank records 01/01/2019 through 12/31/2019
Due to rounding, totals may not equal 100.0 percent*

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including LMI). Reasonable records regarding home mortgage and consumer lending support this conclusion. Examiners focused on the percentage of the number of loans when arriving at conclusions. This factor only considered loans granted inside the assessment area.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Reasonable performance to LMI borrowers supports this conclusion.

As seen in the following table, BOPC’s level of lending to low-income borrowers falls 2.1 percentage points below the percentage of families, but is still within a reasonable range. The table further shows that to moderate-income borrowers, the bank originated loans 2.8 percentage points higher than demographic data, thereby reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	23.8	10	21.7	353	9.5
Moderate	18.9	10	21.7	757	20.2
Middle	22.7	6	13.1	551	14.7
Upper	34.6	18	39.1	2,048	54.7
Not Available	0.0	2	4.4	34	0.9
Total	100.0	46	100.0	3,743	100.0

*Source: 2015 ACS data and Bank records 01/01/2019 through 12/31/2019
Due to rounding, totals may not equal 100.0 percent*

Consumer Loans

The borrower profile distribution of consumer loans to individuals of different income levels, including LMI individuals, is reasonable. The reasonable performance to low-income borrowers outweighed the excellent performance to moderate-income borrowers to support this conclusion.

The following table shows the consumer lending to low-income borrowers rises slightly above the percentage of households by 0.5 percentage points, reflecting reasonable performance. Additionally, the lending to moderate-income borrowers lands 11.1 percentage points above demographic data, evidencing excellent performance. The performance for low-income borrowers holds more weight since there is a higher percentage of households at this borrower income level, reflecting more opportunities for lending.

Distribution of Consumer Loans by Borrower Income Category					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	25.5	13	26.0	113	13.4
Moderate	16.9	14	28.0	118	13.9
Middle	19.4	13	26.0	339	40.0
Upper	38.2	10	20.0	277	32.7
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	50	100.0	847	100.0

*Source: 2015 ACS data and Bank records 01/01/2019 through 12/31/2019
Due to rounding, totals may not equal 100.0 percent*

Response to Complaints

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this

criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The concurrent Consumer Compliance Examination cited substantive violations of Section 5 of the FTC Act, which prohibits UDAP. The violation affected a limited number of customers and involved monetary restitution.

Consistent with CRA, regulators must consider discriminatory and other illegal credit practices violations when arriving at the final CRA rating. Examiners considered the following factors to determine the impact on the rating: the nature and extent of the violation; policies and procedures in place to prevent the practice; corrective action by the bank, taken or committed to take; and other relevant information. Upon identification of the violation, management ceased the practice and committed to provided voluntary restitution to adversely affected customers. The FDIC concluded that the violation did not warrant a downgrade in the overall rating. Examiners did not identify any discriminatory credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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 Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

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.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.