

# **PUBLIC DISCLOSURE**

**September 16, 2024**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Planters Bank, Inc.  
Certificate Number: 34254

1312 S Main St  
Hopkinsville, Kentucky 42240

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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 areas (AAs), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and the assessment areas (AAs) credit needs.
- The institution made a majority of its home mortgage and small business inside the AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes.
- The institution has not received any CRA-related complaints since the prior evaluation; therefore, the criterion 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 the CD needs in its AAs through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the AAs.

## DESCRIPTION OF INSTITUTION

Planters Bank, Inc. (Planters) is a multistate financial institution headquartered in Hopkinsville, Kentucky (KY), and primarily operates in the southwestern part of KY, in the counties of Christian, Caldwell, Hopkins, Union, and Webster, along with Montgomery County in Tennessee (TN). Planters Financial Group, Inc., a one-bank holding company located in Clarksville, TN, wholly owns Planters. Planters received a "Satisfactory" rating at its prior FDIC Performance Evaluation, dated August 4, 2021, based on Interagency Intermediate Small Institution Examination Procedures.

Planters operates 12 full-service branches, including eight branches in KY and four branches in TN. The institution also has a limited-service drive through in KY. Since the prior evaluation, the institution has not opened any new branches or closed any existing branch or had any merger or acquisition activity.

The institution continues to offer a variety of deposit, credit, and other financial products to meet the needs of its customers. Deposit products include checking, savings, and money market accounts, certificates of deposit, and Individual Retirement Accounts, as well as Trust services. Credit products include commercial, home mortgage, agricultural, and consumer loans. In addition, commercial product offerings include Small Business Administration guaranteed loans. Alternative services include internet, mobile, and telephone banking, electronic bill pay, night depository

services, and 12 institution-owned automated teller machines (ATMs) at branch locations as well as four free standing ATMs.

Planters facilitates the origination of home mortgage loans on the secondary market. The institution’s secondary market lending activities demonstrate the willingness and ability to reach LMI borrowers using special loan programs, such as Veterans Affairs, Federal Housing Administration, Tennessee Housing Development Authority, and Kentucky Housing Corporation. Loans originated through the secondary market help LMI consumers achieve home ownership with reduced or no down payment options. In 2023, Planters facilitated the origination of 77 secondary market loans totaling \$20.2 million, and 107 loans totaling \$27.1 million in 2022. Since the institution does not make the credit decision for these loans, the institution does not report these on the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR).

As of June 30, 2024, Planters’ assets totaled approximately \$1.8 billion, including total loans of \$1.5 billion, and total securities of \$237.0 million. Deposits totaled \$1.5 billion. The following table illustrates the distribution of the loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	395,837	25.9
Secured by Farmland	85,599	5.6
Secured by 1-4 Family Residential Properties	271,908	17.8
Secured by Multifamily (5 or more) Residential Properties	168,607	11.0
Secured by Nonfarm Nonresidential Properties	366,830	24.0
<b>Total Real Estate Loans</b>	<b>1,288,781</b>	<b>84.3</b>
Commercial and Industrial Loans	196,750	12.9
Agricultural Production and Other Loans to Farmers	25,115	1.6
Consumer Loans	14,271	0.9
Obligations of State and Political Subdivisions in the U.S.	1,598	0.1
Other Loans	2,250	0.1
Less: Unearned Income	(1,868)	(0.1)
<b>Total Loans</b>	<b>1,526,897</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0%.</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

CRA requires each financial institution to define one or more AAs within which its performance will be evaluated. Planters designated two AAs as defined in the following table.

This evaluation includes two rated areas: Clarksville TN-KY Metropolitan Statistical Area (MSA) and the State of KY (Kentucky Non-MSA). The AAs conform to CRA requirements, consists of

contiguous whole geographies in which the institution has offices, does not reflect illegal discrimination, and does not arbitrarily exclude LMI geographies.

This evaluation contains separate discussions of the institution’s performance in each AA, with additional demographic information for each.

<b>Description of Assessment Area</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CT</b>	<b># of Branches</b>
Clarksville TN-KY MSA	Christian (KY), Montgomery (TN)	67	7
Kentucky Non-MSA	Caldwell, Union, Webster, Hopkins (KY)	13	5

*Source: Institution Data*

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 4, 2021, to the current evaluation dated September 16, 2024. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate Planters’ CRA performance. These procedures include two tests: the Lending Test and the CD Test. Examiners evaluated the institution’s performance under the criteria noted in the Appendix. Institutions must achieve at least a satisfactory rating under the Lending Test and CD Test to obtain an overall “Satisfactory” rating.

Examiners conducted a full-scope review of both AAs. Examiners placed greater weight on the Clarksville, TN-KY MSA AA as this area contained the largest portion of the institution’s loans, deposits, and branches during the evaluation period.

### **Activities Reviewed**

Based on the June 30, 2024, Call Report data, Planters’ major product lines are home mortgage and small business lending. Examiners considered the institution’s business strategy, loan portfolio composition, and number and dollar volume of loans originated during the evaluation period. Collectively, these two loan categories comprise approximately 65.7 percent of institution’s total loan portfolio. No other loan types, such as small farm or consumer lending, represent a major product line. Therefore, they provide no material support for the conclusions or ratings herein. Based on the portfolio composition, primary lending focus, and community credit needs, examiners placed greater weight on home mortgage lending performance due to loan volume during the evaluation period.

Examiners evaluated all home mortgage loans reported on the institution’s 2021, 2022 and 2023 HMDA LARs. Since the three years of data is consistent year over year, this evaluation presents information for 2023, the most recent year for which aggregate data is available. In 2023, Planters reported 378 mortgage loans totaling \$141.7 million. Aggregate lending data for 2023 HMDA-reporting institutions provided a standard of comparison for the home mortgage loans. Demographic data from the 2020 U.S. Census Data also served as a standard of comparison for home mortgage lending.

In addition, examiners selected a random sample of small business loans originated or renewed in 2023. In 2023, the institution originated or renewed 480 small business loans totaling

approximately \$215.6 million, of which examiners sampled 60 loans totaling \$9.3 million. D&B data for 2023 provided a standard of comparison for the sampled small business loans.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. However, examiners emphasized performance relative to the number of originations, as it is a better indicator of the number of individuals and small businesses served. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners evaluated loans extended within the AA.

For the CD Test, institution management provided data on CD loans, qualified investments, including donations, and CD services since the prior evaluation.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Planters demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance within the Clarksville TN-KY MSA AA primarily support this conclusion.

### **LTD Ratio**

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 93.2 percent over the past 12 calendar quarters from September 30, 2021, to June 30, 2024. The ratio ranged from a low of 81.8 percent as of December 31, 2021, to a high of 99.4 percent as of March 31, 2024. The ratio gradually increased during the evaluation period. Examiners selected similarly situated institutions (SSI) based on their asset size, geographic location, and lending focus. As illustrated in the following table, Planters maintained an average LTD ratio comparable to those institutions, which ranged from 63.6 percent to 96.1 percent during the evaluation period.

<b>LTD Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets as of 6/30/2024 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Planters Bank, Inc.</b>	<b>1,828,263</b>	<b>93.2</b>
SSI #1	1,789,530	96.1
SSI #2	1,726,727	84.8
SSI #3	1,845,172	84.3
SSI #4	1,739,081	63.6
<i>Source: Reports of Condition and Income 9/30/2021 - 6/30/2024.</i>		

### **Assessment Area Concentration**

Planters made a majority of home mortgage and sampled small business loans by both number and dollar volume, inside its AAs. The following table displays lending activity inside and outside the AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2021	285	74.4	98	25.6	383	88,512	68.8	40,201	31.2	128,713
2022	368	74.6	125	25.4	493	178,521	60.7	115,730	39.3	294,251
2023	309	81.7	69	18.3	378	120,650	85.1	21,091	14.9	141,741
<b>Total</b>	962	76.7	292	23.3	1,254	387,683	68.7	177,022	31.3	564,705
Small Business										
2023	50	83.3	10	16.7	60	7,670	82.8	1,592	17.2	9,262
<i>Source: Institution Data. Due to rounding, totals may not equal 100.0%.</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. This conclusion is supported by reasonable performance in the Clarksville TN-KY MSA AA, due to no LMI tracts within the Kentucky Non-MSA AA. This performance criterion only considers loans extended within the institution’s AAs, and examiners focused on the percentage by number of loans made within LMI tracts. Refer to subsequent sections for conclusions in each AA.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including LMI borrowers, and businesses of different sizes. This conclusion is supported by reasonable performance in both AAs. Examiners focused on the percentage by number of home mortgage loans to LMI borrowers and on the percentage by number of small business loans to businesses with gross annual revenues (GARs) of \$1 million and less. Refer to subsequent sections for conclusions in each AA.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

Planters demonstrates adequate responsiveness to the CD needs of its AAs through CD loans, qualified investments, including donations, and CD services. Examiners considered the institution’s capacity, and the need and availability of such opportunities. In addition, examiners analyzed performance among four SSIs for comparison purposes. Examiners selected SSIs based on asset size, geographic location, and lending focus. Performance is consistent throughout the Clarksville, TN-KY MSA and Kentucky Non-MSA. As previously mentioned, greater weight was placed on the Clarksville, TN-KY MSA AA. Refer to subsequent sections of this evaluation for specific AA performance.

**Community Development Loans**

Planters originated 41 CD loans totaling \$175.8 million within the evaluation period. Of these 41 loans, 35 CD loans totaling \$143.2 million were made within the AAs.

Considering CD loans extended in the AAs, the institution’s level of lending activity represents 7.8 percent of total assets and 9.3 percent total loans. Planters’ performance is consistent with CD lending levels of SSIs, which ranged from 5.5 to 11.6 percent of total assets and 5.4 to 19.9 percent of total loans. Planters demonstrated a reasonable responsiveness to opportunities to make and extend CD loans in the AAs; therefore, examiners considered loans made outside the AAs but extended within the broader statewide or regional area. Planters made six loans outside the AA, totaling \$32.6 million.

A detailed discussion of lending activities is provided in subsequent sections. The following table displays the institution's overall CD lending activity by AA and purpose.

Community Development Lending by AA								
AA	Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Clarksville TN-KY MSA	3	36,196	22	40,204	9	61,936	34	138,336
Kentucky Non-MSA	1	1,863	0	-	0	-	1	1,863
<b>TOTAL IN AAs</b>	<b>4</b>	<b>38,059</b>	<b>22</b>	<b>40,204</b>	<b>9</b>	<b>61,936</b>	<b>35</b>	<b>140,199</b>
Regional or Statewide Activities	0	-	1	1,350	5	31,280	6	32,630
<b>Total</b>	<b>4</b>	<b>38,059</b>	<b>23</b>	<b>41,554</b>	<b>14</b>	<b>93,216</b>	<b>41</b>	<b>172,829</b>
<i>Source: Institution data.</i>								

Notable examples of regional activities include:

- In 2022, Planters originated a \$13.5 million loan for a mixed-use facility consisting of restaurant space, retail space, and living spaces in a low-income tract. This building created jobs for low-income individuals and revitalized and stabilized the area.
- In 2022, Planters originated a \$3.8 million loan to purchase 18 townhomes located in a moderate-income census tract, and an Opportunity Zone, providing housing opportunities in a moderate-income area, helping to revitalize and stabilize the area.

**Qualified Investments**

Planters made or retained eight CD investments totaling approximately \$3.1 million. This total includes six qualified investments totaling \$2.3 million made in prior periods. The dollar amount of qualified investments equaled 0.2 percent of total assets and 1.2 percent of total securities. Donations totaling \$167,934 were funded during the evaluation period. The institution qualified investment activities decreased since the prior evaluation, at which time investments totaled \$9.5 million, and represented 0.7 percent of the institution’s total assets and 4.4 percent of total securities. Planters’ performance trails SSIs based on total assets whose activity ranged from 0.4 to 2.2 percent and is comparable to SSIs based on total securities which ranged from 3.04 to 26.3 percent.

Most of the investments supported community services, economic development, and revitalizing and stabilizing distressed or underserved middle-income tracts. These investments also support needs identified by the community contacts.

Qualified Investments by AA										
AA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Clarksville TN-KY MSA	1	1	33	115	16	2,998	1	12	51	3,126
Kentucky Non-MSA	0	-	2	1	0	-	1	1	3	2
<b>Total</b>	<b>1</b>	<b>1</b>	<b>35</b>	<b>116</b>	<b>16</b>	<b>2,998</b>	<b>2</b>	<b>13</b>	<b>54</b>	<b>3,128</b>

*Source: Institution data.*

**Community Development Services**

During the evaluation period, institution officers and employees provided 87 instances of CD services. Planters’ performance was comparable when considering analysis of SSIs, which ranged from 69 instances to 434 instances of CD services. A detailed discussion of service activities is provided in subsequent sections. The following table provides an overview of these services by AA and purpose.

Community Development Services by AA					
AA	Affordable Housing	Community Service	Economic Development	Revitalize or Stabilize	Totals
Clarksville TN-KY MSA	7	57	9	3	76
Kentucky Non-MSA	-	11	-	-	11
<b>Total</b>	<b>7</b>	<b>68</b>	<b>9</b>	<b>3</b>	<b>87</b>

*Source: Institution Data.*

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The institution’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.

**CLARKSVILLE TN-KY MSA AA – Full-Scope Review**

**CRA RATING FOR CLARKSVILLE TN-KY MSA AA: SATISFACTORY**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CLARKSVILLE TN-KY MSA AA**

Examiners conducted a full-scope review of the Clarksville TN-KY MSA AA, which consists of the entirety of Christian County, KY, and Montgomery County, TN. The institution operates its main office in this AA, within Christian County, KY. This AA consists of whole tracts, does not

arbitrarily exclude LMI tracts, and includes all tracts containing the institution’s branches and deposit-taking ATMs. This AA contains 7 of 12 full-service branches or 58.3 percent, 87.4 percent of the number of originated home mortgage and small business loans, and 84.5 percent of its total deposits.

**Economic and Demographic Data**

Based on 2020 U.S. Census Data, the Clarksville TN-KY MSA AA is comprised of 67 census tracts. These tract income designations are as follows: 4 low-income, 17 moderate-income, 25 middle-income, 18 upper-income, and 3 with no income designation. The following table illustrates select demographic characteristics of the AA.

<b>Demographic Information of the Clarksville TN-KY MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	67	6.0	25.4	37.3	26.9	4.5
Population by Geography	292,817	3.6	23.0	41.1	30.8	1.6
Housing Units by Geography	112,703	4.8	25.3	40.8	29.1	0.0
Owner-Occupied Units by Geography	57,676	2.2	16.3	43.1	38.4	0.0
Occupied Rental Units by Geography	43,027	7.2	36.0	39.1	17.7	0.0
Vacant Units by Geography	12,000	9.2	29.7	36.2	24.9	0.0
Businesses by Geography	23,817	4.9	28.8	34.8	30.9	0.6
Farms by Geography	1,077	2.4	13.1	44.0	40.4	0.1
Family Distribution by Income Level	70,606	20.5	18.7	20.9	39.9	0.0
Household Distribution by Income Level	100,703	21.8	16.7	19.2	42.2	0.0
Median Family Income MSA - 17300 Clarksville, TN-KY MSA	\$65,849	Median Housing Value				\$154,270
Families Below Poverty Level	10.7%	Median Gross Rent				\$960

*Source: 2020 U.S. Census and 2023 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.*

Of the businesses operating in the AA, 90.7 percent of businesses had GARs of \$1 million or less, 1.8 percent with GARs of more than \$1 million, and 7.5 percent with unknown revenues. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Services represent the largest portion of businesses at 31.8 percent, followed by non-classifiable establishments at 27.2 percent, and retail trade at 11.7 percent. In addition, 59.6 percent of area businesses have four or fewer employees, and 92.6 percent operate from a single location, indicating an opportunity to lend to small businesses.

Data obtained from the U.S. Bureau of Labor Statistics indicates the July 2024 unemployment rate, the most current data available, was 4.5 percent in the Clarksville TN-KY MSA AA. The MSA rate was slightly above the national rate of 4.3 percent. Unemployment has increased within the MSA during the review period based upon the average annual rates for 2023 and year-to-date 2024.

This evaluation uses the FFIEC updated Median Family Income (MFI) to analyze the home mortgage loans under the Borrower Profile criterion and the 2023 MFI ranges are illustrated in the following table.

MFI Ranges Clarksville, TN-KY MSA AA				
MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$73,500)	<\$36,750	\$36,750 to <\$58,800	\$58,800 to <\$88,200	≥\$88,200
<i>Source: FFIEC</i>				

**Competition**

Planters operates in a moderately competitive environment, with many competing institutions, including national banks and credit unions, as well as finance companies. The FDIC’s Deposit Market Share data as of June 30, 2023, provides some measurement of the competition. According to the data, 17 financial institutions operate 69 full-service branches within the Clarksville, TN-KY MSA AA. Planters holds 22.1 percent of the deposits in the AA.

There is a moderate level of competition for home mortgage loans among several institutions, credit unions, and non-depository mortgage lenders. According to 2023 HMDA aggregate data, 442 lenders reported 14,418 residential mortgage loans originated or purchased in the AA.

Planters is not required to collect or report its small business loan data, and it has not elected to do so. However, the aggregate data reflects the level of demand for small business loans. The aggregate data for 2022, which is the most current data available, shows 77 institutions reported 4,420 small business loans in the AA, indicating a moderate degree of competition for this product.

**Community Contact**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also provides information on the available credit and CD opportunities.

Examiners reviewed a recent contact with a representative from local CD organization. This organization is working to build and redevelop affordable new homes for the LMI population. The contact stated the area needs affordable housing, as new homes are not affordable to LMI families. The contact also stated there are not enough loans targeted to those who do not have credit, which limits the accessibility to home mortgage financing.

**Credit and Community Development Needs and Opportunities**

Considering information obtained from the community contact, institution management, demographic and economic data, examiners determined that home mortgage and small business loans represent primary credit needs for the AA. Further, the AA has CD needs including affordable housing and economic development. Opportunity exists for originating such loans.

## SCOPE OF EVALUATION – CLARKSVILLE TN-KY MSA AA

Examiners provide the greatest weight to Planter’s performance within the Clarksville TN-KY MSA given the significant volume of loans and deposits with this rated area. Refer to the overall scope of the evaluation for further details.

### CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CLARKSVILLE TN-KY MSA AA

#### LENDING TEST

Planters demonstrated reasonable performance under the Lending Test in this AA. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

#### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Clarksville, TN-KY MSA AA. The institution’s performance of home mortgage and small business lending supports this conclusion. As stated previously the home mortgage loans received greater weight. Examiners focused on the percentage by number of loans in LMI census tracts.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. In 2023, lending in the low-income tracts significantly exceeded aggregate performance and demographic data. The institution’s performance in the moderate-income tracts is similar to aggregate and is considered reasonable based upon these comparisons.

<b>Geographic Distribution of Home Mortgage Loans Clarksville, TN-KY MSA AA</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	2.2	2.0	21	8.2	1,848	1.6
Moderate	16.3	16.7	47	18.4	10,134	9.0
Middle	43.1	46.4	88	34.4	25,336	22.5
Upper	38.4	34.9	100	39.1	75,382	66.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>256</b>	<b>100.0</b>	<b>112,700</b>	<b>100.0</b>

Source: 2020 U.S. Census; Institution Data; and 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

#### *Small Business Loans*

Planters geographic distribution of small business loans reflects reasonable dispersion within the LMI tracts in the AA. In 2023, the institution’s performance was substantially above the business population in the low-income tracts, and below the business population in the moderate-income tracts. The following table presents the institution’s lending performance in each tract income category.

<b>Geographic Distribution of Small Business Loans Clarksville, TN-KY MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	4.9	4	9.3	921	13.8
Moderate	28.8	9	20.9	449	6.7
Middle	34.8	13	30.2	2,715	40.6
Upper	30.9	17	39.5	2,603	38.9
Not Available	0.6	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>6,688</b>	<b>100.0</b>

*Source: 2023 D&B Data and Institution Data. Due to rounding, totals may not equal 100.0%.*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The institution’s performance in home mortgage and small business lending supports this performance conclusion. Examiners focused on the percentage by number of home mortgage loans to LMI borrowers and the percentage by number of small business loans to businesses with GARs of \$1 million or less.

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

Home mortgage loans by borrower income level reflects reasonable penetration within the AA. In 2023, the institution’s lending to low-income borrowers was comparable to the aggregate data and well below the demographic data. However, families in the AA with below poverty incomes was approximately 10.7 percent, and this population is considered when evaluating the institution’s lending in comparison to the demographic data. Having an income below poverty incomes can make it more difficult to afford a mortgage and maintain a home. Therefore, the aggregate data comparison is given more weight and provides a better illustration of loan demand in that income segment. The institution’s lending to moderate-income borrowers was below the aggregate and demographic data. The following table presents the institution’s lending performance by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Clarksville, TN-KY MSA AA</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	20.5	2.0	8	3.1	294	0.3
Moderate	18.7	10.6	16	6.3	711	0.6
Middle	20.9	26.5	27	10.5	2,179	1.9
Upper	39.9	38.3	139	54.3	36,409	32.3
Not Available	0.0	22.5	66	25.8	73,108	64.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>256</b>	<b>100.0</b>	<b>112,700</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2023 HMDA Aggregate Data; and Institution Data. Due to rounding, totals may not equal 100.0%.*

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

The distribution of the sampled small business loans reflects reasonable penetration among businesses of different sizes. In 2023, the percentage of the loans originated to businesses with GARs of \$1 million and less was below the business population in that revenue range. It is not unexpected for the institution's lending to be lower than the business population given that not all businesses will utilize small business loans for borrowing needs. Some will seek financing through other credit products, and many will not borrow at all.

Though Planters is not required to collect or report small business data and has not elected to do so, aggregate performance data provides information on the lending activity of reporting institutions in the AA. Examiners determined that historical aggregate performance within the AA is significantly less than the percent of business with GARs less than or equal to \$1 million. For example, 2022 aggregate small business data, the most current data available, was 57.7 percent compared to 90.7 percent of businesses with GARs less than or equal to \$1 million. Planters' performance is comparable to aggregate performance of reporting institutions lending within the AA. The following table illustrates the distribution of small business loans by revenue level in the AA.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Clarksville, TN-KY MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	90.7	24	55.8	3,491	52.2
>\$1,000,000	1.8	19	44.2	3,197	47.8
Revenue Not Available	7.5	0	0.0	0	0.0
Total	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>6,688</b>	<b>100.0</b>

*Source: 2023 D&B Data; and Institution Data. Due to rounding, totals may not equal 100.0%.*

### **COMMUNITY DEVELOPMENT TEST**

Planters demonstrated adequate responsiveness to the CD needs of the Clarksville, TN-KY MSA AA through CD loans, qualified investments, including donations, and CD services. Examiners considered the institution's capacity, and the need and availability of such opportunities.

#### **Community Development Lending**

Planters originated 34 CD loans totaling approximately \$138.3 million inside the AA during the evaluation period, trailing the prior evaluations volume and dollar amount of 79 loans totaling approximately \$196.1 million. Planters originated loans for community services, economic development, and revitalize or stabilize, with most loans by number qualifying for an economic development purpose. The following table illustrates the institution's CD loans by year and purpose.

Community Development Lending Clarksville, TN-KY MSA AA								
Year	Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	-	1	1,500	2	13,200	3	14,700
2022	2	33,287	11	21,133	6	45,549	19	99,969
2023	0	-	8	16,123	1	3,187	9	19,310
2024 (YTD)	1	2,909	2	1,448	0	-	3	4,357
<b>Total</b>	<b>3</b>	<b>36,196</b>	<b>22</b>	<b>40,204</b>	<b>9</b>	<b>61,936</b>	<b>34</b>	<b>138,336</b>
<i>Source: Institution Data</i>								

The following is a notable example of a qualifying loan within this AA:

- In 2022, Planters originated a loan of approximately \$1 million to fund the purchase of 12 single family residences, one duplex, one triplex, and two multi-family investment properties in LMI tracts in Hopkinsville (Economic Development).

### Qualified Investments

Planters made eight qualified investments totaling approximately \$3.0 million, and 43 donations totaling approximately \$166,000 within the AA. Of the eight investments, six were prior period investments held by the institution, while two new investments were purchased during the current evaluation period. All the investments benefited economic development efforts and most of the donation's benefits community services within the AA. This overall activity represents a decrease from the prior evaluations, in which the institution made 19 CD investments totaling approximately \$5.0 million. The following table illustrates the institution's investments by year and purpose.

Qualified Investments Clarksville TN-KY MSA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	6	2,340	-	-	6	2,340
2022	-	-	-	-	2	620	-	-	2	620
<b>Subtotal</b>	-	-	-	-	<b>8</b>	<b>2,960</b>	-	-	<b>8</b>	<b>2,960</b>
Donations	1	1	33	115	8	38	1	12	43	166
<b>Total</b>	<b>1</b>	<b>1</b>	<b>33</b>	<b>115</b>	<b>16</b>	<b>2,998</b>	<b>1</b>	<b>12</b>	<b>51</b>	<b>3,126</b>
<i>Source: Bank Data</i>										

Notable examples of these activities include:

- In 2022, Planters purchased a \$365,000 bond to help revitalize and stabilize flooding within a designated disaster area (Revitalize and Stabilize).
- In 2022 and 2023, Planters made a \$3,750 donation each year to the sponsor a festival supporting LMI individuals by assisting with housing needs, prevent slums and blight, and promote economic development and neighborhood revitalization. (Community Service).

**Community Development Services**

During the evaluation period, officers and employees provided 76 instances of CD services and financial expertise within the AA. This activity is a decrease from the prior evaluation, in which the institution included 290 instances of CD services. The following table illustrates the institution’s services by year and purpose.

<b>Community Development Services Clarksville KY-TN MSA AA</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Service</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
2021 (partial)	-	2	-	-	2
2022	1	22	2	3	28
2023	4	27	1	-	32
2024 (YTD)	2	6	6	-	14
<b>Total</b>	<b>7</b>	<b>57</b>	<b>9</b>	<b>3</b>	<b>76</b>

Source: Institution Data.

A notable example of these services includes multiple employees serving as instructors and mentors for an institution sponsored financial literacy program.

**STATE OF KENTUCKY NON-MSA AA – Full-Scope Review**

**CRA RATING FOR THE STATE OF KENTUCKY NON-MSA AA: SATISFACTORY**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE KENTUCKY  
NON-MSA AA**

Examiners conducted a full-scope review of the Kentucky Non-MSA AA, which consists of Caldwell, Union, and Webster Counties, as well as tract 9711 in Hopkins County. This AA consists of whole census tracts, does not arbitrarily exclude LMI tracts, and includes all census tracts containing the institution’s branches and deposit-taking ATMs. This AA contains 5 of the 12 full-service branches or 41.6 percent, 16.7 percent by number of originated home mortgage and small business loans, and 15.5 percent of the institution’s total deposits.

**Economic and Demographic Data**

Based on 2020 U.S. Census Data, the Kentucky Non-MSA AA is comprised of 13 census tracts. These tract income designations are as follows: nine middle-income and four upper-income. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area Kentucky Non-MSA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	13	0.0	0.0	69.2	30.8
Population by Geography	42,402	0.0	0.0	75.5	24.5
Housing Units by Geography	20,242	0.0	0.0	75.7	24.3
Owner-Occupied Units by Geography	12,124	0.0	0.0	73.1	26.9
Occupied Rental Units by Geography	4,701	0.0	0.0	81.2	18.8
Vacant Units by Geography	3,417	0.0	0.0	77.4	22.6
Businesses by Geography	3,176	0.0	0.0	74.8	25.2
Farms by Geography	377	0.0	0.0	72.1	27.9
Family Distribution by Income Level	11,545	16.7	17.4	19.6	46.2
Household Distribution by Income Level	16,825	21.5	15.1	17.7	45.7
Median Family Income Non-MSAs - KY		\$54,327	Median Housing Value		\$86,733
Families Below Poverty Level		12.6%	Median Gross Rent		\$618

*Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%.*

Of the businesses operating in the AA, 84.1 percent of businesses have GARs of \$1 million or less, 3.2 percent with GARs more than \$1 million, and 12.7 percent with unknown revenues. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Services represent the largest portion of businesses at 30.0 percent, followed by non-classifiable establishments at 19.8 percent, and retail trade at 11.5 percent. In addition, 62.9 percent of area businesses have four or fewer employees, and 88.9 percent operate from a single location, indicating an opportunity to lend to small businesses.

Data obtained from the U.S. Bureau of Labor Statistics indicates the July 2024 unemployment rate, the most current data available, for the State of Kentucky was 4.7 percent and the average for the four counties included in the Kentucky Non-MSA AA was 5.8 percent. The national rate was 4.3 percent, which is less than the statewide and AA rates. Unemployment within AA remained stable during the review period based upon the average annual rates for 2022 and 2023. Unemployment has increased within the Kentucky Non-MSA AA during the review period based upon the average annual rates for 2023 and year-to-date 2024.

This evaluation uses the FFIEC-updated MFI ranges to analyze the home mortgage loans under the Borrower Profile criterion and the 2023 MFI ranges are illustrated in the table below.

MFI Ranges Kentucky Non-MSA				
MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$64,900)	<\$32,450	\$32,450 to <\$51,920	\$51,920 to <\$77,880	≥\$77,880

*Source: FFIEC*

### **Competition**

Planters operates in a moderately competitive environment, with many competing institutions, including national banks and credit unions, as well as finance companies. The FDIC's Deposit Market Share data as of June 30, 2024, provides some measurement of the competition. According to the data, 14 financial institutions operate 35 full-service branches within the Kentucky Non-MSA AA. Planters holds 11.1 percent of the deposits in the AA.

There is a moderate level of competition for home mortgage loans among several institutions, credit unions, and non-depository mortgage lenders. According to 2023 HMDA aggregate data, 108 lenders reported 794 residential mortgage loans originated or purchased.

Planters is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans in the AA and is therefore included. Aggregate data for 2022, which is the most current data available, shows 48 institutions reported 1,191 small business loans in the AA, indicating a moderate degree of competition for this product.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also provides information on the available credit and CD opportunities.

Examiners reviewed a recent community contact knowledgeable of the area's economy to help assess the current economic conditions, community credit needs, and potential opportunities for institution involvement. The contact indicated that current economic conditions in the area are slowly improving. However, the area needs more grocery stores and restaurants. The contact also noted the significant needs in the area include affordable housing for LMI individuals, as well as additional resources devoted to aid small businesses in development.

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

Considering information obtained from the community contact, institution management, demographic and economic data, examiners determined that home mortgage and small business loans represent primary credit needs for the AA. Further, the AA has CD needs including affordable housing and economic development. Opportunity exists for originating such loans.

## **SCOPE OF EVALUATION – KENTUCKY NON-MSA AA**

Examiners provide the least weight to Planter's performance within the Kentucky Non-MSA given the limited volume of loans and deposits with this rated area. Refer to the overall scope of the evaluation for further details.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KENTUCKY NON-MSA

### LENDING TEST

Planters demonstrated reasonable performance under the Lending Test in this AA. Borrower Profile performance primarily support this conclusion.

### Geographic Distribution

The AA does not include any LMI geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion.

### Borrower Profile

#### *Home Mortgage Loans*

Home mortgage loans by borrower income level reflects reasonable penetration within the AA. The institution's lending to low-income borrowers was slightly above the aggregate data by 1.7 points and significantly below the demographic data. However, families in the AA with below poverty incomes equaled 12.6 percent, and this population is considered when evaluating the institution's lending in comparison to the demographic data. Having an income below poverty can make it more difficult to afford a mortgage and maintain a home. Therefore, the aggregate data comparison is given more weight and provides a better illustration of loan demand in that income segment. The institution's lending to moderate-income borrowers was also slightly above the aggregate data by 1.6 points and comparable to the demographic.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Kentucky Non-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	16.7	4.6	3	5.7	209	2.6
Moderate	17.4	15.4	9	17.0	764	9.6
Middle	19.6	22.4	8	15.1	742	9.3
Upper	46.2	43.0	26	49.1	4,503	56.6
Not Available	0.0	14.7	7	13.2	1,732	21.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>7,950</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Institution Data; and 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

#### *Small Business Loans*

The distribution of the sampled small business loans reflects reasonable penetration among businesses of different sizes. In 2023, the percentage of the loans originated to businesses with GARs of \$1 million and less was comparable to the business population in that revenue range. The following table illustrates the distribution of small business loans by revenue level in the AA.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category KY Non-MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	84.1	6	85.7	432	44.0
>\$1,000,000	3.1	1	14.3	550	56.0
Revenue Not Available	12.8	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>982</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data and Institution Data. Due to rounding, totals may not equal 100.0%.</i>					

## **COMMUNITY DEVELOPMENT TEST**

The institution demonstrates adequate responsiveness to the CD needs of the AA through CD loans, qualified investments, and CD services, as appropriate. Examiners considered the institution’s capacity and the need and availability of such opportunities for CD in the AA.

### **Community Development Lending**

Planters originated one CD loan in 2024 totaling approximately \$1.9 million inside the AA during the evaluation period to revitalize or stabilize the AA. This activity is a significant increase, by dollar, from the prior evaluations, in which the institution’s CD lending included one loan totaling \$500,000 for economic development.

<b>Community Development Lending Kentucky Non-MSA</b>				
<b>Year</b>	<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2024 (YTD)	1	1,863	1	1,863
<b>Total</b>	<b>1</b>	<b>1,863</b>	<b>1</b>	<b>1,863</b>
<i>Source: Bank Data</i>				

### **Qualified Investments**

Planters did not maintain or purchase any investments within the Kentucky Non-MSA AA in the evaluation period; however, the institution made 3 donations totaling approximately \$2,000. The donations benefited revitalization/stabilization and community service efforts. This activity is a significant decrease from the prior evaluations, in which the institution’s CD investments included 11 investments totaling \$3.4 million and no qualifying grants or donations. The following table illustrates the institution’s donations by purpose.

<b>Qualified Investments Kentucky Non-MSA</b>						
<b>Year</b>	<b>Community Services</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>
Donations	2	1	1	1	3	2
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>

*Source: Institution Data.*

### **Community Development Services**

During the evaluation period, officers and employees provided 11 instances of CD services and financial expertise within the AA. This activity is a decrease from the prior evaluations, in which the institution provided 58 instances of CD services. The following table illustrates the institution’s services by year and purpose.

<b>Community Development Services Kentucky Non-MSA</b>		
<b>Year</b>	<b>Community Service</b>	<b>Totals</b>
2022	2	2
2023	9	9
<b>Total</b>	<b>11</b>	<b>11</b>

*Source: Institution Data.*

A notable example of these services includes multiple employees providing financial literacy training to students enrolled in local community schools.

## APPENDICES

### INTERMEDIATE SMALL INSTITUTION PERFORMANCE CRITERIA

#### Lending Test

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

- 1) The institution'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 institution's assessment area(s);
- 3) The geographic distribution of the institution's loans;
- 4) The institution'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 institution'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 institution provides community development services; and
- 4) The institution's responsiveness through such activities to community development lending, investment, and service needs.

### SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Clarksville, TN-KY MSA	Satisfactory	Satisfactory	Satisfactory
State of Kentucky	Satisfactory	Satisfactory	Satisfactory

## 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 institution 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 institutions 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 institutions, 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.