PUBLIC DISCLOSURE

June 26, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Belgrade State Bank
RSSD #761244

14185 Highway C
Belgrade, Missouri 63622

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

Belgrade State 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 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 an excellent 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.

Residential real estate and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Due to similar levels of loan product volume and loan portfolio composition, equal weighting was placed on both products reviewed. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2017 – March 31, 2023
Assessment Area Concentration	January 1, 2021 – December 31, 2021
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	December 4, 2017 – June 25, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 American Community

Survey data, and certain business demographics are based on 2021 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an AA. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $235.8 million to $455.7 million as of March 31, 2023.

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

DESCRIPTION OF INSTITUTION

Belgrade State Bank is an intrastate community bank headquartered in Belgrade, Missouri. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Turner Bancshares, Inc., Belgrade, Missouri.

- The bank has total assets of $406.7 million as of March 31, 2023. That represents an increase of 59.6 percent since the last evaluation.

- In addition to its main office in Belgrade, the bank has five branch offices located in Caledonia, Desloge, Farmington, and Potosi. The bank did not open or close any branch offices during this review period.

- All six branch offices, including the main office, have cash-dispensing ATMs, and the bank maintains five additional stand-alone cash-dispensing ATMs in its AA.

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

Composition of Loan Portfolio as of March 31, 2023		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
Construction and Development	$27,843	9.4%
Commercial Real Estate	$69,384	23.4%
Multifamily Residential	$6,902	2.3%
1–4 Family Residential	$122,076	41.2%
Farmland	$13,440	4.5%
Farm Loans	$4,887	1.7%
Commercial and Industrial	$29,611	10.0%
Loans to Individuals	$21,848	7.4%
Total Other Loans	$111	0.0%
TOTAL	**$296,102**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Outstanding under the CRA at its December 4, 2017 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 Southeast Missouri AA consists of the entirety of St. Francois and Washington counties and the two northernmost tracts in Iron County (see Appendix A for an AA map).

- No changes have occurred to the bank's AA delineation since the prior evaluation.
- According to the June 30, 2022 Federal Deposit Market Share report, the bank has a market share of 17.1 percent, which ranks second out of eight FDIC-insured depository institutions operating in the AA.
- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are healthcare and social assistance (19.6 percent), retail trade (19.3 percent), and accommodation and food services (11.7 percent).
- One community contact interview was conducted with an individual from an organization that provides affordable housing to low-income residents in the AA.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	0	2	15	1	0	**18**
	0%	11.1%	83.3%	5.6%	0.0%	**100%**
Family Population	0	3,530	19,647	713	0	**23,890**
	0.0%	14.8%	82.2%	3.0%	0.0%	**100%**

- The bank's AA includes no low-income census tracts, two moderate-income census tracts, 15 middle-income census tracts, and one upper-income census tract. Six of the middle-income tracts are distressed due to poverty. Two of these tracts are also considered underserved due to their rural nature. As noted in the table above, 11.1 percent of the census tracts are moderate-income geographies, and 14.8 percent of the population resides in these tracts.

- The AA demographics by geography income level have changed since the previous evaluation. Specifically, four previously moderate-income tracts in the AA changed to middle-income census tracts since the 2017 CRA evaluation. Furthermore, two previously middle-income tracts are now designated as moderate-income census tracts. These moderate-income census tracts are located in the northwest region of Washington County and the central portion of St. Francois County.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Southeast Missouri AA	101,380	99,973	-1.4%
NonMSA Missouri	1,550,288	1,505,909	-2.9%
Missouri	6,045,448	6,154,913	1.8%
Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey			

- As noted in the above table, the AA population has experienced a declining population trend, decreasing 1.4 percent during the review period. NonMSA Missouri has also experienced a declining population trend, decreasing 2.9 percent during the review period.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Southeast Missouri AA	$50,697	$55,355	9.2%
NonMSA Missouri	$52,816	$56,957	7.8%
Missouri	$66,438	$72,834	9.6%
Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- Based on 2015 ACS data, the median family income for the AA was $50,697, and the median family income for nonMSA Missouri was $52,816. More recently, the 2020 median family income for the AA and nonMSA Missouri grew to $55,355 and $56,957, respectively, indicating similar levels of growth.

Unemployment Rates						
Area	**2017**	**2018**	**2019**	**2020**	**2021**	**2022 YTD**
Southeast Missouri AA	4.8%	3.9%	3.8%	7.0%	5.0%	3.9%
NonMSA Missouri	4.4%	3.7%	3.8%	6.1%	4.4%	3.4%
Missouri	3.7%	3.2%	3.1%	6.1%	4.4%	3.1%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics						

- As shown in the preceding table, unemployment levels for the AA remained slightly above the nonMSA levels and the state of Missouri levels, with each experiencing a spike in 2020 due to the COVID-19 pandemic. These figures have since declined from their 2020 high. The fluctuation in unemployment levels is consistent with a community contact statement indicating that job losses were experienced in the Farmington area during the review period.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Southeast Missouri AA	77.0%	27.8%	39.1%	53.6%	26.1%	16.8%
NonMSA Missouri	66.4%	26.6%	35.9%	52.7%	23.9%	16.6%
Missouri	72.8%	26.6%	39.7%	56.8%	25.6%	16.5%

Cost burden is housing cost that equals 30% or more of household income.
Source: 2015–2019 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy

- As shown in the table above, 77.0 percent of low-income renters in the AA are cost burdened, and 27.8 percent of moderate-income renters are cost burdened. In nonMSA Missouri, 66.4 percent of low-income renters are cost burdened, while 26.6 percent of moderate-income renters are cost burdened. This illustrates that low-income renters in the AA, in particular, spend significantly more of their income on housing than low-income renters in nonMSA Missouri.

- The table above also shows 53.6 percent of low-income homeowners in the AA are cost burdened, and 26.1 percent of the moderate-income homeowners are cost burdened. These figures are closely in line with the nonMSA Missouri figures indicating 52.7 percent of low-income homeowners are cost burdened and 23.9 percent of moderate-income homeowners are cost burdened.

- The above figures are consistent with community contact statements that indicate a definite need for affordable housing 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, and geographic location.

Comparative LTD Ratios December 31, 2017 – March 31, 2023			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 22-Quarter Average**
Belgrade State Bank	Belgrade, Missouri	$406,679	83.6%
Similarly Situated Institutions			
Regional Banks	Farmington, Missouri	$235,800	93.6%
	Fredericktown, Missouri	$423,395	69.6%
	Mineral Point, Missouri	$455,666	83.7%

The bank's LTD ratio is reasonable. The bank's level of lending is above one regional peer bank, below one regional peer bank, and closely in line with another regional peer bank. During the review period, the LTD ratio slightly declined but maintained a 22-quarter average of 83.6 percent. On March 31, 2023, the quarterly LTD was 79.2 percent, down from 89.2 percent at December 31, 2017. In comparison, the average LTD ratios for the regional peer banks ranged from 69.6 percent to 93.6 percent.

Assessment Area Concentration

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

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
1–4 Family Residential Real Estate	65	80.2%	$9,735	72.0%	16	19.8%	$3,786	28.0%
Small Business	92	84.4%	$20,504	84.4%	17	15.6%	$3,798	15.6%
TOTAL LOANS	157	82.6%	$30,239	80.0%	33	17.4%	$7,584	20.1%
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.

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.

<u>Residential Real Estate Lending</u>

The bank's 1–4 family residential real estate loan distribution is reasonable when considering performance to both income categories. The bank's performance lending to low-income borrowers (10.8 percent) exceeds aggregate (5.2 percent) but trails the demographic (21.3 percent), reflecting reasonable performance. The bank's performance lending to moderate-income borrowers (20.0 percent) exceeds aggregate (16.6 percent), as well as the demographic (18.2 percent), reflecting excellent performance.

- The bank's performance is noteworthy given the community contact mentioned that affordable housing is a need in the AA.

Distribution of 2021 Residential Real Estate Lending by Borrower Income Level Assessment Area: Southeast Missouri							
Borrower Income Level	**Bank and Aggregate Loans**						**Families by Family Income %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Low	7	10.8%	5.2%	$433	4.5%	2.5%	21.3%
Moderate	13	20.0%	16.6%	$1,209	12.4%	11.6%	18.2%
Middle	14	21.5%	20.1%	$1,627	16.7%	16.8%	22.2%
Upper	31	47.7%	38.4%	$6,465	66.4%	43.6%	38.3%
Unknown	0	0.0%	19.7%	$0	0.0%	25.5%	0.0%
TOTAL	**65**	**100.0%**	**100.0%**	**$9,735**	**100.0%**	**100.0%**	**100.0%**

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

Small Business Lending

The borrower distribution of small business lending is reasonable. As displayed in the following table, the bank's lending to small businesses (77.2 percent) is above aggregate lending levels (63.0 percent) and below the demographic figure (92.2 percent).

Distribution of 2021 Small Business Lending by Revenue Size of Businesses Assessment Area: Southeast Missouri

Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	71	77.2%	63.0%	$14,154	69.0%	46.2%	92.2%
	Over $1 Million/ Unknown	21	22.8%	37.0%	$6,350	31.0%	53.8%	7.8%
	TOTAL	**92**	**100.0%**	**100.0%**	**$20,504**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	40	43.5%	90.4%	$2,996	14.6%	35.0%	
	$100,001 – $250,000	26	28.3%	5.2%	$4,110	20.0%	18.2%	
	$250,001 – $1 Million	26	28.3%	4.4%	$13,398	65.3%	46.8%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**92**	**100.0%**	**100.0%**	**$20,504**	**100.0%**	**100.0%**	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	35	49.3%		$2,618	18.5%		
	$100,001 – $250,000	17	23.9%		$2,626	18.6%		
	$250,001 – $1 Million	19	26.8%		$8,910	63.0%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**71**	**100.0%**		**$14,154**	**100.0%**		

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

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 excellent distribution among the different census tracts and dispersion throughout the AA. A dispersion analysis was performed and determined that the bank penetrated all of the moderate-income census tracts within its AA. Therefore, no conspicuous lending gaps are present.

Residential Real Estate Lending

The geographic distribution of 1–4 family residential real estate lending is excellent. As previously mentioned, the AA does not contain any low-income census tracts. The bank's overall performance lending to moderate-income census tracts (23.1 percent) exceeds both aggregate (13.8 percent) and demographic (15.4 percent) figures, reflecting excellent performance.

Distribution of 2021 Residential Real Estate Lending by Income Level of Geography Assessment Area: Southeast Missouri							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	15	23.1%	13.8%	$2,243	23.0%	13.7%	15.4%
Middle	50	76.9%	83.0%	$7,492	77.0%	82.8%	82.0%
Upper	0	0.0%	3.3%	$0	0.0%	3.5%	2.6%
Unknown	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
TOTAL	65	100.0%	100.0%	$9,735	100.0%	100.0%	100.0%
Source: 2021 FFIEC Census Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.							

Small Business Lending

The geographic distribution of small business lending is excellent. As previously mentioned, the AA does not contain any low-income census tracts. The bank's overall distribution of small business lending to moderate-income census tracts (18.5 percent) exceeds aggregate lending (12.5 percent), as well as the demographic figure (11.6 percent), reflecting excellent performance.

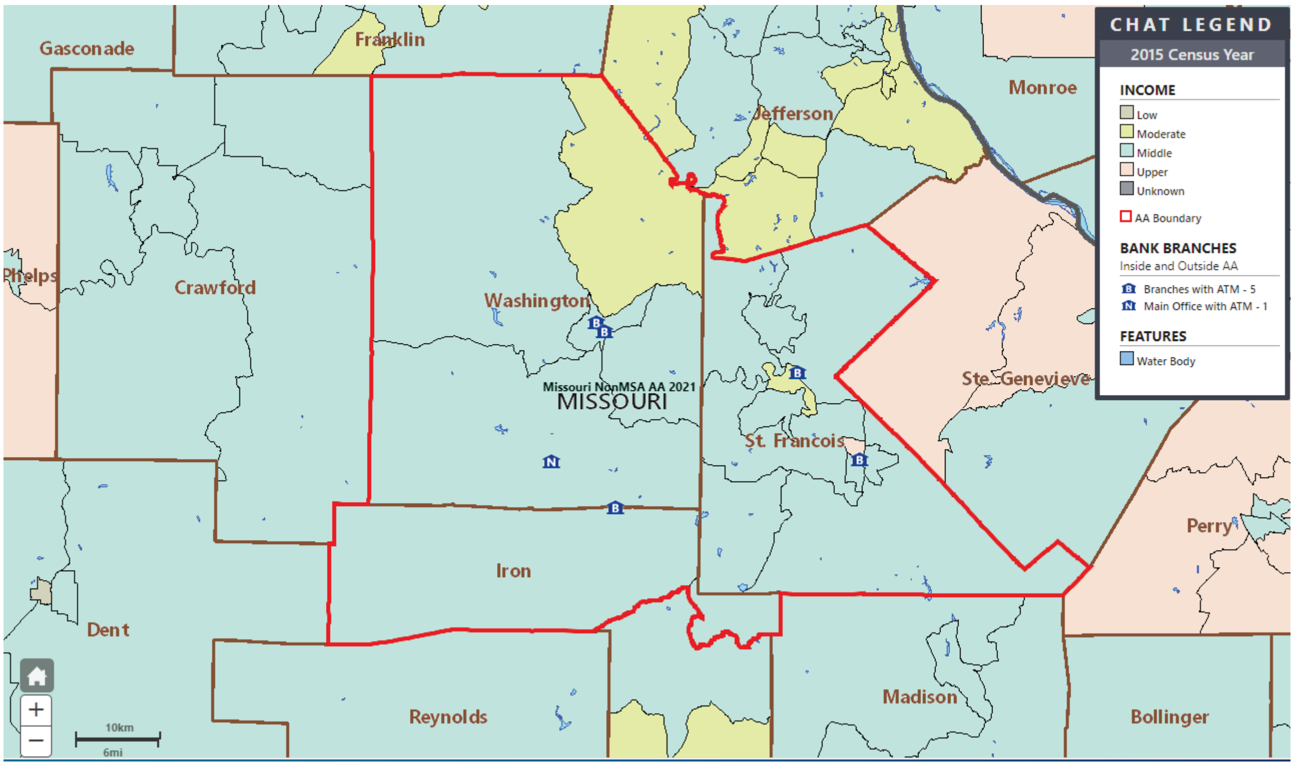
Distribution of 2021 Small Business Lending by Income Level of Geography Assessment Area: Southeast Missouri							
Tract Income Levels	**Count**			**Dollar**			**Total Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	17	18.5%	12.5%	$2,819	13.7%	11.7%	11.6%
Middle	70	76.1%	83.8%	$16,493	80.4%	83.0%	84.8%
Upper	5	5.4%	3.1%	$1,191	5.8%	5.2%	3.6%
Unknown	0	0.0%	0.6%	$0	0.0%	0.1%	0.0%
TOTAL	**92**	**100.0%**	**100.0%**	**$20,503**	**100.0%**	**100.0%**	**100.0%**
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.							

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

Southeast Missouri 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) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals; (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> 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.