

# **PUBLIC DISCLOSURE**

May 24, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

People's Bank and Trust Company of Pickett County  
Certificate Number: 22756

19 Courthouse Square  
Byrdstown, Tennessee 38549

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Region – Memphis Area Office

6060 Primacy Parkway, Suite 300  
Memphis, Tennessee 38119

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 COMMUNITY REINVESTMENT ACT (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 following points summarize conclusions regarding the Lending Test.

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans and other lending related activities are in the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

## DESCRIPTION OF INSTITUTION

People's Bank and Trust Company of Pickett County operates as a full-service community retail bank headquartered in Byrdstown, Tennessee (TN). People's Bank is a wholly-owned subsidiary of Upper Cumberland Bancshares, a two-bank holding company, which also holds its sister bank, People's Bank and Trust of Clinton County in Albany, Kentucky. The institution received a "Satisfactory" rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated May 11, 2015, based on Interagency Small Institution Examination Procedures.

People's Bank and Trust Company of Pickett County functions as a retail bank in Middle Tennessee primarily focusing on commercial and residential loans. The bank operates its only office in Byrdstown, TN (Pickett County). The bank's only automated teller machine (ATM) is located at B&K Bi-Rite in Byrdstown, TN. People's Bank and Trust Company of Pickett County has not opened or closed any offices or participated in any merger or acquisition activity since the previous evaluation.

The bank offers a variety of loan products including commercial, agricultural, home mortgage, and consumer loans. The institution provides a variety of deposit services including checking, savings,

and certificates of deposit. The institution maintains banking hours to meet the needs of the area. Additionally, People's Bank and Trust Company of Pickett County provides alternative banking services including internet and mobile banking.

People's Bank and Trust Company of Pickett County reported total assets of approximately \$137.3 million as of the December 31, 2020, Report of Condition and Income, which included total loans of \$97.9 million and securities totaling \$16.8 million. The bank also reported total deposits of \$119.7 million during the same timeframe.

As shown in the following table, the mix of outstanding loans as of December 31, 2020, reflects a product distribution generally consistent with the distribution of originated loans as discussed under the Scope of Evaluation. Commercial loans (Secured by Nonfarm Nonresidential Properties and Commercial and Industrial loans) at 36.2 percent represent the largest loan category by dollar volume; followed by residential loans (Secured by 1-4 Family Residential Properties and Secured by Multi-Family Residential Properties) at 32.0 percent by dollar volume and consumer loans at 13.1 percent by dollar volume.

<b>Loan Portfolio Distribution as of 12/31/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	6,784	6.9
Secured by Farmland	6,981	7.1
Secured by 1-4 Family Residential Properties	30,327	31.0
Secured by Multi-Family (5 or more) Residential Properties	1,008	1.0
Secured by Nonfarm Nonresidential Properties	14,267	14.6
<b>Total Real Estate Loans</b>	<b>59,367</b>	<b>60.6</b>
Commercial and Industrial Loans	21,225	21.6
Agricultural Production and Other Loans to Farmers	4,289	4.4
Consumer Loans	12,782	13.1
Other Loans	189	0.2
Less: Unearned Income	87	0.1
<b>Total Loans</b>	<b>97,939</b>	<b>100.0</b>
<i>Source: Report of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more AAs within which to evaluate its CRA performance. People's Bank and Trust Company of Pickett County's original AA designated Pickett County, in its entirety, as well as the adjacent census tracts, 9702.01 and 9702.02, in Clinton County, Kentucky, as these census tracts do not extend substantially beyond the state boundaries. However, during the examination the bank re-evaluated their AA based on the banks operations and added Fentress and Overton Counties, in their entirety, to the AA, as all are included in portions of the

nonmetropolitan areas of Tennessee and Kentucky (Non-MSA AA). The AA conforms to CRA regulatory requirements.

**Economic and Demographic Data**

According to the 2015 American Community Survey (ACS) data, a four census tracts in the AA are designated as moderate-income and ten census tracts in the AA are designated as middle-income. Additionally, of the ten middle-income census tracts in the AA, the FFIEC designated three middle-income census tracts in Fentress County as underserved and distressed from 2015 to 2020, one middle-income census tract within Pickett County as underserved from 2015 to 2020, while four middle-income census tracts in Overton County were distressed in 2015.

The following table provides additional demographic data for the AA.

Demographic Information of the Assessment Area Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	28.6	71.4	0.0	0.0
Population by Geography	52,383	0.0	33.4	66.6	0.0	0.0
Housing Units by Geography	26,387	0.0	32.5	67.5	0.0	0.0
Owner-Occupied Units by Geography	16,355	0.0	29.8	70.2	0.0	0.0
Occupied Rental Units by Geography	4,848	0.0	40.2	59.8	0.0	0.0
Vacant Units by Geography	5,184	0.0	33.9	66.1	0.0	0.0
Businesses by Geography	2,951	0.0	32.1	67.9	0.0	0.0
Farms by Geography	192	0.0	27.6	72.4	0.0	0.0
Family Distribution by Income Level	15,030	25.7	20.6	20.0	33.8	0.0
Household Distribution by Income Level	21,203	27.3	18.2	18.7	35.8	0.0
Median Family Income Non-MSAs - KY		\$45,986	Median Housing Value			\$97,005
Median Family Income Non-MSAs - TN		\$46,066	Median Gross Rent			\$516
			Families Below Poverty Level			17.7%

Source: 2015 ACS and 2020 D&B Data

Due to rounding, totals may not equal 100.0%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Examiners used the applicable Federal Financial Institutions Examination Council's (FFIEC)-estimated median family income (MFI) to analyze home mortgage loans under the borrower profile criterion. The following table shows the calculated income ranges based on the 2020 FFIEC-estimated MFI for the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
TN NA Median Family Income (99999)				
2020 (\$52,200)	<\$26,100	\$26,100 to <\$41,760	\$41,760 to <\$62,640	≥\$62,640
KY NA Median Family Income (99999)				
2020 (\$51,500)	<\$25,750	\$25,750 to <\$41,200	\$41,200 to <\$61,800	≥\$61,800

*Source: FFIEC*

The largest industries in the AA include services, manufacturing, and retail trade. Major employers in the AA include Fitzgerald Glider Kits LLC, Pickett County Care & Rehabilitation, Pickett County Elementary School, and Specialty Woodworking, Inc.

As shown in the following table, data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rate rose for not only Fentress, Overton, and Pickett Counties, but also statewide and across the U.S. during the evaluation period. The data revealed the unemployment rate increased significantly in 2020 due to the economic recession associated with the COVID-19 Pandemic. While the majority of the area’s unemployment rates rose during the evaluation period, Clinton County’s unemployment rate remained steady and slightly declined.

Area	December 2018		December 2019		December 2020	
	%		%		%	
Fentress County (TN)	4.1		4.3		6.6	
Overton County (TN)	3.3		3.5		5.0	
Pickett County (TN)	4.3		5.1		5.8	
Tennessee	3.4		3.6		5.6	
Clinton County (KY)	5.2		5.1		4.2	
Kentucky	4.2		4.1		5.6	
National Average	3.9		3.6		6.7	

*Source: Bureau of Labor Statistics*

**Competition**

The AA reveals moderate competition in the market for financial services. According to the FDIC Deposit Market Share Report as of June 30, 2020, eleven institutions operate nineteen full-service branches within the AA. Of these institutions, People’s Bank and Trust Company of Pickett County ranked third with a 10.3 percent deposit market share.

**Community Contacts**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs. This information helps determine

whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners relied upon a recent contact with a representative of a community development organization that is familiar with the community development and credit needs of the AA. Discussions revealed that current economic conditions in the AA declined due to the COVID-19 Pandemic with two area hospitals recently closing. The contact indicated a need for remote work initiatives and workforce development training in the area. Finally, the contact indicated the primary credit needs of the area include home mortgage, small business, and consumer loans.

#### **Credit Needs**

Considering information obtained from the community contact, bank management, as well as demographic and economic data, examiners concluded the primary credit needs of the AA include home mortgage, small business, and consumer loans.

### **SCOPE OF EVALUATION**

#### **General Information**

This evaluation covers the period from May 11, 2015, to May 24, 2021, the date of the previous evaluation to this evaluation's date. To assess performance, examiners applied the Interagency Small Institution CRA Examination Procedures, which includes the Lending Test. The appendices list the criteria used to evaluate the Lending Test.

#### **Activities Reviewed**

For the Lending Test, CRA Small Institution Examination Procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer. The following table shows consistency by volume between the institution's 2020 lending categories compared to the prior evaluation.

Loans Originated or Purchased				
Loan Category	#	%	\$(000s)	%
Construction and Land Development	41	2.7	5,863	9.6
Secured by Farmland	6	0.4	663	1.1
Secured by 1-4 Family Residential Properties	134	8.8	21,615	35.5
Multi-Family (5 or more) Residential Properties	2	0.1	484	0.8
Commercial Real Estate Loans	36	2.4	6,131	10.1
Commercial and Industrial Loans	458	30.1	16,098	26.4
Agricultural Loans	85	5.5	1,639	2.6
Consumer Loans	760	49.9	8,392	13.8
Other Loans	1	0.1	2	0.1
<b>Total Loans</b>	<b>1,523</b>	<b>100.0</b>	<b>60,887</b>	<b>100.0</b>

*Source: Bank records 01/01/2020 through 12/31/2020*

The institution's major product lines include commercial, residential, and consumer loans. As shown in the above table, these products comprise the highest dollar volumes at 36.5 percent, 36.3 percent, and 13.8 percent, respectively. In addition, these products coincide with management's stated business strategy. Small farm loans are not a major product line based on the dollar volumes noted above; therefore, they will not be reviewed.

For small business lending, examiners considered a random sample of loans originated in the review period January 1, 2020, through December 31, 2020. Examiners considered this sample representative of the bank's performance during the entire evaluation period. In 2020, the bank originated a universe of 493 small business loans totaling approximately \$19.6 million. Examiners will review a random sample of 176 small business loans totaling \$6.4 million during this time period. Examiners selected this sample based on a 90 percent confidence interval at the 5 percent level of precision. D&B Business Demographic Data from 2020 serves as the basis of comparison for small business lending.

Examiners also analyzed a sample of home mortgage loans originated between January 1, 2020, and December 31, 2020. The bank originated a universe of 134 1-4 family home mortgage loans totaling approximately \$21.6 million. Examiners will review a random sample of 59 home mortgage loans totaling \$9.1 million. Examiners selected this sample based on a 90 percent confidence interval with a greater than 10 percent level of precision. The 2015 ACS Data serves as the basis of comparison for home mortgage lending.

Finally, this evaluation will consider a sample of consumer loans originated between January 1, 2020 and December 31, 2020. The bank originated a universe of 760 consumer loans totaling approximately \$8.4 million, of which examiners will review a random sample of 213 consumer loans totaling \$2.3 million. Examiners selected this sample based on a 90 percent confidence interval at the 5 percent level of precision. The 2015 ACS Data serves as the basis of comparison for consumer lending.

For purposes of loan product weighting, examiners compared the dollar volume and number of small business loans originated in 2020 to the dollar volume and number of home mortgage and

consumer loans originated during the same timeframe. As shown, in the table below, the bank originated the greatest percentage of consumer loans by number volume; however, small business and home mortgage lending account for the greatest dollar volume of lending. Consequently, examiners placed equal weight on small business and home mortgage lending, while providing consumer lending the least weight when arriving at conclusions.

Loan Category	Loan Products Reviewed			
	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	493	19,634	176	6,431
Home Mortgage	134	21,615	59	9,125
Consumer	760	8,391	213	2,287

*Source: Bank Data*

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

People’s Bank and Trust Company of Pickett County demonstrated a satisfactory record regarding the Lending Test. The reasonable borrower profile and geographic distribution performances primarily support this conclusion.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio (LTD) is reasonable (considering seasonal variations and taking into account lending related activities) given the institution’s size, financial condition, and AA credit needs.

For the 24 quarters since the prior evaluation, the institution recorded an 83.0 percent average, net LTD ratio. The quarterly LTD ratios ranged from a low of 76.7 percent on March 31, 2021, to a high of 89.9 percent on December 31, 2018. The ratio demonstrated a declining trend over the most recent two-year period.

Examiners identified and listed in the following table, two similarly-situated banks operating in or near the AA and reflecting a similar asset size and lending emphasis. As shown, People’s Bank and Trust Company of Pickett County’s average, net LTD ratio was moderately higher than the similarly-situated banks.

Loan-to-Deposit Ratio Comparison		
Bank Name	Total Assets as of March 31, 2021 \$(000s)	Average, Net LTD Ratio (%)
People's Bank and Trust Company of Pickett County	145,355	83.0
Bank of Gleason	124,990	42.2
Peoples Bank of Middle Tennessee	163,065	81.3
<i>Source: Consolidated Reports of Condition and Income 6/30/2015 through 03/31/2021</i>		

### Assessment Area Concentration

A majority of loans and other lending related activities are in the institution's AA. The majority of small business and consumer loans granted inside the AA primarily supports this conclusion. Examiners considered the bank's asset size and office structure, as well as the loan products reviewed, relative to the AA's size and economy, when arriving at this conclusion.

The following table shows that the bank originated a majority of its small business and consumer loans inside its AA, by number and dollar volume. However, the bank originated a majority of home mortgage loans outside the AA by number and dollar volume.

Loan Category	Lending Inside and Outside of the Assessment Area								
	Number of Loans			Total #	Dollar Amount of Loans \$(000s)				
	Inside		Outside		Inside		Outside		
	#	%	#	%	\$	%	\$		
Small Business	115	65.3	61	34.7	176	57.7	2,718	42.3	6,431
Home Mortgage	27	45.8	32	54.2	59	45.7	4,952	54.3	9,125
Consumer	140	65.7	73	34.3	213	61.3	886	38.7	2,287
<i>Source: Bank Data</i>									
<i>Due to rounding, totals may not equal 100.0%</i>									

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Reasonable performance regarding small business and home mortgage lending lifted the poor consumer lending performance to support this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts as compared to demographic data when arriving at conclusions for this performance factor.

### **Small Business Loans**

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Reasonable performance in moderate-income geographies supports this conclusion.

As seen in the following table, People's Bank and Trust Company of Pickett County's level of lending fell 1.7 percentage points lower than the percentage of businesses in moderate-income census tracts, indicative of reasonable performance.

Geographic Distribution of Small Business Loans Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	32.1	35	30.4	762	20.5
Middle	67.9	80	69.6	2,951	79.5
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>115</b>	<b>100.0</b>	<b>3,713</b>	<b>100.0</b>

Source: 2020 D&B Data; Bank Data  
Due to rounding, totals may not equal 100.0%

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Reasonable performance in moderate-income geographies supports this conclusion.

As seen in the following table, the bank's level of lending fell 0.2 percentage points lower than the percentage of owner-occupied housing units in moderate-income census tracts, indicative of reasonable performance.

Geographic Distribution of Home Mortgage Loans Non-MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	29.8	8	29.6	1,702	40.8
Middle	70.2	19	70.4	2,471	59.2
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>4,173</b>	<b>100.0</b>

Source: 2015 ACS; Bank Data  
Due to rounding, totals may not equal 100.0%

### Consumer Loans

The geographic distribution of consumer loans reflects poor dispersion throughout the AA. Poor performance in moderate-income geographies supports this conclusion.

As seen in the following table, the bank's level of lending fell 17.9 percentage points lower than the percentage of households in moderate-income census tracts, indicative of poor performance.

Geographic Distribution of Consumer Loans Non-MISA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	32.2	20	14.3	265	18.9
Middle	67.8	120	85.7	1,136	81.1
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>140</b>	<b>100.0</b>	<b>1,401</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data.  
Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Excellent performance regarding small business lending hampered by the reasonable performance regarding home mortgage lending primarily supports this conclusion. Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues when arriving at conclusions.

### ***Small Business Loans***

The distribution of small business loans reflects excellent performance among businesses of different sizes. The excellent performance to businesses with gross annual revenues (GAR) of \$1 million or less supports this conclusion.

The bank's level of lending to business with GAR less than \$1 million lands 4.7 percentage points higher than the percent of business, typically reflective of reasonable performance. However, the bank's level of small business lending to business with GAR of less than \$100 thousand landed 22.0 percentage points higher than percent of business, reflecting excellent performance. Given the bank originated nearly nine of every ten loans to businesses with GAR of \$1 million or less, the distribution reflects excellent performance.

Detailed Distribution of Small Business Loans by Gross Annual Revenues Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	49.3	82	71.3	2,533	68.2
\$100,000 - \$249,999	24.7	15	13.0	425	11.4
\$250,000 - \$499,999	6.8	5	4.3	279	7.5
\$500,000 - \$1,000,000	3.1	0	0.0	0	0.0
<b>Subtotal &lt;= \$1,000,000</b>	<b>83.9</b>	<b>102</b>	<b>88.6</b>	<b>3,237</b>	<b>87.1</b>
> \$1,000,000	4.1	0	0.0	0	0.0
Revenue Not Available	11.9	13	11.3	476	12.8
<b>Total</b>	<b>100.0</b>	<b>115</b>	<b>100.0</b>	<b>3,713</b>	<b>100.0</b>

Source: 2020 D&B Data, Bank Data  
Due to rounding, totals may not equal 100.0%

### Home Mortgage Loans

The distribution of home mortgage loans reflects poor performance among individuals of different income levels, including low- and moderate-income. The very poor performance to low-income borrowers hampered the reasonable performance to moderate-income borrowers to support this conclusion.

Home mortgage lending to low-income borrowers landed 22.0 percentage points lower than percent of families, reflecting very poor performance. To moderate-income borrowers, the institution's lending level lands 5.8 percentage points lower than the percent of families, reflecting reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Non-MSA AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	25.7	1	3.7	166	4.0
Moderate	20.6	4	14.8	264	6.3
Middle	20.0	5	18.5	812	19.5
Upper	33.8	17	63.0	2,931	70.2
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>4,173</b>	<b>100.0</b>

Source: 2015 ACS, Bank Data  
Due to rounding, totals may not equal 100.0%

### Consumer Loans

The distribution of consumer loans reflects reasonable performance among individuals of different income levels, including low- and moderate-income. The reasonable performance to moderate-income borrowers hampered the excellent performance to low-income borrowers to support this conclusion.

Consumer lending to low-income borrowers landed 10.6 percentage points higher than percent of households, reflecting excellent performance. To moderate-income borrowers, the institution's lending level lands 2.5 percentage points higher than the percent of household, reflecting reasonable performance. Consequently, the bank's overall level reflects reasonable performance.

Distribution of Consumer Loans by Borrower Income Category Non-MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	27.3	53	37.9	339	24.2
Moderate	18.2	29	20.7	255	18.2
Middle	18.7	23	16.4	278	19.8
Upper	35.8	31	22.1	403	28.8
Not Available	0.0	4	2.9	126	9.0
<b>Totals</b>	<b>100.0</b>	<b>140</b>	<b>100.0</b>	<b>1,401</b>	<b>100.0</b>

Source: 2015 ACS; Bank Data.  
Due to rounding, totals may not equal 100.0%

**Response to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the CRA rating.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

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

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

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

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

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

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

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

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

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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

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

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

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

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

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

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

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

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