



## **PUBLIC DISCLOSURE**

AUGUST 05, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**ADRIAN BANK  
RSSD# 94858**

**130 EAST MAIN STREET  
ADRIAN, MISSOURI 64720**

**Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of 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'S COMMUNITY REINVESTMENT ACT RATING

Adrian Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and the credit needs of its assessment area (AA).
- A majority of the bank's loans are originated inside the AA.
- An excellent dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes.
- Neither the bank nor The Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's Kansas City Metropolitan AA. The following data was reviewed:

- The bank's 16-quarter average NLTD ratio;
- A statistical sample of 97 commercial loans from a universe of 185 and 130 agricultural loans from a universe of 362 originated between January 1, 2018 and December 31, 2018; and,
- A statistical sample of 86 motor vehicle secured consumer loans from a universe of 150 originated between July 1, 2018 and December 31, 2018.
- Agricultural lending was weighted more heavily than the other products due to the bank's strategic focus on the product.

## DESCRIPTION OF INSTITUTION

Adrian Bank is a community bank headquartered in Adrian, Missouri. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Adrian Bancshares, Inc.
- The bank has total assets of \$142.5 million as of December 31, 2018.

- In addition to its main office in Adrian, Missouri, the bank operates two full-service branches located in Archie and Butler, Missouri.
- The bank operates three cash-dispensing only automatic teller machines (ATMs), one in the Adrian office, one in the Butler Branch, and one stand-alone ATM at a convenience store in Archie.
- The bank's primary business focus is agricultural lending.

Loan Type	\$(000)	%
Agricultural	46,349	48.2
Commercial	28,785	29.9
Residential Real Estate	13,946	14.5
Consumer	6,948	7.2
Other	152	0.2
<b>Gross Loans</b>	<b>96,180</b>	<b>100.0</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its previous June 1, 2015 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

### **DESCRIPTION OF ASSESSMENT AREA**

The bank's AA is comprised of the counties of Bates and Cass, which are located within the Kansas City, MO-KS Metropolitan Statistical Area (MSA), in their entirety (see Appendix A for an AA map).

- The AA consists of 7 moderate-, 15 middle-, and 2 upper-income census tracts.
- Cass County, located in the northern portion of the AA, is suburban in nature and shares many characteristics with the MSA. The two upper-income census tracts are located on the northern portion of the county in the towns of Raymore and Lake Winnebago, Missouri, which are approximately 30 miles from the bank's nearest branch location in Archie.
- Bates County, located in the southern portion of the AA, is mostly rural and is similar economically and demographically to the nonmetropolitan areas of the state.
- According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked 4<sup>th</sup> out of 19 FDIC-insured institutions in the AA, with 7.4 percent market share.
- To further augment the evaluation, two interviews with members of the community within the bank's AA were conducted to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local

economic conditions. Representatives from an economic development organization and a municipal government were interviewed.

<b>TABLE 2 POPULATION CHANGE</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Bates County	17,049	16,643	(2.4)
Cass County	99,478	100,781	1.3
Kansas City, MO-KS MSA	2,009,342	2,055,675	2.3
State of Missouri	5,988,927	6,045,448	0.9

*Source: 2010 U.S. Census Bureau Decennial Census  
2011-2015 U.S. Census Bureau: American Community Survey*

- Overall, the bank’s AA population growth has been relatively stagnant since 2010, which is consistent with the state of Missouri.
- However, population growth in the MSA slightly outpaced the bank’s AA, as well as the overall state of Missouri population growth.

<b>TABLE 3 MEDIAN FAMILY INCOME CHANGE</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Bates County	50,614	53,598	5.9
Cass County	67,426	71,696	6.3
Kansas City, MO-KS MSA	68,846	72,623	5.5
State of Missouri	57,661	60,809	5.5

*Source: 2006-2010 U.S. Census Bureau: American Community Survey  
2011-2015 U.S. Census Bureau: American Community Survey*

- The AA median household income was \$58,664 with the figures for the counties of Bates and Cass individually at \$41,060 and \$61,584, respectively.
- Within the AA, 10.7 percent of households live below the poverty line which aligns with the figure for Cass County specifically, at 9.5 percent. However, the figure for Bates County is higher at 17.0 percent.
- A member of the community confirmed that Bates County has an aging population who live on fixed income and receive public assistance.

**TABLE 4  
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Bates County	102,000	103,700	1.7	614	608	(1.0)
Cass County	152,900	159,600	4.4	863	910	5.4
Kansas City, MO-KS MSA	158,603	159,473	0.5	760	844	11.1
State of Missouri	137,700	138,400	0.5	667	746	11.8

Source: 2006-2010 U.S. Census Bureau: American Community Survey  
2011-2015 U.S. Census Bureau: American Community Survey

- Cass County housing values have increased, outpacing Bates County, the Kansas City, MO-KS MSA, and state of Missouri figures. This variance is primarily due to the newer housing stock in Cass County, with a median age of 27 years compared to 41 years in Bates County. The age of Bates County's housing stock is more in line with the MSA and state of Missouri figures, at 40 years. Additionally, in Bates County, 21.6 percent of the housing stock was built prior to 1950 compared to only 7.5 percent in Cass County.

**TABLE 5  
UNEMPLOYMENT RATES**

Region	2014	2015	2016	2017	2018
Bates County	7.1	6.1	5.4	4.5	3.8
Cass County	5.7	4.8	4.2	3.5	3.1
State of Missouri	6.1	5.0	4.6	3.8	3.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment in the AA has steadily fallen since the bank's prior performance evaluation.
- However, a community representative indicated a large manufacturing employer recently left Bates County, resulting in significant job loss and driving residents out of the community.
- The primary industries in the AA are healthcare, manufacturing, food service, and retail. Some of the major employers include the local school districts, hospitals, and Walmart Supercenters.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated

institutions were selected based on asset size, market share, and the area where they are located. The bank's NLTD ratio is reasonable as it is comparable to the NLTD ratios of the four similarly situated institutions.

<b>TABLE 6 COMPARATIVE NLTD RATIOS</b>			
<b>Institution</b>	<b>Location</b>	<b>Asset Size (\$000s)</b>	<b>NLTD Ratio (%)</b>
			<b>16-Quarter Average</b>
<b>Adrian Bank</b>	Adrian, Missouri	142,544	71.7
Citizens Bank	Butler, Missouri	121,225	98.1
Community Bank	Pleasant Hill, Missouri	71,535	59.6
Community First Bank	Butler, Missouri	180,413	91.0
Sherwood Community Bank	Creighton, Missouri	47,173	71.4

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the delineated AA. A majority of the bank's loans, by number and dollar, are originated inside the AA.

<b>TABLE 7 LENDING INSIDE AND OUTSIDE THE AA</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>
<b>Motor Vehicle Loans</b>	76	814	88.4	89.9	10	91	11.6	10.1
<b>Small Business Loans</b>	86	4,784	88.7	87.6	11	680	11.3	12.4
<b>Small Farm Loans</b>	121	4,588	93.1	91.9	9	406	6.9	8.1
<b>Total Loans</b>	283	10,186	90.4	89.6	30	1,177	9.6	10.4

*Note: Percentages may not add to 100.0 percent due to rounding.*

**Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts. The bank's geographic distribution of loans reflects excellent dispersion among the different census tracts within the AA given the bank's location, focus, and strategy.

**Small Business Lending**

The geographic distribution of small business lending is excellent. Lending by number and dollar volume in moderate-income census tracts exceeded the demographic figure. Lending in middle-income census tracts was lower than the demographic figure by number volume but comparable by dollar volume. No loans were made in the two upper-income census tracts in northern Cass

County. Additionally, when loan dispersion was evaluated, no gaps or lapses in lending were identified within the AA.

TABLE 8 DISTRIBUTION OF 2018 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	32	1,473	37.2	30.8	23.1
Middle	54	3,312	62.8	69.2	70.0
Upper	0	0	0.0	0.0	7.0

Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

### Small Farm Lending

The geographic distribution of small farm lending is excellent. Lending in the moderate-income census tracts was substantially higher than the demographic figure for both number and dollar volume of loans. The bank’s lending in middle- and upper-income census tracts was lower than the demographic figures.

Additionally, when loan dispersion was evaluated, no gaps or lapses in lending were identified within the AA.

TABLE 9 DISTRIBUTION OF 2018 SMALL FARM LENDING BY INCOME LEVEL OF GEOGRAPHY					
Census Tract Income Level	Bank Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	53	2,317	43.8	50.5	17.3
Middle	67	2,247	55.4	49.0	76.9
Upper	1	24	0.8	0.5	5.9

Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

### Motor Vehicle Secured Lending

The geographic distribution of motor vehicle secured lending is excellent. Lending in moderate-income census tracts was substantially higher than the demographic figure for both number and dollar volume of loans. Lending in middle-income census tracts was lower than the demographic figure, while no loans were made in upper-income census tracts.



Additionally, when loan dispersion was evaluated, no gaps or lapses in lending were identified within the AA.

<b>TABLE 10 DISTRIBUTION OF 2018 MOTOR VEHICLE SECURED LENDING BY INCOME LEVEL OF GEOGRAPHY</b>					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	33	365	43.4	44.8	24.1
Middle	43	449	56.6	55.2	68.2
Upper	0	0	0.0	0.0	7.7

Source: 2018 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

**Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes**

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses and farms of different revenue sizes. The bank’s lending has a reasonable penetration among individuals of different income levels and businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with revenues of \$1 million or less was comparable by number volume to the percentage of small businesses in the AA. While lending by dollar volume was lower than the demographic figure, the majority of loans to small businesses were smaller dollar loans of \$250,000 or less, indicating a willingness to meet the credit needs of small businesses. Typically, smaller entities do not have the need or the capacity to borrow large amounts.

**TABLE 11  
DISTRIBUTION OF 2018 SMALL BUSINESS LENDING  
BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	75	3,696	87.2	77.2	91.9
Over \$1 Million	8	879	9.3	18.4	6.2
Not Known	3	209	3.5	4.4	1.8
<b>Total</b>	<b>86</b>	<b>4,785</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	70	2,042	81.4	42.7	
\$100,001 – \$250,000	14	2,102	16.3	43.9	
\$250,001 – \$1 Million	2	641	2.3	13.4	
<b>Total</b>	<b>86</b>	<b>4,785</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	63	1,762	84.0	47.7	
\$100,001 – \$250,000	11	1,603	14.7	43.4	
\$250,001 – \$1 Million	1	331	1.3	9.0	
<b>Total</b>	<b>75</b>	<b>3,696</b>	<b>100.0</b>	<b>100.0</b>	
<i>Source: 2018 FFIEC Census Data 2018 Dun &amp; Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank’s lending to farms with revenues of \$1 million or less was comparable by number volume to the percentage of small farms in the AA. While lending by dollar volume was lower than the demographic figure, the vast majority of loans to small farms were smaller dollar loans of \$100,000 or less, indicating a willingness to meet the credit needs of small farms. Typically, smaller entities do not have the need or the capacity to borrow large amounts.

**TABLE 12  
DISTRIBUTION OF 2018 SMALL FARM LENDING  
BY REVENUE SIZE OF FARMS**

	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	116	4,051	95.9	88.3	96.5
Over \$1 Million	5	537	4.1	11.7	3.1
Not Known	0	0	0.0	0.0	0.4
<b>Total</b>	<b>121</b>	<b>4,588</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	110	2,564	90.9	55.9	
\$100,001 – \$250,000	9	1,390	7.4	30.3	
\$250,001 – \$500,000	2	634	1.7	13.8	
<b>Total</b>	<b>121</b>	<b>4,588</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	107	2,459	92.2	60.7	
\$100,001 – \$250,000	8	1,214	6.9	30.0	
\$250,001 – \$500,000	1	378	0.9	9.3	
<b>Total</b>	<b>116</b>	<b>4,051</b>	<b>100.0</b>	<b>100.0</b>	

Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

**Motor Vehicle Secured Lending**

The borrower distribution of motor vehicle secured lending is reasonable. The figures below indicate lower distribution among borrowers of different income levels when compared to demographic figures. However, a majority of the bank’s motor vehicle loans were originated to borrowers with unknown income. Lending to middle-income borrowers is comparable and lending to upper-income borrowers is significantly below the demographic figure.

**TABLE 13  
DISTRIBUTION OF 2018 MOTOR VEHICLE SECURED LENDING  
BY BORROWER INCOME LEVEL**

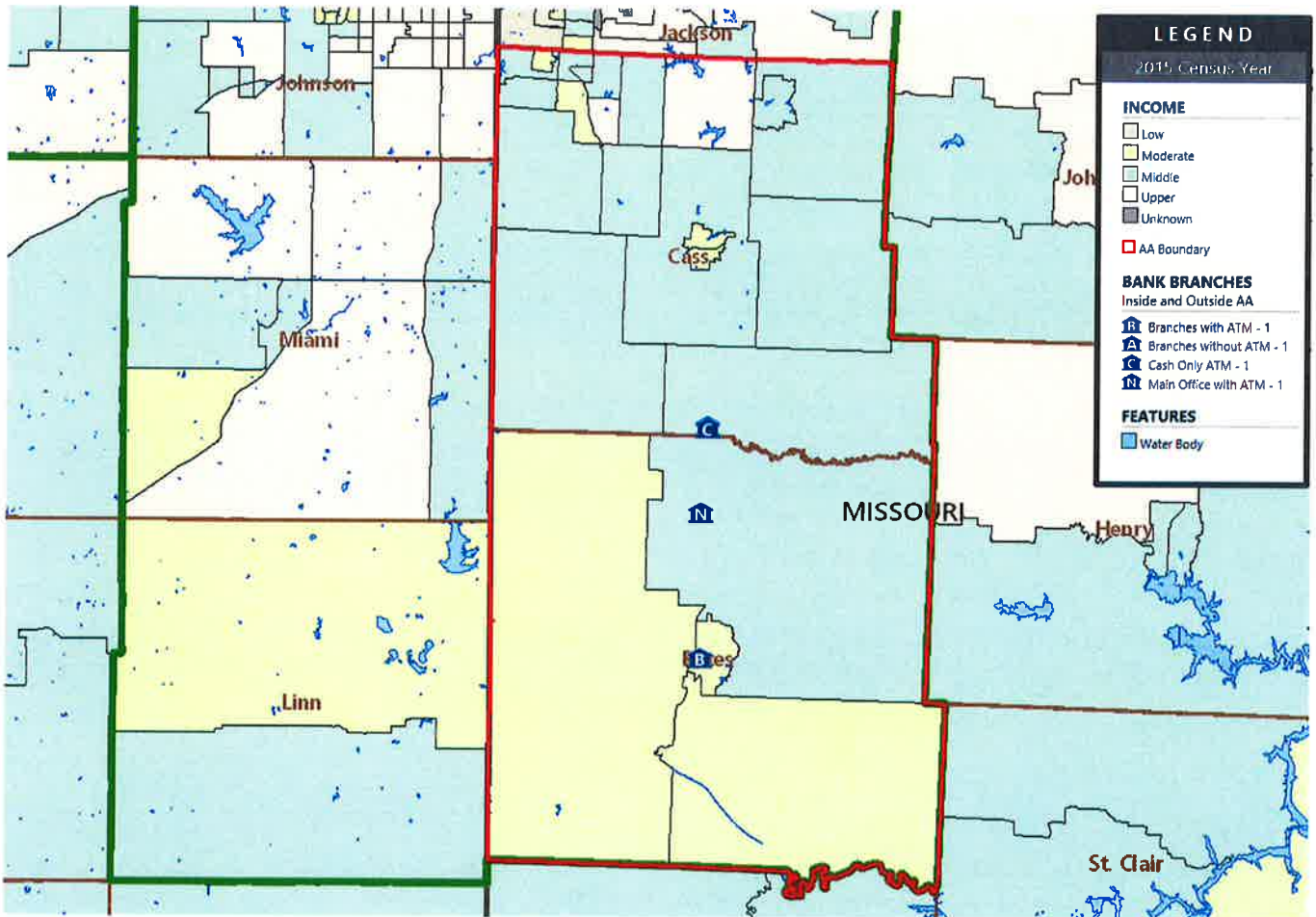
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	15	101	19.7	12.4	22.5
Moderate	7	121	9.2	14.8	16.1
Middle	5	108	6.6	13.3	19.4
Upper	4	65	5.3	8.0	42.0
Unknown	45	420	59.2	51.5	0.0

Source: 2018 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 due to rounding.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

2018 KANSAS CITY METROPOLITAN AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,889	21.4
Moderate	7	29.2	6,856	21.3	997	14.5	6,079	18.9
Middle	15	62.5	22,533	69.9	1,556	6.9	7,528	23.4
Upper	2	8.3	2,829	8.8	24	0.8	11,722	36.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>24</b>	<b>100.0</b>	<b>32,218</b>	<b>100.0</b>	<b>2,577</b>	<b>8.0</b>	<b>32,218</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,391	6,388	19.1	51.6	4,367	35.2	1,636	13.2
Middle	32,294	23,812	71.0	73.7	6,611	20.5	1,871	5.8
Upper	3,569	3,319	9.9	93.0	138	3.9	112	3.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>48,254</b>	<b>33,519</b>	<b>100.0</b>	<b>69.5</b>	<b>11,116</b>	<b>23.0</b>	<b>3,619</b>	<b>7.5</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,048	23.1	933	22.3	80	28.3	35	41.7
Middle	3,180	70.0	2,947	70.5	186	65.7	47	56.0
Upper	318	7.0	299	7.2	17	6.0	2	2.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,546</b>	<b>100.0</b>	<b>4,179</b>	<b>100.0</b>	<b>283</b>	<b>100.0</b>	<b>84</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>91.9</b>		<b>6.2</b>		<b>1.8</b>	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	44	17.3	43	17.5	0	0.0	1	100.0
Middle	196	76.9	188	76.4	8	100.0	0	0.0
Upper	15	5.9	15	6.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>255</b>	<b>100.0</b>	<b>246</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>96.5</b>		<b>3.1</b>		<b>0.4</b>	
<p>Source: 2018 FFIEC Census Data                  2018 Dun &amp; Bradstreet Data                  2011-2015 U.S. Census Bureau: American Community Survey                  NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

## APPENDIX C – 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.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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

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

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such



activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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