

# **PUBLIC DISCLOSURE**

August 4, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Holly Springs  
Certificate Number: 8232

114 South Memphis Street  
Holly Springs, Mississippi 38635

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

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

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 Lending Test is rated Outstanding.

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

### The Community Development Test is rated Satisfactory.

The institution's community development (CD) performance demonstrates adequate responsiveness to CD needs in its assessment areas through community development loans (CDLs), qualified investments (QIs), and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's assessment area.

## DESCRIPTION OF INSTITUTION

The Bank of Holly Springs (BHS) is a \$572.1 million full-service community bank, headquartered in Holly Springs, Mississippi. Holly Springs Bancshares, Inc., a one-bank holding company also headquartered in Holly Springs, Mississippi, wholly-owns BHS. The institution received a Satisfactory rating based on Intermediate Small Institution Examination Procedures at its previous FDIC evaluation on April 24, 2023.

The bank operates nine full-service offices located within the following Mississippi counties: Marshall (7) and Benton (1) in the Memphis TN-MS-AR Metropolitan Statistical Area (Memphis MSA); and Lafayette (1) in the non-MSA area of Mississippi. The bank has not had any branch changes since the prior evaluation.

BHS's primary lending focus includes residential and commercial lending. The loan products offered include residential, commercial, consumer, and agricultural loans, as well as a variety of deposit services including personal and business checking accounts, personal savings accounts and certificates of deposit. Alternative banking services include mobile banking with mobile deposit, internet banking with bill-pay, 24-hour telephone banking and nine deposit-taking automated teller machines (ATMs). The bank maintains hours and days of service consistent with the area and industry norms. Subsequent sections provide additional details.

As of June 30, 2025, assets totaled approximately \$572.1 million, consisting primarily of total loans of \$431.5 million and securities of \$49.9 million. Total deposits equaled \$474.2 million as of the same date.

As reflected in the table below, commercial loans at 39.3 percent and residential loans at 33.4 percent represent the two largest loan categories.

<b>Loan Portfolio Distribution as of June 30, 2025</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	59,945	13.9
Secured by Farmland	15,227	3.5
Secured by 1-4 Family Residential Properties	146,408	33.9
Secured by Multifamily (5 or more) Residential Properties	1,407	0.3
Secured by Nonfarm Non-Residential Properties	105,537	24.5
<b>Total Real Estate Loans</b>	<b>328,524</b>	<b>76.1</b>
Commercial and Industrial Loans	61,400	14.2
Agricultural Production and Other Loans to Farmers	5,039	1.2
Consumer Loans	36,123	8.4
Other Loans	412	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>431,498</b>	<b>100.0</b>

*Source: Reports of Condition and Income*

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

## **DESCRIPTION OF ASSESSMENT AREAS**

BHS designated two assessment areas - the Memphis MSA and the Mississippi Non-MSA assessment areas. The following table provides additional details regarding each assessment area. Refer to the individual discussions of the assessment areas for more details.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Memphis MSA	Benton, Desoto, and Marshall	54	8
Mississippi Non-MSA	Lafayette and Union	21	1
<i>Source: 2020 Census data and Bank data</i>			

## SCOPE OF EVALUATION

### General Information

The evaluation covers the period from the prior evaluation, April 24, 2023, to the current evaluation, dated August 4, 2025. To assess performance, examiners applied Intermediate Small Institution Examination Procedures, which includes the Lending Test and Community Development Test. The Appendix lists each test's criteria.

Examiners applied full-scope procedures to the Memphis MSA assessment area due the larger volume of lending, deposits, and branch locations. Additionally, examiners provided more weight on performance in the Memphis MSA assessment area when arriving at overall conclusions due to the same factors. Since the Mississippi Non-MSA assessment received full-scope review within the prior two evaluations, examiners applied limited-scope procedures to this assessment area at the current evaluation.

### Activities Reviewed

Intermediate Small Institution Examination Procedures require examiners to determine the 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, and small farm loans. The following table shows BHS's lending activity for the most recent full calendar year covering January 1, 2024, through December 31, 2024.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	26,912	23.2	158	5.9
Secured by Farmland	3,021	2.6	18	0.7
Secured by 1-4 Family Residential Properties	33,151	28.5	285	10.6
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	8,558	7.4	53	2.0
Commercial and Industrial Loans	21,564	18.6	527	19.6
Agricultural Loans	2,929	2.5	134	5.0
Consumer Loans	18,579	16.0	1,502	55.8
Other Loans	1,509	1.3	13	0.5
<b>Total Loans</b>	<b>116,223</b>	<b>100.0</b>	<b>2,690</b>	<b>100.0</b>
<i>Source: Bank data</i>				

Considering the dollar volume and number of loans originated during 2024, as well as management's stated business strategy, examiners determined the major product lines consist of residential and commercial loans. Since the bank made a very small percentage of agricultural loans, examiners did not select this product for review. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

BHS reports home mortgage loans pursuant to the Home Mortgage Disclosure (HMDA). Therefore, this evaluation reviewed all home mortgage loans reported on the 2023 and 2024 HMDA Loan Application Registers (LARs). For 2023 and 2024 data, examiners compared the lending to 2023 and 2024 HMDA aggregate data, respectively, and the 2020 Census data. Examiners reviewed the following reported home mortgage loans for this evaluation:

2023 – 250 loans totaling \$68.2 million  
2024 – 218 loans totaling \$27.0 million

This evaluation only presents information for 2024, the most recent year for which HMDA aggregate data is available as of the evaluation date. Examiners did not identify any significant trends between the different years' data that materially affect applicable conclusions or ratings. The Assessment Area Concentration table presents all years of home mortgage loan data reviewed.

Examiners also evaluated small business loans originated or purchased in calendar year 2024. In total, examiners reviewed 579 small business loans totaling \$29.1 million for the assessment area concentration and geographic distribution. To evaluate borrower profile, examiners selected a random sample of 63 small business loans totaling \$2.8 million originated inside the assessment areas. D&B data for 2024 provided the standard of comparison for the analyzed small business loans.

For purposes of loan product weighting, examiners compared the number and dollar volume of home mortgage loans originated in 2024 (218 loans totaling \$27.0 million) to the number and dollar volume of small business loans originated in 2024 (579 loans totaling \$29.1 million). Considering number and dollar volume, home mortgage and small business lending will receive relatively equal weight when drawing conclusions.

For the Community Development Test, bank management provided data on CDLs, QIs, and CD services since the prior evaluation dated April 24, 2023. The scope of this evaluation also considered all prior period QIs purchased prior to the previous evaluation and still outstanding as of this evaluation's date, as applicable.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

BHS demonstrated excellent performance regarding the Lending Test. Excellent records regarding the LTD ratio, geographic distribution, and borrower profile combined with a majority of loans originated inside the assessment area primarily support this conclusion. Conclusions regarding the

institution's overall lending performance were consistent in both assessment areas. The appendices list the Lending Test's criteria.

### **Loan-to-Deposit Ratio**

The LTD is more than reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs. For the 11 quarters since the prior evaluation, the bank recorded a 96.7 percent average, net LTD ratio which falls lower than the 107.1 percent LTD ratio reported at the previous evaluation. The LTD ratio ranged from a high of 107.1 percent December 31, 2022, to a low of 86.1 percent on March 31, 2025.

Examiners identified and listed in the following table two similarly situated institutions operating in similar areas and reflecting comparable asset sizes and lending emphasis. The following table shows BHS maintains a higher LTD ratio to the comparable institutions.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2025 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Bank of Holly Springs – Holly Springs, Mississippi</b>	<b>572,064</b>	<b>96.7</b>
FNB Oxford Bank – Oxford, Mississippi	834,165	57.5
Unity Bank of Mississippi – Holly Springs, Mississippi	285,274	53.0

*Source: Reports of Condition and Income (12/30/2022 – 06/30/2025)*

### **Assessment Area Concentration**

A majority of loans are in the institution's assessment areas. A majority of home mortgage loans, overall, and a majority of small business loans, by both number and dollar volume, in the assessment area support this conclusion.

<b>Loan Category</b>	<b>Lending Inside and Outside of the Assessment Area</b>											
	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans (\$000s)</b>				<b>Total</b>		
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>	<b>Outside</b>					
	#	%	#	%		\$	%	\$	%			
<b>Home Mortgage</b>												
2023	199	79.6	51	20.4	250	60,324	88.5	7,873	11.5	68,197		
2024	168	77.1	50	22.9	218	20,076	74.3	6,929	25.7	27,005		
<b>Subtotal</b>	<b>367</b>	<b>78.4</b>	<b>101</b>	<b>21.6</b>	<b>468</b>	<b>80,400</b>	<b>84.5</b>	<b>14,802</b>	<b>15.5</b>	<b>95,202</b>		
<b>Small Business</b>	<b>444</b>	<b>76.7</b>	<b>135</b>	<b>23.3</b>	<b>579</b>	<b>20,900</b>	<b>71.8</b>	<b>8,192</b>	<b>28.2</b>	<b>29,092</b>		

*Source: 2023 and 2024 HMDA LARS; 2024 Bank data.*

### **Geographic Distribution**

BHS geographic distribution of loans reflects excellent penetration throughout the assessment areas for the bank as a whole. Performance is consistent in the Memphis MSA and the Mississippi Non-MSA assessment areas. Refer to the assessment area sections for a complete discussion of the geographic distribution.

### **Borrower Profile**

BHS distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different sizes for the bank as a whole. Performance is consistent in the Memphis MSA and the Mississippi Non-MSA assessment areas. Refer to the assessment area sections for a complete discussion of the geographic distribution.

### **Response to Complaints**

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

BHS CD performance demonstrates adequate responsiveness to CD needs in its assessment areas through CDLs, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the assessment areas. Conclusions regarding the bank's performance in the Memphis MSA proved consistent with overall conclusions, while the bank's performance in the Mississippi Non-MSA fell below the overall conclusion.

### **Community Development Loans**

Since the prior evaluation, BHS originated 38 CDLs totaling approximately \$14.1 million, a slight increase from the 20 loans totaling \$10.8 million qualified at the previous evaluation. This level equates to 2.6 percent of the average total assets of \$549.1 million and 3.3 percent of average net loans of \$429.1 million since the prior evaluation. This level reflects a decrease from the 3.4 percent of average total assets and 4.6 percent of average net loans recorded at the prior evaluation.

The CDLs demonstrate responsiveness to BHS assessment areas primarily toward addressing identified needs of revitalization and stabilization efforts. The following table illustrates the CDLs by year and purpose.

Community Development Lending - Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2023	3	179	0	0	6	3,090	10	4,952	19	8,221
2024	0	0	0	0	6	1,044	6	3,357	12	4,401
2025 YTD	0	0	1	41	1	76	5	1,330	7	1,447
<b>Total</b>	<b>3</b>	<b>179</b>	<b>1</b>	<b>41</b>	<b>13</b>	<b>4,210</b>	<b>21</b>	<b>9,639</b>	<b>38</b>	<b>14,069</b>

Source: Bank data (04/23/2023 through 08/04/2025)

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Memphis MSA	2	147	1	41	13	4,210	19	9,536	35	13,934
Mississippi Non-MSA	1	32	0	0	0	0	2	103	3	135
<b>Total</b>	<b>3</b>	<b>179</b>	<b>1</b>	<b>41</b>	<b>13</b>	<b>4,210</b>	<b>21</b>	<b>9,639</b>	<b>38</b>	<b>14,069</b>

Source: Bank data (04/23/2023 through 08/04/2025)

Refer to the individual assessment area's Community Development Test sections for CDLs specific to each assessment area.

### Qualified Investments

The following table shows that BHS made 88 QIs totaling approximately \$56,000, inclusive of all donations. At the previous evaluation, examiners qualified 45 QIs totaling \$1.0 million. The total dollar amount of QIs equates to less than 0.1 percent of average total assets since the prior evaluation, which is slightly below the 0.3 percent of average total assets noted at the previous evaluation.

The QIs demonstrate responsiveness within the BHS assessment areas primarily toward addressing an identified CD need by providing community services for LMI families. The following table illustrates the QIs by assessment area and purpose.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Memphis MSA	0	0	84	55	0	0	0	0	84	55
Mississippi Non-MSA	0	0	4	1	0	0	0	0	4	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>56</b>

Source: Bank data (04/23/2023 through 08/04/2025)

Refer to the individual assessment area Community Development Test sections for the QIs specific to each assessment area.

## **Community Development Services**

During the evaluation period, bank officials provided nine instances of financial expertise or technical assistance to various CD organizations in the assessment areas. This number equates to an average of 0.4 CD services per office, per year since the prior evaluation. At the previous evaluation, examiners qualified 34 services equating to 0.8 CD services per office per year.

These activities primarily provided community services targeted to LMI individuals or areas, which demonstrate responsiveness in addressing, identified CD needs. The following table illustrates the CD services by year and purpose

<b>Community Development Services - Institution</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	#	#	#	#	#
2023	1	2	0	0	<b>3</b>
2024	1	2	0	0	<b>3</b>
2025 YTD	1	2	0	0	<b>3</b>
<b>Total</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>9</b>

*Source: Bank data (04/23/2023 through 08/04/2025)*

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	#	#	#	#	#
Memphis MSA	3	6	0	0	<b>9</b>
Mississippi Non-MSA	0	0	0	0	<b>0</b>
<b>Total</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>9</b>

*Source: Bank data (04/23/2023 through 08/04/2025)*

Refer to the individual assessment area Community Development Test sections for the CD service activities specific to each assessment area.

BHS operates 66.7 percent of branches and ATMs in LMI census tracts, which is excellent compared to the population within these tracts. The following table details the distribution of branches and ATMs in relation to the combined assessment area demographics.

<b>Branch and ATM Distribution by Geography Income Level</b> <b>Institution</b>								
<b>Census Tract Income Category</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	1	1.3	2,482	1.1	1	11.1	1	11.1
Moderate	18	24.0	61,300	25.4	5	55.6	5	55.6
Middle	27	36.0	114,276	30.1	2	22.2	2	22.2
Upper	27	36.0	126,370	40.8	0	0.0	0	0.0
NA	2	2.7	5,874	2.6	1	11.1	1	11.1
<b>Totals</b>	<b>75</b>	<b>100.0</b>	<b>310,302</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>

Source: 2020 U.S.Census and Bank data. Due to rounding, totals may not equal 100.0 percent.

BHS offers hours and days of service consistent with the industry and the areas in which it operates. Alternative delivery systems available in all assessment areas include online banking, bill pay, night depository, 24-hour telephone banking, mobile banking, and debit cards. These alternative delivery systems help avail the bank's services to LMI individuals across the assessment areas.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

### **MEMPHIS MSA ASSESSMENT AREA– Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MEMPHIS MSA ASSESSMENT AREA**

The Memphis MSA assessment area includes all 54 census tracts that make up the Mississippi counties of Benton, Desoto, and Marshall, three of the nine counties that make up the Memphis, Tennessee-Mississippi-Arkansas MSA. Benton County is new to the Memphis MSA since the last evaluation due to changes in U.S. Census data. DeSoto is new to the bank's assessment area since the previous evaluation. The bank operates eight full-service offices, and nine ATMs in this assessment area.

#### **Economic and Demographic Data**

The Memphis MSA assessment area census tracts reflect the following income designations according to the 2020 U.S. Census data: 1 low-, 17 moderate-, 16 middle-, 18 upper-income, and two with no income designation. The following table contains select demographic data for the assessment area.

Demographic Information of the Assessment Area Memphis MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	54	1.9	31.5	29.6	33.3	3.7
Population by Geography	226,712	1.1	25.4	30.1	40.8	2.6
Housing Units by Geography	88,425	1.8	27.9	31.3	35.8	3.3
Owner-Occupied Units by Geography	60,627	1.3	21.3	29.7	44.6	3.2
Occupied Rental Units by Geography	20,291	3.0	40.8	35.7	17.5	3.0
Vacant Units by Geography	7,507	2.6	46.5	32.4	14.1	4.4
Businesses by Geography	18,173	1.4	22.9	32.1	42.0	1.6
Farms by Geography	257	1.6	28.0	24.5	40.1	5.8
Family Distribution by Income Level	59,323	19.2	16.8	19.6	44.4	0.0
Household Distribution by Income Level	80,918	18.6	14.5	17.8	49.2	0.0
Median Family Income MSA - 32820 Memphis, TN-MS-AR MSA		\$67,639	Median Housing Value		\$ 163,142	
			Median Gross Rent		\$966	
			Families Below Poverty Level		9.5%	
Source: 2020 U.S. Census and 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

The following table shows the income ranges based on the 2024 Federal Financial Institutions Examiner Council's (FFIEC) estimated median family income (MFI) of \$83,000 for the Memphis MSA. The MFI is used to determine the borrowers' income designation to analyze home mortgage loans under the borrower profile criterion.

Memphis Tennessee-Mississippi-Arkansas MSA					
Year	MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
2024	\$ 83,000	< \$41,500	\$41,500 to < \$66,400	\$66,400 to < \$99,600	>= \$99,600
Source: FFIEC					

During the review period, there were no major disaster declarations in the assessment area.

### Competition

The Memphis MSA assessment area contains a relatively high level of competition for financial services, based on the area's population. According to the FDIC Deposit Market Share Report, as of June 30, 2024, 46 financial institutions operate 339 full-service branches in the assessment area. Of these institutions, BHS ranks 20<sup>th</sup> in the market with 1.1 percent of the deposit market share.

## **Community Contact**

As part of the evaluation process, examiners contact a third party active in the assessment area to assist in identifying the credit and CD needs. This information helps determine local financial institution's responsiveness to those needs and shows available credit and CD opportunities.

Examiners used a previous contact with an individual knowledgeable of the area's economy who indicated the area's economic conditions are relatively stable with some growth. The contact stated the primary credit needs are government financing to improve the area's infrastructure as well as affordable housing. In addition, the contact indicated that new builds are generally not affordable for young professionals and entry level job seekers.

## **Credit and Community Development Needs and Opportunities**

Considering information from bank management, aggregate loan information, demographic, and economic data, examiners determined that home mortgage and small business loans both represent the diverse credit needs in this assessment area. With respect to the area's CD needs, demographic data also supports the need for projects that provide community services targeted to LMI individuals in addition to the needs identified by the community contact. Demographic data also indicates that 36.0 percent of the families in the assessment area are LMI and 9.5 percent live below the poverty level.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN MEMPHIS MSA ASSESSMENT AREA**

## **LENDING TEST**

BHS demonstrated an excellent record in the Memphis MSA assessment area regarding the Lending Test. Excellent performance regarding geographic distribution and the borrower profile support this conclusion.

## **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Memphis MSA assessment area. Excellent records for home mortgage and small business lending support this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the Memphis MSA assessment area. Excellent performance in moderate-income geographies outweighs reasonable performance in low-income geographies to support this conclusion.

As seen in the table below, the bank's lending in low-income census is higher than aggregate data by 6.5 percentage points, reflective of adequate performance. The table further shows that in moderate-income census tracts, the bank's lending level rises above aggregate data by 31.3 percentage points, reflecting an excellent level.

Geographic Distribution of Home Mortgage Loans Memphis MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.3	0.5	10	7.0	954	5.8
Moderate	21.3	18.0	70	49.3	6,182	37.3
Middle	29.7	29.9	35	24.7	4,164	25.1
Upper	44.6	49.4	13	9.2	3,671	22.1
Not Available	3.2	2.3	14	9.9	1,622	9.8
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>	<b>16,593</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2024 HMDA LAR; 2024 HMDA Aggregate data. Due to rounding, totals may not equal 100.0 percent.*

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

The geographic distribution of small business loans reflects excellent dispersion throughout the Memphis MSA assessment area. The excellent performance in moderate-income geographies outweighs reasonable performance in low-income geographies to support this conclusion.

The following table shows that the bank's small business lending performance in low-income geographies is comparable to D&B data, reflecting reasonable performance. In moderate-income geographies, the small business lending exceeds D&B data by 27.1 percentage points, reflecting excellent performance. The percentage of businesses is higher in moderate-income tracts, reflecting more lending opportunities in these areas; therefore, more weight is placed on the moderate-income geography performance to determine overall conclusions.

Geographic Distribution of Small Business Loans Memphis MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	1.4	6	1.7	339	2.1
Moderate	22.9	173	50.0	7,447	45.1
Middle	32.1	90	26.0	3,860	23.4
Upper	42.0	43	12.4	2,917	17.7
Not Available	1.6	34	9.8	1,942	11.8
<b>Total</b>	<b>100.0</b>	<b>346</b>	<b>100.0</b>	<b>16,505</b>	<b>100.0</b>

*Source: 2024 D&B data; 2024 Bank data. Due to rounding, totals may not equal 100.0 percent.*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including LMI) and businesses of different sizes. Excellent performances for home mortgage lending lifts the reasonable performance regarding small business lending and supports this conclusion.

### ***Home Mortgage Loans***

The distribution of borrowers reflects excellent penetration among individuals of different income levels in the Memphis MSA assessment area. Excellent performance regarding low-income borrowers and reasonable performance regarding moderate-income borrowers support this conclusion.

As seen in the table below, the bank's lending to low-income borrowers substantially exceeded aggregate performance by 12.0 percentage points, reflective of excellent performance. The table further shows that to moderate-income borrowers the bank's lending level rises 1.8 percentage points above the aggregate data, reflecting reasonable performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Category</b> <b>Memphis MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	19.2	4.2	23	16.2	894	5.4
Moderate	16.8	15.1	24	16.9	2,211	13.3
Middle	19.6	22.1	26	18.3	2,097	12.6
Upper	44.4	32.7	49	34.5	7,820	47.1
Not Available	0.0	25.9	20	14.1	3,571	21.5
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>	<b>16,593</b>	<b>100.0</b>

Source: 2020 U.S. Census; 2024 HMDA LAR; 2024 HMDA Aggregate data. Due to rounding, totals may not equal 100.0 percent.

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

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The following table shows that in the Memphis MSA assessment area, more than 8 out of every 10 small business loans were to businesses with GARs of \$1 million or less, reflecting reasonable performance.

<b>Distribution of Small Business Loans by Gross Annual Revenues</b> <b>Memphis MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	
< \$100,000	71.4	19	32.2	591	18.6	
\$100,000 - \$249,999	15.5	18	30.5	765	24.0	
\$250,000 - \$499,999	2.9	11	18.6	544	17.1	
\$500,000 - \$1,000,000	1.3	3	5.1	510	16.0	
<b>Subtotal&lt;= \$1,000,000</b>	<b>91.1</b>	<b>51</b>	<b>86.4</b>	<b>2,410</b>	<b>75.7</b>	
>\$1,000,000	1.2	5	8.5	597	18.7	
Revenue Not Available	7.7	3	5.1	178	5.6	
<b>Total</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>	<b>3,185</b>	<b>100.0</b>	

Source: 2024 D&B data; 2024 Bank data. Due to rounding, totals may not equal 100.0 percent.

## COMMUNITY DEVELOPMENT TEST

BHS CD performance demonstrates adequate responsiveness to CD needs in the Memphis MSA through CDLs, QIs, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the rated area.

### **Community Development Loans**

As noted under the institution level, BHS originated 35 CDLs totaling approximately \$13.9 million in the Memphis MSA assessment area. By dollar volume, this equates to 99.0 percent of the bank's overall CDLs.

The following are examples of CDLs:

- ***Revitalize or Stabilize*** – The bank originated a loan totaling \$2.0 million to purchase a convenience store to help revitalize or stabilize an LMI geography by helping to attract new or retain existing businesses or residents.
- ***Economic Development*** - The bank originated a loan totaling \$1.3 million to purchase a convenience store to support job creation and retention for LMI individuals.

### **Qualified Investments**

BHS made 84 QIs totaling approximately \$55,000 in the Memphis MSA assessment area, as noted at the institution level. By dollar volume, this equates to 98.2 percent of the bank's overall QIs.

The following are examples of QIs:

- ***Community Service*** – The bank made a donation of \$20,000 to an organization to provide meals to LMI families.
- ***Community Service*** – The bank made donations totaling approximately \$10,000 to local schools to help provide services and meet the needs of LMI children.

### **Community Development Services**

During the evaluation period, bank employees provided nine instances of financial expertise or technical assistance to various CD-related organizations in the Memphis MSA assessment area. The majority of CD services provided community services targeted to LMI individuals, which demonstrates the responsiveness in addressing an identified CD need. Additionally, the bank provided CD services in all four CD categories identified as needs in the assessment area.

The following are examples of CD services:

- **Community Service** – A bank officer serves as the President for a local organization that helps the community by providing financial support to food pantries and substance abuse prevention and recovery programs.
- **Affordable Housing** – A bank officer serves on the Board of a local organization that assists low-income families in acquiring affordable housing by purchasing a new home or rehabilitation of existing home.

#### *Availability of Services*

BHS operates 62.5 percent of branches and 66.7 percent of ATMs in LMI census tracts within the Memphis MSA assessment area, demonstrating excellent performance when compared to the population within these tracts. The following table details the geographic distribution of branches and ATMs in relation to the combined assessment area demographics.

Branch and ATM Distribution by Geography Income Level Memphis MSA								
Census Tract Income Category	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	1.9	2,482	1.1	1	12.5	1	11.1
Moderate	17	31.5	57,586	25.4	4	50.0	5	55.6
Middle	16	29.6	68,205	30.1	2	25.0	2	22.2
Upper	18	33.3	92,565	40.8	0	0.0	0	0.0
NA	2	3.7	5,874	2.6	1	12.5	1	11.1
<b>Totals</b>	<b>54</b>	<b>100.0</b>	<b>226,712</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>

Source: 2020 U.S. Census and Bank data. Due to rounding, totals may not equal 100.0 percent.

The alternative delivery systems offered in the Memphis MSA remain consistent with that previously discussed in the institution-level Community Development Services section.

## MISSISSIPPI NON-MSA ASSESSMENT AREA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MISSISSIPPI NON-MSA ASSESSMENT AREA

The Mississippi Non-MSA assessment area includes all 21 census tracts that make up Lafayette and Union Counties. The bank added Union County to this assessment area since the last evaluation.

#### Economic and Demographic Data

The Mississippi Non-MSA assessment area reflects the following income designations according to the 2020 U.S. Census data: 1 moderate-, 11 middle-, and 9 upper-income census tracts. The following table contains select demographic data for the assessment area.

Demographic Information of the Assessment Area Mississippi Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	21	0.0	4.8	52.4	42.9	0.0
Population by Geography	83,590	0.0	4.4	55.1	40.4	0.0
Housing Units by Geography	38,108	0.0	4.6	50.2	45.2	0.0
Owner-Occupied Units by Geography	18,717	0.0	5.2	51.8	43.0	0.0
Occupied Rental Units by Geography	9,717	0.0	2.0	48.9	49.2	0.0
Vacant Units by Geography	9,674	0.0	6.1	48.7	45.3	0.0
Businesses by Geography	7,619	0.0	3.2	47.8	49.0	0.0
Farms by Geography	226	0.0	5.8	57.5	36.7	0.0
Family Distribution by Income Level	17,662	15.3	13.1	19.2	52.4	0.0
Household Distribution by Income Level	28,434	20.3	11.2	15.9	52.6	0.0
Mississippi Non-MSA Median Family Income	\$52,591	Median Housing Value			\$ 193,921	
		Median Gross Rent			\$918	
		Families Below Poverty Level			10.4%	

Source: 2020 Census And 2024 D&B Data (\*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.

The following table shows the income ranges based on the 2024 FFIEC's-estimated MFI of \$64,400 for the Mississippi Non-MSA.

Mississippi Non-MSA					
Year	MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
2024	\$ 64,400	< \$32,200	\$32,200 to < \$51,520	\$51,520 to < \$77,280	>= \$77,280

Source: FFIEC

The Mississippi Non-MSA assessment area contains a moderate level of competition for financial services, based on the area's population. According to the FDIC Deposit Market Share Report, as of June 30, 2024, 17 financial institutions operate 30 full-service branches in the assessment area. Of these institutions, BHS ranks 11<sup>th</sup> in the market with 1.9 percent of the deposit market share.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN MISSISSIPPI NON-MSA ASSESSMENT AREA

### LENDING TEST

The institution's lending performance in the assessment area is consistent with the institution's lending performance in the Memphis MSA assessment area that was reviewed using full-scope examination procedures.

#### Geographic Distribution

<b>Geographic Distribution of Home Mortgage Loans Mississippi Non-MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	--	0	0.0	0	0.0
Moderate	5.2	4.9	4	15.4	780	22.4
Middle	51.8	45.1	17	65.4	1,234	35.4
Upper	43.0	50.0	5	19.2	1,469	42.2
Not Available	0.0	--	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>3,483</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2024 HMDA LAR; 2024 HMDA Aggregate data. Due to rounding, totals may not equal 100.0 percent.*

<b>Geographic Distribution of Small Business Loans Mississippi Non-MSA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	3.2	13	13.3	642	14.6
Middle	47.8	63	64.3	2,892	65.8
Upper	49.0	22	22.5	861	19.6
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>98</b>	<b>100.0</b>	<b>4,395</b>	<b>100.0</b>

*Source: 2024 D&B data; 2024 Bank data. Due to rounding, totals may not equal 100.0 percent.*

## **Borrower Profile**

Distribution of Home Mortgage Loans by Borrower Income Category Mississippi Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	15.3	2.1	1	3.9	51	1.5
Moderate	13.1	6.4	9	34.6	496	14.2
Middle	19.2	10.5	4	15.4	202	5.8
Upper	52.4	57.6	7	26.9	1,255	36.0
Not Available	0.0	23.4	5	19.2	1,479	42.5
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>3,483</b>	<b>100.0</b>

Source: 2020 U.S. Census; 2024 HMDA LAR; 2024 HMDA Aggregate data. Due to rounding, totals may not equal 100.0 percent.

Distribution of Small Business Loans by Gross Annual Revenues Mississippi Non-MSA						
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%	
< \$100,000	70.3	19	47.5	611	29.0	
\$100,000 - \$249,999	14.4	12	30.0	609	28.9	
\$250,000 - \$499,999	3.0	5	12.5	606	28.7	
\$500,000 - \$1,000,000	1.5	0	0.0	0	0.0	
<b>Subtotal&lt;= \$1,000,000</b>	<b>89.1</b>	<b>36</b>	<b>90.0</b>	<b>1,826</b>	<b>86.6</b>	
>\$1,000,000	1.7	4	10.0	283	13.4	
Revenue Not Available	9.2	0	0.0	0	0.0	
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>2,109</b>	<b>100.0</b>	

Source: 2024 D&B data; 2024 Bank data. Due to rounding, totals may not equal 100.0 percent.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance in the assessment area is below the community development performance in the Memphis MSA assessment area that was reviewed using full-scope examination procedures; however, it does not change the conclusion for the Memphis MSA assessment area.

## APPENDICES

### INTERMEDIATE 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).

#### Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income 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 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Qualified Investment:** A 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.

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

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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.

**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.