

PUBLIC DISCLOSURE

March 15, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank of the South
Certificate Number: 19420

132 South Harris Street
Sandersville, Georgia 31082

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

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Atlanta, Georgia 30309-3849

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

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INSTITUTION RATING

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

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

- The average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs, economic conditions, and demographic characteristics.
- A majority of the home mortgage and small business loans reviewed were originated within the assessment area.
- The geographic distribution reflects a poor dispersion throughout the assessment area. This conclusion is based on a poor dispersion of the small business loans and a reasonable dispersion of home mortgage loans.
- The borrower profile distribution reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Established in 1965, Citizens Bank of the South (CBOTS) is a state-chartered, community bank headquartered in Sandersville, Washington County, Georgia. The institution is primarily owned by Sheppard Holdings, Inc., (19.12 percent) and Outzs Sheppard, Inc., (11.85 percent). CBOTS has no affiliates or subsidiaries. No merger activity has taken place during the evaluation period. At the previous Community Reinvestment Act (CRA) performance evaluation conducted by the FDIC, dated April 21, 2015, the bank received a "Satisfactory" CRA rating using the Small Bank CRA Examination Procedures.

CBOTS operates four full-service locations with reasonable lobby hours, drive-through teller, and automated teller machines. The main office and full-service branch are in a distressed middle-income census tract in Sandersville, Washington County. The Statesboro, Bulloch County, branch is in a moderate-income census tract. On July 17, 2017, the Milledgeville, Baldwin County, branch opened in a distressed middle-income census tract.

The bank offers retail services to meet the needs of the community. CBOTS provides checking, savings, money market, certificates of deposit, and Individual Retirement Accounts. In addition to physical access, CBOTS offers internet (www.cbots.com) banking. Other retail services include on-line bill payments, direct deposit, e-statements, and wire transfers. In August 2019, the bank discontinued telephone banking.

CBOTS offers a variety of business and consumer credit products that meet the needs of the community. Commercial product offerings include commercial real estate and construction loans, lines of credit, and Small Business Administration (SBA) Paycheck Protection Program (PPP)

loans. Since the previous evaluation, the bank originated 162 PPP loans totaling \$11.5 million. Consumer product offerings include home mortgage loans and secured and unsecured installment loans. The institution does not extend long-term, fixed-rate residential mortgage loans due to interest rate risk considerations.

As of December 31, 2020, CBOTS reported total assets of \$229.4 million, including total loans of \$205.4 million and total deposits of \$260.6 million. The bank’s primary business focus remains commercial lending. Based on December 31, 2020, Consolidated Reports of Condition and Income (Call Report), the bank’s loan portfolio is illustrated in the table below.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction and Land Development	18,797	9.2
Secured by Farmland	7,257	3.5
Secured by 1-4 Family Residential	88,243	42.9
Secured by Multi-family (5 or more) Residential	5,098	2.5
Secured by Non-farm Non-Residential Properties	47,173	23.0
Total Real Estate Loans	166,568	81.1
Commercial and Industrial	28,244	13.8
Agricultural	156	< 0.1
Consumer	9,544	4.6
Obligations of States and Political Subdivisions in U.S.	945	0.5
Other	0	0.0
Less: Unearned Income	0	0.0
Total Loans	205,457	100.0
<i>Source: Reports of Condition and Income (Call Report) 12/31/2020.</i>		

As illustrated in the above table, loans secured by one-to-four family residential properties decreased from 45.8 percent at the previous evaluation to 42.9 percent at this evaluation. Loans secured by commercial real estate or commercial and industrial loans comprise 36.8 percent of total loans, which increased from 30.4 percent at the previous evaluation. Consumer loans decreased from 8.0 percent at the previous evaluation to 4.6 percent at this evaluation. Farm-related loans decreased from 5.6 at the previous evaluation to 3.6 percent at this evaluation.

The bank provides for the credit needs of its communities consistent with its size, financial condition, resources, and local economic conditions. Examiners did not identify financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessments within which its CRA performance will be evaluated. CBOTS assessment area includes whole census tracts where the bank’s offices are and where a majority of the loans are originated. The bank-defined assessment area is delineated in accordance with the technical requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income census tracts.

CBOTS’ defined assessment area consists of all of Baldwin, Bulloch, and Washington Counties, located in non-metropolitan statistical areas (non-MSA) and will be analyzed as one assessment area.

Economic and Demographic Data

The assessment area includes all 26 census tracts in Baldwin, Bulloch, and Washington Counties. In July 2017, the institution added Baldwin County to its assessment area consisting of nine census tracts, of which none are low-, two are moderate-, four are middle-, and three are upper-census tracts. According to the 2015 American Community Survey (2015 ACS) data, of the 26 census tracts, two are low-, three are moderate-, thirteen are middle-, and eight are upper-income census tracts. All thirteen middle-income census tracts are designated distressed tracts due to poverty levels. Due to the demographic changes of the area, the income designation of six tracts have changed. Two previously identified moderate income-census tracts are now middle-income census tracts. Two previously identified middle-income census tract are now upper-income census tracts and one previously identified middle-income census tract is now a moderate-income census tract. In addition, one previously identified upper-income census tract is now a middle-income census tract. The following table presents select demographic information from the 2015 ACS data and 2020 Dun and Bradstreet (D&B) data.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	26	7.7	11.5	50.0	30.8
Population by Geography	138,966	10.3	8.2	43.5	38.0
Housing Units by Geography	58,838	7.8	8.9	43.6	39.7
Owner-Occupied Units by Geography	26,703	0.4	5.8	45.6	48.2
Occupied Rental Units by Geography	22,633	16.8	12.1	39.6	31.6
Vacant Units by Geography	9,502	7.0	9.8	47.8	35.4
Businesses by Geography	10,063	5.0	12.6	41.5	40.9
Farms by Geography	506	0.2	4.0	43.5	52.4
Family Distribution by Income Level	30,041	23.6	15.9	14.4	46.1
Household Distribution by Income Level	49,336	29.0	14.5	14.2	42.2
Median Family Income Non-MSAs - GA		\$45,886	Median Housing Value		\$106,628
			Median Gross Rent		\$724
			Families Below Poverty Level		19.6%

Source: 2015 ACS Data and 2020 D&B Data. Due to rounding, totals may not equal 100.0 percent.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. The highest volume of owner-occupied housing units were in middle- and upper-income census tracts and highest volume of businesses were in middle-income census tracts. This data indicates there may be limited owner-occupied

home mortgage and small business lending opportunities in the low- and moderate-income census tracts.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC)-updated median family income (MFI) figures to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area. As shown, the maximum MFI for low-income families was \$25,900, which is low, particularly considering the median housing value of \$106,628. Further, the 19.6 percent of families with incomes below the federal poverty level, poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loan.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Non-MSA’s GA Median Family Income (99999)				
2020 (\$51,800)	<\$25,900	\$25,900 to <\$41,440	\$41,440 to <\$62,160	≥\$62,160
<i>Source: FFIEC</i>				

According to 2020 D&B data, there were 10,063 businesses in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. The following reflects GARs for these businesses:

- 86.0 percent had \$1.0 million or less,
- 3.4 percent had more than \$1.0 million, and
- 10.6 percent had unknown revenues.

The top industries in the assessment area are government, education, and healthcare. Major employers in Baldwin County are A. W. Holding, LLC, Georgia Corrections & Detention, Inc., and Georgia College & State University. In Bulloch County, the major employers are Briggs & Stratton Corp., East Georgia Regional Medical Center, and Georgia Living At Home, LLC. In Washington County, the major employers are A D Technologies, B-H Transfer Co., and Burgess Pigment Company.

According to the Bureau of Labor Statistics, unemployment rates have declined in all three counties. The following table reflects the average annual unemployment rates and trends for the counties, state, and nation. Until 2020, the average unemployment rate in all three counties was above the state and national averages for all years under review. All three counties were below the national average in 2020.

Unemployment Rates				
Area	2017	2018	2019	2020
	%	%	%	%
Baldwin County	5.8	4.9	4.2	6.7
Bulloch County	5.0	4.3	3.7	5.7
Washington County	5.8	5.0	4.1	7.1
Georgia	4.7	3.9	3.4	5.3
United States	4.4	3.9	3.7	8.1

Source: Bureau of Labor Statistics

Competition

In addition to the demographics, competition also impacted the CRA performance. As of the June 30, 2020, Deposit Market Share Report, 15 FDIC-insured institutions operated 33 branches within this area. Of these institutions, the bank ranked third in total deposits with a market share of 10.64 percent. Synovus Bank with 19.3 percent and Truist Bank with 16.6 percent were in first and second position, respectively.

There is a high level of competition for home mortgage loans among several financial institutions. In 2019, 238 lenders reported a total of 2,803 originated or purchased home mortgage loans. The top five home mortgage originators (by number of loans) were Quicken Loans; Wells Fargo Bank N.A.; Pennymac Loan Services, LLC; LoanDepot, LLC; and Renasant Bank. Collectively, these lending institutions accounted for 22.1 percent of the total market share. Although CBOTS does not report home mortgage loans, the data demonstrates the competitive market for home mortgage lending.

In 2019, 41 CRA-reportable institutions originated 511 small business loans in Baldwin County. Also, in 2019, 57 CRA-reportable institutions originated 1,318 small business loans in Bulloch County. Additionally, in 2019, 26 CRA-reportable institutions originated 230 small business loans in Washington County. Although CBOTS does not report small business loans, it demonstrates the competitive market for small business lending.

Community Contact

Contacts with community organizations are used during CRA evaluations to gain insight regarding the credit needs and economic conditions of the bank's assessment area. Individuals interviewed provide information based on their knowledge and expertise in the housing, business, or economic sectors. During this evaluation, three organizations were contacted.

In Bulloch County, the organization's focus is economic development for prospective businesses, current businesses, and industrial recruitment. The contact stated that access to capital has not been a problem. However, the number of minority-owned businesses is disproportionate to the population. Therefore, the minority community may have difficulty accessing capital because of the number of companies owned by minorities.

In Washington County, the organization's purpose is to provide quality of life through the business community and economic development. The contact noted that a significant percentage of the population is low-income. The contact indicated that financial institutions can help by assisting with fundraising and sponsoring various events.

In Baldwin County, the organization supports the economic, educational, and community development. The contact noted that the community needs more financial literacy training and funding for scholarships for training programs, which lead to employment.

Credit Needs

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The relatively high number of low- and moderate-income families in comparison to home prices, indicates a strong need for affordable housing. Thus, government-guaranteed home loan programs with more flexible underwriting criteria may be needed. Second, small business loans may be needed, as there are a significant percentage of businesses with GARs of \$1.0 million or less and a large number of businesses with 4 or fewer employees at 60.7 percent.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from April 21, 2015, to the current evaluation dated March 15, 2021. Examiners used the Small Bank CRA Examination Procedures to evaluate CBOTS' CRA performance. These procedures include the lending test as described in the Appendices. The bank's assessment area was reviewed using full-scope procedures.

Activities Reviewed

A review of the institution's Call Report, dated December 31, 2020, as shown in the loan portfolio table on page 2, reflected the following: Home mortgage loans (i.e., 1-4 family residential) represented the largest loan category at 42.9 percent of total loans. Business loans (i.e., loans secured by non-farm, non-residential properties and commercial and industrial) represented the second largest loan category at 36.8 percent of total loans. Farm loans (i.e., secured by farmland and agricultural) at 8.1 percent were not reviewed due to the low volume of such originations compared to the other two aforementioned categories.

For this evaluation, loan distribution analyses were conducted on the bank's 2020 small business and home mortgage loans, which is representative of the bank's activity and focus since the previous evaluation. However, based on the higher volume, small business loans received the most weight in this evaluation.

The universe of small business loans originated by the bank from January 1, 2020 through December 31, 2020 totaled 446 for \$43.0 million; however, a random sample of 67 loans totaling

\$4.8 million was used to evaluate the bank’s performance. D&B data for 2020 was used for comparison purposes.

CBOTS is not subject to the Home Mortgage Disclosure Act. Therefore, the bank is not required to collect and report certain data concerning applications for home mortgage loans. During 2020, bank records reflect CBOTS originated a universe of 245 home mortgage loans totaling \$4.2 million. A random sample of 55 loans totaling \$8.3 million was used to evaluate the bank’s performance. The percentage of owner-occupied housing units by geography and the percentage of families by income level (2015 ACS data) were used for comparison purposes.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, CBOTS demonstrated satisfactory performance under the lending test. The bank’s performance in its assessment area, relative to the loan-to-deposit ratio, assessment area concentration, geographic distribution, and borrower profile, support this conclusion.

Loan-to-Deposit Ratio

The average net loan-to-deposit (LTD) ratio is reasonable given the institution’s size, financial and economic condition, and assessment area’s credit needs. The net LTD ratio for the previous 23 quarters averaged 80.6 percent. This ratio is calculated on a net basis, excluding loan loss reserves and unearned income. Since the previous evaluation, the LTD ratio ranged from a low of 68.6 percent on June 30, 2020, to a high of 87.9 percent on December 31, 2015. As of December 31, 2020, the LTD ratio was 77.8 percent. The LTD ratio has fluctuated, with no specific trends.

Examiners use similarly situated institutions (SSIs) for comparison. An SSI will generally share similar attributes such as size, branch network, product lines, and assessment area(s). Examiners identified two SSIs. The average net LTD ratios for these SSIs over the same 23 quarters are shown in the following table. As shown, the bank’s LTD ratio compares favorably to the SSIs. Refer to the table below for additional details.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2020 (\$000s)	Average Net LTD Ratio (%)
Citizens Bank of the South	\$260.6	80.6
The Geo D. Warthen Bank	\$186.1	68.1
Exchange Bank	\$316.9	66.2
<i>Source: Call Report 6/30/2015 through 12/31/2020</i>		

Assessment Area Concentration

A majority of the loans reviewed were originated inside CBOTS’ assessment area. The following table reveals a majority of small business loans at 88.1 percent by number and 89.5 percent by

dollar amount were originated inside the bank’s assessment area. A majority of the home mortgage loans by number (70.9 percent) were originated inside the assessment area. The bank’s performance indicate its willingness to serve the credit needs of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	59	88.1	8	11.9	67	4,280	89.5	504	10.5	4,784
Home Mortgage	39	70.9	16	29.1	55	3,861	46.5	4,434	53.5	8,295
<i>Source: 2020 Bank Records.</i>										

Geographic Distribution

The geographic distribution of the loans reflects a poor dispersion in the assessment area. This conclusion is based on a poor dispersion of the small business and reasonable dispersion of home mortgage loans.

Small Business Loans

The geographic distribution of the small business loans reflects a poor dispersion throughout the assessment area. As illustrated in the following table, the bank originated one small business loan in low-income census tracts and no small business loans in moderate-income census tracts. This performance was below comparison data for low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Level	% of Businesses	#	%	\$(000s)	%
Low	5.0	1	1.7	100	2.3
Moderate	12.6	0	0.0	0	0.0
Middle	41.5	46	78.0	3,719	86.9
Upper	40.9	12	20.3	461	10.8
Totals	100.0	59	100.0	4,280	100.0
<i>Source: 2015 ACS Data; 2020 D&B Data; 2020 Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

Home Mortgage Loans

The geographic distribution of the home mortgage loans is reasonable. The bank originated 39 home mortgage loans in the assessment area. The bank did not originate any home mortgage loans in low-income census tracts. However, only 0.4 percent of owner-occupied housing is located in low-income census tracts, reflecting limited lending opportunities. The bank’s home mortgage lending performance in moderate-income census tracts is comparable to demographic data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.4	0	0.0	0	0.0
Moderate	5.8	2	5.1	222	5.7
Middle	45.6	26	66.7	2,038	52.8
Upper	48.2	11	28.2	1,601	41.5
Total	100.0	39	100.0	3,861	100.0
<i>Source: 2015 ACS Data; and Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

Borrower Profile

The distribution of borrowers reflects a reasonable penetration among businesses of different sizes and individuals of different income levels. This conclusion is based on reasonable penetration of both loan types.

Small Business Loans

The distribution of borrowers reflects a reasonable penetration among businesses of different sizes. As illustrated in the following table, the bank's penetration of small business loans to businesses with GARs of \$1.0 million or less was in line with demographic data.

Borrower Profile Distribution of Small Business Loans					
GAR Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.0	52	88.1	2,932	68.5
>1,000,000	3.4	7	11.9	1,348	31.5
Revenue Not Available	10.6	0	0.0	0	0.0
Totals	100.0	59	100.0	4,280	100.0
<i>Source: 2020 D&B Data; 2020 Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

Home Mortgage Loans

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels. As shown in the following table, lending performance to low-income borrowers is significantly below demographic data. Families living below the poverty level in the assessment area total 19.6 percent. Families living below the poverty level generally do not qualify for mortgage loan financing. To account for this, the percentage of low-income families was adjusted to exclude the families below the poverty level to show the percentage of families that would more likely qualify for mortgage loan financing. The adjusted percentage of low-income families is 4.0 percent. The bank's performance was above the adjusted percentage of low-income families so that a more reasonable comparison to the bank's performance could be made. The bank's percentage of lending to moderate-income borrowers is comparably below the percentage of moderate-income families in the assessment area.

The bank's performance is mitigated to some extent, as the bank does not originate long-term, fixed-rate residential loans. This loan type is typically more suitable for certain borrowers, particularly lower-income and moderate-income borrowers. The bank has a referral program with lenders in the secondary market that provides longer term fixed-rate financing to borrowers. The bank does not make the credit decision or service those loans.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	23.6	3	7.7	244	6.3
Moderate	15.9	4	10.2	107	2.8
Middle	14.4	12	30.8	1,092	28.3
Upper	46.1	20	51.3	2,418	62.6
Total	100.0	39	100.0	3,861	100.0
<i>Source: 2015 ACS Data; and Bank Records. Due to rounding, totals may not equal 100.0 percent.</i>					

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet the community credit needs; therefore, this consideration did not affect the 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 geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

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

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

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

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

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

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

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

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

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

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

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

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

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

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

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

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

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

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

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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