

PUBLIC DISCLOSURE

August 17, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples State Bank
Certificate Number: 6659

110 North Main Street
New Lexington, OH 43764

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office
300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Peoples State Bank's (PSB) satisfactory Community Reinvestment Act (CRA) performance under the Small Bank Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable, given the institution's size, financial condition, AA credit needs, and economic conditions.
- The bank made a majority of its home mortgage and small business loans within the AA.
- The geographic distribution of loan reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects reasonable penetration of home mortgage loans among borrowers of different income levels and small business loans to businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

PSB is a full-service community bank headquartered in New Lexington, Ohio (OH). The Ohio Division of Financial Institutions approved PSB's conversion from a national bank to a state-chartered commercial bank, effective December 31, 2018. The institution received a Satisfactory rating at its previous Office of the Comptroller of the Currency (OCC) CRA Performance Evaluation, dated December 12, 2016. The OCC based its evaluation on Interagency Small Institution Examination Procedures.

In addition to its main office, PSB operates three full-service branches throughout Perry County, OH and one full-service branch within Muskingum County, OH. All locations, with the exception of the Plaza Branch, have automated teller machines (ATMs). PSB also operates two stand-alone ATMs within Perry County that do not accept deposits. The bank relocated one ATM from a convenience Store to a restaurant in 2019 due to an ownership change at the store. The bank did not open or close any branches since the previous evaluation.

PSB offers a variety of consumer and commercial deposit services including checking, savings, Christmas club, and money market accounts. Loan products include home mortgage loans, home

equity and commercial lines of credit, credit cards as well as commercial, installment, automobile, and construction loans.

As of June 30, 2020, the bank's assets were approximately \$161.7 million and included total loans of \$111.7 million and total securities of \$10.8 million. The bank's total deposits were \$147.0 million. The net loan portfolio increased by 20.3 percent since the prior evaluation, and the composition of the loan portfolio remained largely consistent over the review period. The following table illustrates the bank's loan portfolio distribution using data from the most recently available Call report.

Loan Portfolio Distribution as of 6/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,523	4.0
Secured by Farmland	785	0.7
Secured by 1-4 Family Residential Properties	56,432	50.5
Secured by Multifamily (5 or more) Residential Properties	3,069	2.7
Secured by Nonfarm Nonresidential Properties	19,592	17.5
Total Real Estate Loans	84,401	75.4
Commercial and Industrial Loans	10,380	9.3
Agricultural Production and Other Loans to Farmers	371	0.3
Consumer Loans	14,506	13.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2,256	2.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(212)	(0.2)
Total Loans	111,702	100.0
<i>Source: Reports of Condition and Income</i>		

There are no financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires institutions to define one or more AAs that serve as the basis for evaluating the institution's record of serving the credit needs of its community. PSB maintains two geographically contiguous AAs composed of the entirety of Perry County, OH as well as eight adjacent census tracts throughout Fairfield, Hocking, Licking, Morgan, and Muskingum Counties.

The bank's Ohio Non-MSA (Metropolitan Statistical Area) AA is comprised of portions of Morgan and Muskingum Counties. The remaining counties comprise the bank's Columbus, OH MSA AA. The AAs are geographically contiguous and located within the Columbus-Marion-Zanesville, OH Combined Statistical Area (CSA). Examiners analyzed each AA separately, but presented all data and findings combined at the CSA level, given the limited loan volume, limited geographic reach of the bank's Ohio Non-MSA AA, and similar demographic characteristics of the entire area with regard to credit needs.

PSB removed a moderate-income tract in Hocking County (9655.00) from its AA in February 2018, due to minimal application activity and competition. The bank performed an application analysis from 2016 and 2017, which reflected marginal results for both years. In addition, the bank removed one tract that is adjacent to cities (Logan and Nelsonville, OH) that contain numerous other financial institutions within closer proximity. The AA does not arbitrarily exclude low- and moderate-income areas, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulations.

Economic and Demographic Data

The AA consists of 14 census tracts with the following income designations according to the 2015 American Community Survey (ACS) data:

- 1 low-income tract
- 5 moderate-income tracts; and
- 8 middle-income tracts

The Federal Financial Institutions Examination Council (FFIEC) designated Morgan County, middle-income census tract 9690.00, as distressed for unemployment throughout the entire review period.

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	7.1	35.7	57.1	0.0	0.0
Population by Geography	72,960	8.9	32.7	58.4	0.0	0.0
Housing Units by Geography	32,302	8.7	33.0	58.3	0.0	0.0
Owner-Occupied Units by Geography	21,485	8.5	29.2	62.3	0.0	0.0
Occupied Rental Units by Geography	6,566	9.4	45.6	45.1	0.0	0.0
Vacant Units by Geography	4,251	8.5	32.5	59.0	0.0	0.0
Businesses by Geography	3,243	4.5	34.0	61.4	0.0	0.0
Farms by Geography	313	4.8	17.6	77.6	0.0	0.0
Family Distribution by Income Level	20,578	28.1	21.2	21.9	28.8	0.0
Household Distribution by Income Level	28,051	27.5	18.7	19.2	34.6	0.0
Median Family Income MSA - 18140 Columbus, OH MSA		\$70,454	Median Housing Value			\$115,330
Median Family Income Non-MSAs - OH		\$55,785	Median Gross Rent			\$645
			Families Below Poverty Level			12.7%
Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2019 D&B data, the AA contains 3,243 non-farm businesses with the following gross annual revenue (GAR) levels:

- 84.6 percent have \$1.0 million or less
- 3.4 percent have more than \$1.0 million
- 12.0 percent have unknown revenues

The major employers within the AA include Westmoreland Coal, CerCo LLC, Genesis Healthcare System, Cooper-Standard Automotive, Fairfield Medical Center, Crooksville Exempted Village Schools, Pickerington Schools, and Anchor Hocking.

According to 2019 D&B data, primary industries throughout the AA are Services (35.3 percent); followed by Non-Classifiable Establishments (12.4 percent); Retail (11.8 percent); Construction (9.2 percent); and Agriculture, Forestry and Fishing (8.8 percent).

Unemployment data obtained from the U.S. Bureau of Labor Statistics shows annual decreases for most counties within the AA. However, counties with PSB offices were consistently higher than the state and national averages. As shown in the following table, the unemployment trends vary for each county.

Unemployment Rates		
Area	2018	2019
	%	%
Perry County	5.6	5.2
Fairfield County	4.1	3.7
Morgan County	6.0	6.5
Hocking County	5.1	4.6
Muskingum County	5.3	4.9
Licking County	4.0	3.7
State	4.5	4.1
National Average	3.9	3.7
Source: Bureau of Labor Statistics		

Examiners use the FFIEC-updated median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle-, and upper-income categories for the AA during the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Columbus, OH MSA Median Family Income (18140)				
2018 (\$76,000)	<\$38,000	\$38,000 to <\$60,800	\$60,800 to <\$91,200	≥\$91,200
2019 (\$77,900)	<\$38,950	\$38,950 to <\$62,320	\$62,320 to <\$93,480	≥\$93,480
OH NA Median Family Income (99999)				
2018 (\$61,400)	<\$30,700	\$30,700 to <\$49,120	\$49,120 to <\$73,680	≥\$73,680
2019 (\$61,000)	<\$30,500	\$30,500 to <\$48,800	\$48,800 to <\$73,200	≥\$73,200
Source: FFIEC				

Competition

There is a high level of competition for deposits within the AA. As of June 30, 2019, 26 FDIC-insured institutions held \$2.3 billion in deposits within the AA. Of all institutions, PSB ranked 15th with 1.6 percent of total deposits. The top four institutions, all large national banks, had 62.0 percent of the deposit market share.

There is a high level of competition for home mortgage loans within the AA. The bank faces competition from: regional, national, and local banks; credit unions; and non-bank lenders. In 2019, the most recent data available, 245 institutions originated 3,547 home mortgage loans totaling \$542.8 million. PSB ranked 5th based on the number of mortgage loans, with 3.2 percent of the market share. The top three lenders, national banks and a national mortgage lender, accounted for 20.4 percent of all originations.

There is also strong competition for small business lending. PSB is not required to collect or report small business loan data, but aggregate data from reporting lenders provides an indication of local demand. In 2018, the most recent year for which data is available, 69 lenders originated 6,293 small business loans totaling \$237.3 million. The top three lenders, all national banks, accounted for 41.4 percent of all reported small business loans.

Community Contacts

Examiners reviewed information from a recent community contact to assist in identifying local credit needs. The contact serves Perry County and represents a community action agency that administers a variety of community initiatives. The contact stated that there is a need for affordable housing. The specific housing needs identified were grants for home repair, low-income construction financing, and Federal Home Loan Bank sponsorship for low-income housing. In addition, the contact identified small-dollar consumer loans and low-balance minor accounts as opportunities for local financial institutions.

Credit Needs

Examiners determined that there are opportunities for affordable housing, small business lending, and small-dollar consumer loans within the AA. Examiners considered information from community contacts, bank management, as well as demographic and economic data.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the last OCC evaluation as of December 12, 2016, to the current evaluation dated August 17, 2020. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. The first Appendix lists the evaluation criteria for these procedures.

Activities Reviewed

Examiners determined the bank's major product lines are home mortgage and small business loans. This conclusion considered the number and dollar volume of loans originated during the evaluation period, the composition of the bank's loan portfolio, and the bank's business strategy. The composition of the bank's loan portfolio and lending focus remained consistent throughout the evaluation period. No other loan types, such as agricultural or consumer loans, represent a major product line. Therefore, examiners placed more weight on home mortgage lending as it represents the highest volume of originations during the evaluation period and the largest portion of the bank's loan portfolio.

Examiners used the bank's 2018 and 2019 Home Mortgage Disclosure Act (HMDA) Loan Application Registers to evaluate the bank's home mortgage lending. The bank originated 88 home mortgage loans totaling \$9.7 million in 2018, and 103 home mortgage loans totaling \$11.6 million in 2019. Examiners only presented 2019 data in this evaluation since the bank's performance in each year was largely similar, and it is the most recent year for which aggregate HMDA data is available.

The bank is not a small business loan reporter, but retains GAR information on its small business loans for application purposes. PSB originated 45 small business loans totaling \$5.3 million in 2018 and 56 small business loans totaling \$6.0 million in 2019. The bank's performance in each year was similar; therefore, examiners presented only the 2019 data in this evaluation, as it is the most recent year for which small business demographic data is available.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, PSB's performance reflects satisfactory responsiveness to the credit needs within the AA. The Geographic Distribution and Borrower Profile analyses support this conclusion, given the performance context information described above in this evaluation.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 83.1 percent calculated from the past 15

calendar quarters since the prior performance evaluation. The ratio ranged from a low of 75.3 percent as of June 30, 2020 to a high of 89.0 percent as of September 30, 2019.

As shown in the following table, the ratio is comparable to similarly-situated institutions chosen based on asset size, loan portfolio distribution, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2020 (\$000s)	Average Net LTD Ratio (%)
Peoples State Bank	161,719	83.1
Similarly-Situated Institution #1	171,004	61.7
Similarly-Situated Institution #2	112,968	82.3
<i>Source: Reports of Condition and Income 12/31/2016 - 06/30/2020</i>		

Assessment Area Concentration

Overall, PSB originated the majority of its home mortgage and small business loans within the AA based on the number and dollar volume of loans, as shown in the following table. The total percentage of total home mortgage originations within the AA represents an increase since the prior evaluation, when this ratio was 84.0 percent.

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										
2018	73	83.0	15	17.0	88	8,018	82.9	1,657	17.1	9,676
2019	91	88.4	12	11.6	103	9,960	86.0	1,626	14.0	11,586
Subtotal	164	85.9	27	14.1	191	17,978	84.6	3,283	15.4	21,261
Small Business										
2018	39	86.7	6	13.3	45	3,717	70.1	1,587	29.9	5,304
2019	38	67.9	18	32.1	56	4,116	69.2	1,834	30.8	5,950
Subtotal	77	76.2	24	23.8	101	7,833	69.6	3,421	30.4	11,254
Source: 1/1/2018 - 12/31/2019 Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA by both number and dollar volume of lending. The following table shows the distribution of home mortgage loans compared to aggregate HMDA data and the percentage of owner-occupied housing units within each tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	8.5	5.5	17	18.7	1,418	14.2
Moderate						
2019	29.2	21.1	41	45.1	3,516	35.3
Middle						
2019	62.3	73.4	33	36.2	5,025	50.5
Totals						
2019	100.0	100.0	91	100.0	9,960	100.0
<i>Source: 2015 ACS; 1/1/2019 - 12/31/2019 Bank Data; and 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

The bank's level of lending in low- and moderate-income tracts is significantly above aggregate performance and the percent of owner-occupied housing units in those areas.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA by both number and dollar volume of lending. The following table shows the bank's small business lending performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	4.5	4	10.5	363	8.8
Moderate					
2019	34.1	14	36.8	1,542	37.5
Middle					
2019	61.4	20	52.6	2,212	53.7
Totals					
2019	100.0	38	100.0	4,116	100.0
<i>Source: 2019 D&B Data and 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0</i>					

The bank's level of lending in low-income tracts significantly exceeds the percent of businesses located in those tracts, while the bank's level of performance in the moderate-income areas is on par with the percent of businesses in those areas.

Borrower Profile

Overall, the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. The following table shows the bank's performance by income category and includes the percentage of families within each income level as well as aggregate lending data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	28.1	9.6	12	13.2	537	5.4
Moderate						
2019	21.2	20.5	28	30.8	2,195	22.0
Middle						
2019	21.9	22.6	20	22.0	2,565	25.8
Upper						
2019	28.8	32.0	30	33.0	4,605	46.2
Not Available						
2019	0.0	15.3	1	1.0	58	0.6
Totals						
2019	100.0	100.0	91	100.0	9,960	100.0
Source: 2015 ACS; 1/1/2019 - 12/31/2019 Bank Data; and 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Although the bank's level of lending to low-income borrowers is below the percentage of families, it exceeded the aggregate data. Approximately 12.7 percent of the families in the AA have incomes below the poverty level and may not have the resources to qualify for and/or service debt in amounts necessary to finance homes. For this reason, examiners emphasize the comparison to aggregate data, which indicates the level of demand from qualified borrowers. With regard to moderate-income borrowers, the bank's level of lending exceeded both the percentage of families and the aggregate data.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of lending to businesses with GARs of \$1.0 million or less. The following table shows the bank's small business lending within its AA and includes the percentage of businesses in each revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	84.6	26	68.4	2,844	69.1
>1,000,000					
2019	3.4	12	31.6	1,272	30.9
Revenue Not Available					
2019	12.0	0	0.0	0	0.0
Totals					
2019	100.0	38	100.0	4,116	100.0
Source: 2019 D&B Data and 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0%					

The bank's performance is reasonable in light of the fact that approximately 70.0 percent of the businesses within the AA with GARs of \$1.0 million or less are quite small and have fewer than five employees. Owners of small businesses may often choose alternative financing over small business loans, such as personal credit cards or home equity lines of credit. The aggregate CRA small business loan data supports this assertion, as the top three lenders are major credit card lenders and hold approximately 41.4 percent of the AA's small business lending market share.

Response to Complaints

PSB did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

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 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;
- 4) The geographic distribution of the bank's loans; 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.

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.