

PUBLIC DISCLOSURE

June 5, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Casey County Bank, Inc.
RSSD #646145**

**176 Wallace Wilkinson Blvd
Liberty, Kentucky 42539**

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 institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the 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'S CRA RATING: This institution is rated OUTSTANDING.

The Casey County Bank, Inc. (Casey County Bank), meets the criteria for an Outstanding rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- Distribution of loans to borrowers reflects excellent penetration among individuals of different income levels, including low- and moderate-income (LMI) levels and businesses of different sizes.
- Geographic distribution of loans reflects an excellent dispersion throughout the assessment area.
- No CRA-related complaints were filed against the bank since the previous CRA examination.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. Residential real estate, small business, and consumer motor vehicle 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. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. The following table details the performance criterion and the corresponding time periods used in each analysis.

| Performance Criterion | Time Period |
|---|-------------------------------------|
| LTD Ratio | June 30, 2013 – March 31, 2017 |
| Assessment Area Concentration | January 1, 2015 – December 31, 2015 |
| Loan Distribution by Borrower's Profile | January 1, 2015 – December 31, 2015 |
| Geographic Distribution of Loans | January 1, 2015 – December 31, 2015 |
| Response to Written CRA Complaints | May 13, 2013 – June 4, 2017 |

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business geodemographics are based on 2015 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 assessment area. Aggregate lending datasets are also 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 within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$48.1 million to \$700.5 million as of March 31, 2017.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from the community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Casey County Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Casey County Bancorp, Inc., a one-bank holding company headquartered in Liberty, Kentucky. The bank operates five offices, two of which are limited-service facilities. The bank also operates automated teller machines (ATMs) at four of its offices and one stand-alone, deposit-accepting ATM at a grocery store in Liberty, Kentucky. The bank opened a new full-service branch since the previous examination. This new branch is located in Lincoln County and is the bank's only presence in Lincoln County. The rest of its branches and ATMs are located in Casey County. Based on this branch network and other service delivery systems such as online banking, the bank is well equipped to deliver financial services to its entire assessment area.

For this review period, no legal impediments were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appears capable of meeting assessment area credit needs. As of March 31, 2017, the bank reported total assets of \$182.7 million. As of the same date, total loans and leases outstanding were \$125.9 million (68.9 percent of total assets) and deposits totaled \$155.1 million. The bank's loan portfolio composition by credit category is displayed in the following table:

| Distribution of Total Loans as of March 31, 2017 | | |
|---|------------------------|----------------------------------|
| Credit Category | Amount (\$000s) | Percentage of Total Loans |
| Construction and Development | \$2,654 | 2.1% |
| Commercial Real Estate | \$24,781 | 19.7% |
| Multifamily Residential | \$164 | 0.1% |
| 1–4 Family Residential | \$42,696 | 33.9% |
| Farmland | \$22,885 | 18.2% |
| Farm Loans | \$3,167 | 2.5% |
| Commercial and Industrial | \$12,254 | 9.7% |
| Loans to Individuals | \$10,722 | 8.5% |
| Total Other Loans | \$6,600 | 5.2% |
| TOTAL | \$125,923 | 100% |

As indicated in the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties and commercial loans (real estate and commercial and industrial). While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on May 13, 2013.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 40,697, is located in nonmetropolitan statistical area (nonMSA) Kentucky in the center of the state. The assessment area is comprised of two counties, Casey and Lincoln, in their entireties. The assessment area is largely rural and contains nine distressed (due to poverty) middle-income census tracts. Of those nine distressed census tracts, three are also underserved due to remote rural location, all three of which are located in Casey County.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2016, there are 6 FDIC-insured depository institutions operating 15 offices in the assessment area. Casey County Bank ranked first in terms of deposit market share, with 35.0 percent of the total assessment area dollars.

Small business loan products represent a credit need in the assessment area, along with consumer loan products and residential real estate loans.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

| Assessment Area Demographics by Geography Income Level | | | | | | |
|---|-------------|------------------|----------------|---------------|----------------|---------------|
| Dataset | Low- | Moderate- | Middle- | Upper- | Unknown | TOTAL |
| Census Tracts | 0 | 2 | 9 | 0 | 0 | 11 |
| | 0.0% | 18.2% | 81.8% | 0.0% | 0.0% | 100% |
| Family Population | 0 | 1,034 | 9,945 | 0 | 0 | 10,979 |
| | 0.0% | 9.4% | 90.6% | 0.0% | 0.0% | 100% |

As shown above, 18.2 percent of the census tracts in the assessment area are LMI geographies, but only 9.4 percent of the family population resides in these tracts. Both moderate-income tracts are located in Casey County.

Based on 2010 U.S. Census data, the median family income for the assessment area was \$39,950. At the same time, the median family income for nonMSA Kentucky was \$43,402. More recently, the FFIEC estimates the 2015 median family income for nonMSA Kentucky to be \$46,900. The following table displays population percentages of assessment area families by income level compared to nonMSA Kentucky family population as a whole.

| Family Population by Income Level | | | | | | |
|--|-------------|------------------|----------------|---------------|----------------|----------------|
| Dataset | Low- | Moderate- | Middle- | Upper- | Unknown | TOTAL |
| Assessment Area | 2,720 | 2,087 | 2,028 | 4,144 | 0 | 10,979 |
| | 24.8% | 19.0% | 18.5% | 37.7% | 0.0% | 100% |
| NonMSA Kentucky | 113,894 | 81,702 | 92,223 | 203,383 | 0 | 491,202 |
| | 23.2% | 16.6% | 18.8% | 41.4% | 0.0% | 100% |

As shown in the table above, while only 9.4 percent of assessment area families live in LMI geographies, 43.8 percent of families are considered LMI due to income levels. This percentage is higher than the LMI family percentage of 39.8 percent in nonMSA Kentucky. The percentage of families living below the poverty threshold in the assessment area, 17.8 percent, is also higher than the 16.9 percent level in nonMSA Kentucky. Considering both of these factors, the assessment area appears less affluent than nonMSA Kentucky as a whole.

Housing Demographics

The median housing value for the assessment area is \$79,385, which is below the figure for nonMSA Kentucky, \$84,511. The assessment area housing affordability ratio of 38.7 percent is below the nonMSA Kentucky figure of 40.0 percent. The median gross rent for the assessment area of \$517 is greater than the \$513 per month for nonMSA Kentucky.

According to both community contacts interviewed, the housing market contains more potential buyers than houses available for sale. However, rental units, specifically in Lincoln County, are in high demand because many families cannot afford to own a home. Therefore, housing in the assessment area appears to be slightly less affordable than in nonMSA Kentucky, due to lower income levels and despite median housing values that are lower than the nonMSA.

Industry and Employment Demographics

The vast majority of the businesses in the assessment area are small businesses, with Dun & Bradstreet data conveying that 92.8 percent of businesses in the assessment area have less than \$1 million in revenue per year. In addition, county business patterns indicate that there are 5,865 paid employees in the assessment area. By percentage of employees, the largest job category in the assessment area is manufacturing (33.5 percent), distantly followed by health care and social assistance (16.8 percent) and retail trade (16.0 percent).

The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county of the assessment area, the assessment area as a whole, and the state of Kentucky.

| Unemployment Levels for the Assessment Area | | | | |
|---|------------------------------|-------------|-------------|-------------|
| Area | Time Period (Annual Average) | | | |
| | 2013 | 2014 | 2015 | 2016 |
| Casey County | 8.7% | 6.8% | 5.7% | 4.8% |
| Lincoln County | 10.8% | 8.9% | 6.9% | 6.2% |
| TOTAL ASSESSMENT AREA | 9.9% | 8.0% | 6.4% | 5.6% |
| Kentucky | 8.1% | 6.5% | 5.4% | 5.1% |

As shown in the table above, unemployment levels for the assessment area and the state of Kentucky have shown a decreasing trend. Additionally, unemployment levels in the assessment area have been higher than Kentucky levels during the review period, and Lincoln County continues to have the highest unemployment rates within the assessment area.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. One of the interviews was with an individual working in housing, and one was with a person specializing in economic development. The interviewees categorized the local economy as stagnant. Both contacts noted that homes sell quickly due to their high demand and low supply. One contact further noted that small business loans were a key credit product in the assessment area. Both contacts noted that the number of banks is limited in the area but that banks do a good job meeting the needs of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank's last examination.

| LTD Ratio Analysis | | | |
|--------------------|----------------------|---|-------------------|
| Name | Headquarters | Asset Size (\$000s) as of March 31, 2017 | Average LTD Ratio |
| Casey County Bank | Liberty, Kentucky | \$182,689 | 83.7% |
| Regional Banks | Stanford, Kentucky | \$113,624 | 76.0% |
| | Middleburg, Kentucky | \$48,088 | 83.4% |
| | Monticello, Kentucky | \$700,517 | 72.9% |

Based on data from the previous table, the bank's level of lending is in line with other banks in the region. During the review period, the bank's LTD was relatively stable with a quarterly average of 83.7 percent. This is similar to the LTD performance of regional peers, which also had stable LTD ratios. Therefore, compared to data from the other regional banks, the bank's LTD is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

| Lending Inside and Outside of Assessment Area (\$000s) | | | | | | |
|--|---------------------------|--------------|----------------------------|--------------|-----------------|-------------|
| January 1, 2015 through December 31, 2015 | | | | | | |
| Loan Type | Inside Assessment Area | | Outside Assessment Area | | TOTAL | |
| 1-4 Family Residential Real Estate | 63 | 85.1% | 11 | 14.9% | 74 | 100% |
| | \$4,426 | 88.2% | \$593 | 11.8% | \$5,019 | 100% |
| Small Business | 80 | 89.9% | 9 | 10.1% | 89 | 100% |
| | \$4,004 | 90.8% | \$408 | 9.2% | \$4,412 | 100% |
| Consumer Motor Vehicle | 93 | 88.6% | 12 | 11.4% | 105 | 100% |
| | \$692 | 86.8% | \$105 | 13.2% | \$797 | 100% |
| TOTAL LOANS | 236 | 88.1% | 32 | 11.9% | 268 | 100% |
| | \$9,123 | 89.2% | \$1,105 | 10.8% | \$10,228 | 100% |

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown in the previous table, 88.1 percent of total loans were made inside the assessment area, accounting for 89.2 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance of the three loan categories reviewed.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC (\$46,900 for nonMSA Kentucky as of 2015). The following table shows the distribution of 1-4 family residential real estate loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2015 aggregate data for the assessment area is displayed.

| Distribution of Loans Inside Assessment Area by Borrower Income | | | | | | | | | | | | | |
|---|-----------------------|-------|-----------|-------|---------|-------|--------|-------|---------|------|-------|------|--|
| January 1, 2015 through December 31, 2015 | | | | | | | | | | | | | |
| | Borrower Income Level | | | | | | | | | | TOTAL | | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | | |
| 1–4 Family Residential Real Estate Loans | 10 | 15.9% | 14 | 22.2% | 17 | 27.0% | 22 | 34.9% | 0 | 0.0% | 63 | 100% | |
| Family Population | 24.8% | | 19.0% | | 18.5% | | 37.7% | | 0.0% | | 100% | | |
| 2015 HMDA Aggregate | 6.1% | | 23.3% | | 18.2% | | 31.8% | | 20.6% | | 100% | | |

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (15.9 percent) is below the low-income family population figure (24.8 percent). However, it substantially exceeds the 2015 aggregate lending level to low-income borrowers (6.1 percent). While the bank's percentage of lending falls below the low-income family population, it should be noted that the assessment area has a high level of poverty. This, in conjunction with a low affordability ratio indicates that there are significant challenges for low-income individuals to achieve homeownership in the assessment area. In light of this context, and the bank's performance in relation to aggregate data, the bank's 1-4 family residential real estate lending to low-income borrowers is considered excellent.

The bank's percentage of lending to moderate-income borrowers (22.2 percent) is above the family population figure (19.0 percent), and slightly below, but in line with, the 2015 aggregate lending level. This is also considered excellent performance. Therefore, considering performance to both income categories, the bank's overall distribution of 1-4 family residential real estate loans by borrower profile is excellent.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2015 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

| Distribution of Loans Inside Assessment Area by Business Revenue | | | | | | | | |
|--|------------------------|-------|-------------------|------|---------------------|------|-------|--------|
| January 1, 2015 through December 31, 2015 | | | | | | | | |
| Gross Revenue | Loan Amounts in \$000s | | | | | | TOTAL | |
| | ≤\$100 | | >\$100 and ≤\$250 | | >\$250 and ≤\$1,000 | | | |
| \$1 Million or Less | 74 | 92.5% | 3 | 3.8% | 3 | 3.8% | 80 | 100.0% |
| Greater than \$1 Million/Unknown | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| TOTAL | 74 | 92.5% | 3 | 3.8% | 3 | 3.8% | 80 | 100% |
| Dun & Bradstreet Businesses ≤ \$1MM | | | | | | | 92.8% | |
| 2015 CRA Aggregate Data | | | | | | | 35.2% | |

The bank's level of lending to small businesses is excellent. The bank originated all of its business loans to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 92.8 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the 2015 aggregate lending level to small businesses is 35.2 percent. Additionally, 92.5 percent of the bank's loans were in amounts of \$100 thousand or less, further displaying its commitment to small business lending.

| Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower | | | | | | | | | | | | |
|---|------------------------|-------|-----------|-------|---------|-------|--------|------|---------|------|-------|------|
| January 1, 2015 through December 31, 2015 | | | | | | | | | | | | |
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Consumer Motor Vehicle Loans | 46 | 49.5% | 28 | 30.1% | 14 | 15.1% | 5 | 5.4% | 0 | 0.0% | 93 | 100% |
| Household Population | 29.5% | | 15.5% | | 18.2% | | 36.8% | | 0.0% | | 100% | |

For consumer motor vehicle loans, the bank's level of lending to low-income borrowers (49.5 percent) significantly outperforms the low-income household population (29.5 percent) and, therefore, is considered excellent. Similarly, the level of lending to moderate-income borrowers (30.1 percent) greatly exceeds the moderate-income household population (15.5 percent) and is also considered excellent. With both levels of lending to LMI individuals considered excellent, the overall distribution of consumer loans by borrower profile is excellent.

Geographic Distribution of Loans

As noted previously, the assessment area includes zero low-income and two moderate-income census tracts, representing 18.2 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects excellent penetration throughout

these LMI census tracts, based on the 1–4 family residential real estate, small business, and consumer motor vehicle loan categories.

The following table displays the 2015 geographic distribution of 1–4 family residential real estate loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

| Distribution of Loans Inside Assessment Area by Geography Income Level | | | | | | | | | | | | |
|--|------------------------|------|-----------|-------|---------|-------|--------|------|---------|------|-------|------|
| January 1, 2015 through December 31, 2015 | | | | | | | | | | | | |
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| 1–4 Family Residential Real Estate Loans | 0 | 0.0% | 17 | 27.0% | 46 | 73.0% | 0 | 0.0% | 0 | 0.0% | 63 | 100% |
| Owner-Occupied Housing | 0.0% | | 10.4% | | 89.6% | | 0.0% | | 0.0% | | 100% | |
| 2015 HMDA Aggregate | 0.0% | | 4.7% | | 95.1% | | 0.0% | | 0.2% | | 100% | |

The analysis of 1–4 family residential real estate loans revealed performance significantly above the comparison data and was deemed excellent. The bank’s total penetration of moderate-income census tracts by number of loans (27.0 percent) is significantly above both the percentage of owner-occupied housing units in moderate-income census tracts (10.4 percent) and the aggregate lending figure (4.7 percent).

Next, the bank’s geographic distribution of small business loans was reviewed. The following table displays 2015 small business loan activity by geography income level compared to the location of businesses throughout the bank’s assessment area and 2015 small business aggregate data.

| Distribution of Loans Inside Assessment Area by Geography Income Level | | | | | | | | | | | | |
|--|------------------------|------|-----------|-------|---------|-------|--------|------|---------|------|-------|------|
| January 1, 2015 through December 31, 2015 | | | | | | | | | | | | |
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Small Business Loans | 0 | 0.0% | 14 | 17.5% | 66 | 82.5% | 0 | 0.0% | 0 | 0.0% | 80 | 100% |
| Business Institutions | 0.0% | | 9.5% | | 90.5% | | 0.0% | | 0.0% | | 100% | |
| 2015 Small Business Aggregate | 0.0% | | 9.2% | | 84.7% | | 0.0% | | 6.1% | | 100% | |

The bank’s level of lending in moderate-income census tracts (17.5 percent) is well above both the percentage of businesses operating inside the census tracts (9.5 percent) and the 2015 aggregate lending levels in moderate-income census tracts (9.2 percent). Consequently, the bank’s overall geographic distribution of small business loans is excellent.

Finally, the bank's geographic distribution of consumer motor vehicle loans was reviewed. The following table displays 2015 consumer motor vehicle loan activity by geography income level compared to the household population of each census tract.

| Distribution of Loans Inside Assessment Area by Geography Income Level | | | | | | | | | | | | |
|--|------------------------|------|-----------|-------|---------|-------|--------|------|---------|------|-------|------|
| January 1, 2015 through December 31, 2015 | | | | | | | | | | | | |
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Consumer Motor Vehicle Loans | 0 | 0.0% | 13 | 14.0% | 80 | 86.0% | 0 | 0.0% | 0 | 0.0% | 93 | 100% |
| Household Population | 0.0% | | 9.4% | | 90.6% | | 0.0% | | 0.0% | | 100% | |

The bank's level of lending in moderate-income census tracts (14.0 percent) exceeds the household population inside the census tracts (9.4 percent). Therefore, the bank's overall geographic distribution of consumer motor vehicle loans is excellent.

Lastly, based on reviews from all three loan categories, Casey County Bank had loan activity in 10 out of 11 assessment area census tracts (90.9 percent); the one tract without a loan was a middle-income census tract. Therefore, no conspicuous lending gaps were noted in LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is excellent.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (May 13, 2013, through June 4, 2017).

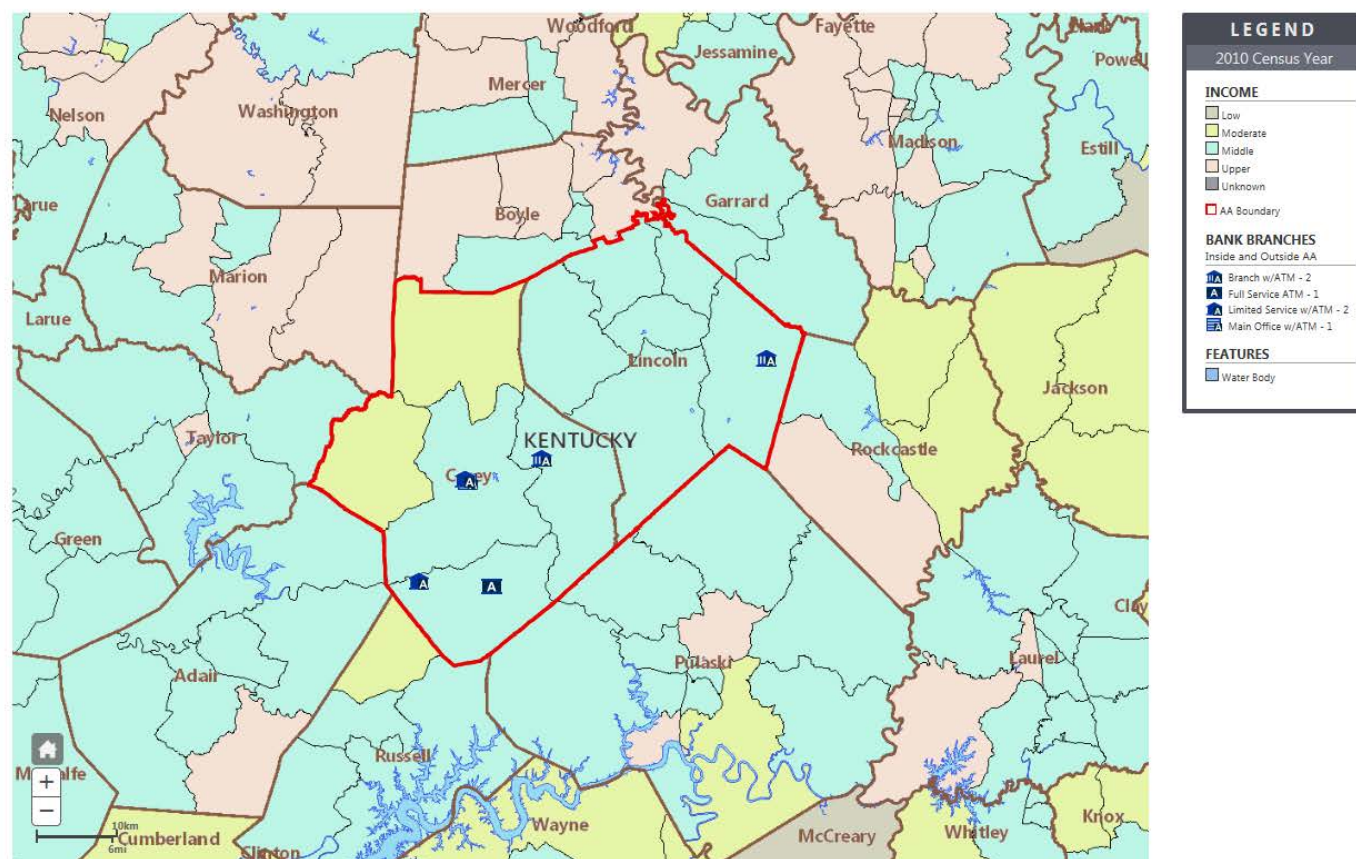
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.

ASSESSMENT AREA DETAIL

The Casey County Bank - Liberty, KY

Casey-Lincoln NonMSA KY AA



Tract Income Map

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) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) 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; (4) activities that revitalize or stabilize LMI 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 (such as age, race, sex, income, etc.) 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 the 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: Is 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.