PUBLIC DISCLOSURE

November 4, 2024

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Bank of Versailles
RSSD# 625850

113 East Newton
Versailles, Missouri 65084

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

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

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

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

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. In addition, available aggregate data for the most recent three years (2023, 2022, and 2021) was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's single AA**.** Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio,
- A sample of 95 residential real estate loans, taken from a universe of 178 loans originated between January 1, 2023, and December 31, 2023.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Versailles, Missouri. The bank's characteristics include:

- The bank is a wholly owned subsidiary of BOV Holding Company, Versailles, Missouri.
- The bank has total assets of $333.7 million as of June 30, 2024.
- The bank operates its full-service headquarters and a limited-service branch in Versailles, as well as three full-service offices in Laurie, Camdenton, and Sunrise Beach.

- Except for its headquarters, each branch contains cash dispensing-only automated teller machines (ATMs) on premises, additionally a stand-alone cash dispensing-only ATM is located at a shopping center in Versailles.
- As shown in the table below, the bank's primary business focus is residential real estate lending.

Table 1

Composition of Loan Portfolio as of June 30, 2024		
Loan Type	**$(000)**	**%**
Construction and Land Development	14,621	5.0
Farmland	31,534	10.8
1- to 4-Family Residential Real Estate	226,914	77.7
Multifamily Residential Real Estate	1,664	0.6
Nonfarm Nonresidential Real Estate	12,791	4.4
Agricultural	1,141	0.4
Commercial and Industrial	1,521	0.5
Consumer	1,689	0.6
Other	2	0.0
Gross Loans	**291,877**	**100.0**
Note: Percentages may not total 100.0 percent due to rounding.		

The bank was rated Satisfactory under the CRA at its September 28, 2020 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 Central Missouri AA is comprised of Morgan County in its entirety and 17 census tracts in Camden County (see Appendix A for an AA map and Appendix B for additional demographic data).

- The 2023 AA consists of 25 total census tracts, which include 3 moderate-, 9 middle-, and 13 upper-income census tracts.
- Since the prior evaluation, the bank expanded its AA by two census tracts abutting the Lake of the Ozarks due to transportation enhancements made in the area that improved access to the bank's branch offices.
- In addition, the composition of the AA also changed due to the release of new American Community Survey and decennial census data which resulted in some census tracts within the AA being split.
- As a result of the expansion and tract changes, the AA experienced an increase from 12 to 25 total income census tracts. The prior AA included 2-moderate, 7 middle-, and 3 upper-income census tracts.

- According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank reported a deposit market share of 8.0 percent, which ranked 4th out of 15 FDIC-insured institutions operating in the AA's counties.
- An interview with a member of the community was unable to be procured for the evaluation; however, relevant publicly available information was obtained and utilized from an area economic development organization that provided insight into housing and economic conditions in the AA.

Table 2

Population Change Assessment Area: Central Missouri			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Central Missouri	64,152	63,751	(0.6)
Camden County, MO	43,927	42,745	(2.7)
Morgan County, MO	20,225	21,006	3.9
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
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- Overall, the AA had a nominal change in population between 2015 and 2020, as illustrated in Table 2. Morgan County, which contains the bank's headquarters and three of its five branches, experienced a slight increase in population over the five-year period, while Camden County experienced a slight decrease in population.
- The AA contains a higher aging population compared to other nonmetropolitan statewide areas and the state of Missouri figure, overall. For example, the AA contains a higher population of individuals in the 65 and over age range, at 27.4 percent, compared to 20.0 percent and 16.8 percent for the same age group for other nonmetropolitan statewide areas within the state and the state of Missouri figure overall, respectively. Within the AA, Camden County reflects 30.1 percent of its population in this age group, which may correlate to a large portion of the Lake of the Ozarks contained within the county. The lake serves as a significant recreational tourist attraction in the area that contains many vacation homes and retirement destinations.

Table 3

Median Family Income Change Assessment Area: Central Missouri			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Central Missouri	55,207	63,226	14.5
Camden County, MO	57,562	68,892	19.7
Morgan County, MO	49,898	54,973	10.2
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.
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- Median family incomes (MFIs) in the AA increased between 2015 ACS data and 2020 ACS data, while other nonmetropolitan statewide areas and the state of Missouri figures also reflected increases. However, Morgan County has a lower median family income than other nonmetropolitan statewide areas.
- A notable difference is present in the level of low-income families between Camden County, at 14.8 percent, and Morgan County, at 24.7 percent.

Table 4

Housing Cost Burden Assessment Area: Central Missouri						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Central Missouri	50.1	28.4	30.0	60.1	36.6	23.4
Camden County, MO	55.1	35.9	33.9	60.8	40.9	23.8
Morgan County, MO	39.4	8.9	21.4	58.9	27.5	22.3
NonMSA Missouri	65.5	27.7	34.9	53.4	24.4	16.4
Missouri	72.9	27.2	39.2	57.0	25.3	16.1

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- As shown in Table 4, the AA overall contains a generally lower cost burden for all renters than other nonmetropolitan statewide areas and the state of Missouri. Conversely, home ownership cost burden is much higher throughout both counties in the AA relative to other nonmetropolitan statewide and overall state of Missouri cost burden figures. This is predominately attributable to the presence of the Lake of the Ozarks, which contains prevalent high cost residential and multifamily vacation properties. It is noted that Morgan County contains a much more affordable cost of renting for all renters, including LMI individuals; however, home ownership similarly reflects less affordability in the county.

- Additionally, the affordability ratio in the AA reflects a substantially lower figure, and thus lower affordability, at 25.9 percent, compared to other nonmetropolitan statewide areas, at 38.0 percent, and the state of Missouri, at 35.0 percent.

Table 5

Unemployment Rates Assessment Area: Central Missouri					
Area	**2018**	**2019**	**2020**	**2021**	**2022**
Central Missouri	4.3	4.4	6.8	4.6	3.1
Camden County, MO	4.3	4.4	7.0	4.7	3.1
Morgan County, MO	4.3	4.3	6.3	4.5	3.0
NonMSA Missouri	3.8	3.9	6.2	4.2	2.8
Missouri	3.2	3.2	6.1	4.1	2.5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- The unemployment rate in the AA trended similarly to the state of Missouri and other nonmetropolitan statewide areas in the year-over-year figures, as outlined in Table 5.
- Camden County's labor and economic markets are primarily driven by retail trade, health care and social assistance, and accommodation and food services. The largest employers include Lake Regional Health System, Camdenton R3 School District, and Wal-Mart.
- Morgan County's labor and economic markets are primarily driven by educational services, healthcare and social assistances, manufacturing, and retail trade. The largest employers include Gates Corporation, Wal-Mart Stores, Inc., and Missouri Department of Public Safety.

Table 6

Home Mortgage Loan Trends Assessment Area: Central Missouri					
Area	**2018**	**2019**	**2020**	**2021**	**2022**
Central Missouri	2,220	2,625	4,742	4,547	2,587
Camden County, MO	1,805	2,142	3,922	3,725	2,099
Morgan County, MO	415	483	820	822	488
NonMSA Missouri	22,968	26,730	39,933	43,038	28,875
Missouri	127,919	157,870	257,006	253,657	137,183

Source: FFIEC Home Mortgage Disclosure Act Aggregate Data
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- Table 6 illustrates the variance in the level of home mortgage demand among the two counties that comprise the AA. As previously indicated, Camden County contains a large portion of the Lake of the Ozarks and has a higher prevalence of vacation and second homes. Conversely, Morgan County contains more traditional home mortgage characteristics and demand associated with lesser populated, rural areas.

- The table further illustrates the notable variations in home mortgage loan demand in the AA and other nonmetropolitan statewide areas and the state of Missouri in light of significant economic volatility between 2018 and 2022.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending test performance is Satisfactory. The bank's net loan-to-deposit ratio reflects a more than reasonable ability to provide credit in relation to the bank's size, lending demand, and financial condition of the AA. Additionally, the majority of the lending occurred inside the AA. The distribution of loans among geographies of different income levels is reasonable. Additionally, the distribution of loans among borrowers of different income levels is reasonable.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison, to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and geographic proximity to the bank.

The bank's NLTD ratio is more than reasonable. The 18-quarter NLTD ratio of 104.6 percent is above the range of similarly situated institutions. The NLTD ratio is stable with a nominal increase from the previous examination, reflecting a strong lending practice.

Table 7

Comparative NLTD Ratios March 31, 2020 – June 30, 2024			
Institution	Location	Asset Size $(000)	NLTD Ratio (%) 18 Quarter Average
Bank of Versailles	Versailles, Missouri	333,724	104.6
Similarly Situated Institutions			
Concordia Bank	Concordia, Missouri	115,741	78.3
Citizens Farmers Bank	Cole Camp, Missouri	183,427	75.6
Community Point Bank	Russellville, Missouri	187,685	80.7
Citizens Bank	Eldon, Missouri	220,051	79.2
Heritage Bank of the Ozarks	Lebanon, Missouri	342,291	82.8

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside the AA. The bank originated a majority of loans, by number and dollar, inside the AA.

Table 8

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	$(000)	$%	#	#%	$(000)	$%
Residential Loans	79	83.2	18,864	80.7	16	16.8	4,518	19.3
Total Loans	**79**	**83.2**	**18,864**	**80.7**	**16**	**16.8**	**4,518**	**19.3**
Note: Percentages may not total 100.0 percent due to rounding.								

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

<u>Home Mortgage Lending</u>

The geographic distribution of home mortgage lending is reasonable. The bank's lending in moderate-income census tracts is above the percentage of owner-occupied units in such tracts. To augment the analysis, a review of aggregate Home Mortgage Disclosure-Act (HMDA) lending reported by financial institutions that originated loans in the AA during 2023, 2022, and 2021 loan years provided insight to area loan demand considering similar economic and competitive characters experienced in the AA. The aggregate lending data reflected an average of 15.7 percent of loans by number volume and 14.4 percent by dollar volume were originated in area moderate-income tracts reflecting a credit demand higher than the demographic figure. Additionally, there were no gaps or lapses in the dispersion of lending among geographies of different income levels.

Table 9

Distribution of 2023 Residential Lending By Income Level of Geography Assessment Area: Central Missouri					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	11	13.9	2,083	11.0	9.9
Middle	24	30.4	6,170	32.7	35.9
Upper	44	55.7	10,611	56.3	54.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	79	100.0	18,864	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels

This performance criterion evaluates the bank’s lending to borrowers of different income levels. The bank’s lending has a reasonable distribution among individuals of different income levels.

<u>Home Mortgage Lending</u>

The borrower distribution of home mortgage lending is reasonable after considering various performance context. The distribution of loans among low-income borrowers is below the percentage of low-income families in the AA (demographic figure). Lending among moderate-income borrowers is also below the demographic figure. Although not compared directly to the bank’s distribution of home mortgage lending, an analysis of aggregate lending data also provided insight to the distribution of home mortgage lending that occurred among AA LMI borrowers. The aggregate lending data reflected lending concentrations that were below the concentration of LMI families in the AA with 3.3 percent of lending by number volume and 1.7 percent by dollar volume to low-income borrowers and 9.6 percent by number and 5.1 percent by dollar to moderate-income borrowers. Additionally, the bank shares its two-county AA with 14 other FDIC-insurance financial institutions operating from 29 banking offices, including 4 financial institutions that operate regionally and nationally from over 80 branches each. These competitive factors also may impact the bank’s lending performance among borrowers of different income levels. Given these factors, the bank’s distribution of lending among borrowers of different income levels supports reasonable performance.

Table 10

Distribution of 2023 Residential Lending By Borrower Income Level Assessment Area: Central Missouri					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	$(000)	$%	
Low	8	10.1	624	3.3	17.5
Moderate	7	8.9	877	4.6	17.3
Middle	15	19.0	2,625	13.9	19.1
Upper	49	62.0	14,740	78.1	46.2
Unknown	0	0.0	0	0.0	0.0
Total	79	100.0	18,864	100.0	100.0

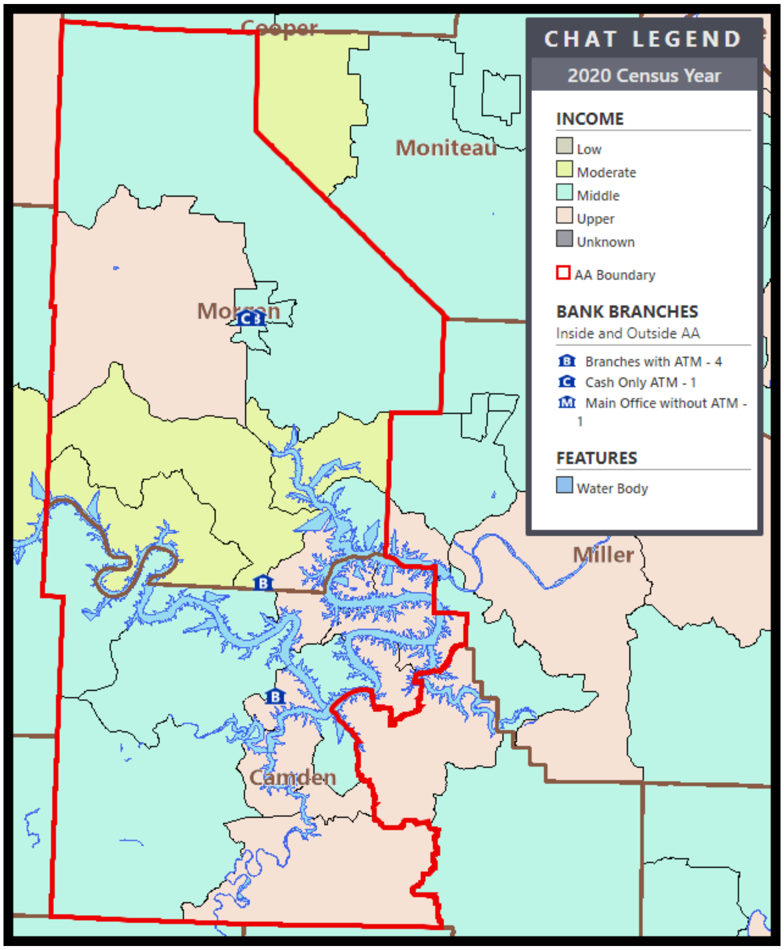
Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – MAP OF THE ASSESSMENT AREA

Map A-1



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2023 Central Missouri AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,570	17.5
Moderate	3	12.0	1,090	7.4	182	16.7	2,542	17.3
Middle	9	36.0	5,529	37.6	710	12.8	2,811	19.1
Upper	13	52.0	8,097	55.0	756	9.3	6,793	46.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**25**	**100.0**	**14,716**	**100.0**	**1,648**	**11.2**	**14,716**	**100.0**
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,845	1,758	9.9	30.1	235	4.0	3,852	65.9
Middle	16,144	6,394	35.9	39.6	1,586	9.8	8,164	50.6
Upper	31,419	9,681	54.3	30.8	2,230	7.1	19,508	62.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**53,408**	**17,833**	**100.0**	**33.4**	**4,051**	**7.6**	**31,524**	**59.0**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	229	7.4	222	7.6	5	3.0	2	5.7
Middle	877	28.2	826	28.4	42	25.5	9	25.7
Upper	2,005	64.4	1,863	64.0	118	71.5	24	68.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**3,111**	**100.0**	**2,911**	**100.0**	**165**	**100.0**	**35**	**100.0**
Percentage of Total Businesses:				**93.6**		**5.3**		**1.1**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	4.8	7	4.9	0	0.0	0	0.0
Middle	83	57.2	81	56.6	2	100.0	0	0.0
Upper	55	37.9	55	38.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**145**	**100.0**	**143**	**100.0**	**2**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**98.6**		**1.4**		**0.0**

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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