# PUBLIC DISCLOSURE

**July 23, 2018**

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Central Bank of St. Louis**
**RSSD #506249**

**7707 Forsyth Boulevard**
**Clayton, Missouri 63105**

**Federal Reserve Bank of St. Louis**

**P.O. Box 442**
**St. Louis, Missouri 63166-0442**

**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 the 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.**

**TABLE OF CONTENTS**

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

The following table indicates the performance level of Central Bank of St. Louis (Central Bank) with respect to the Lending, Investment, and Service Tests.

| CENTRAL BANK | | | |
|---|---|---|---|
| **Performance Levels** | **Performance Tests** | | |
| | **Lending Test*** | **Investment Test** | **Service Test** |
| Outstanding | | X | |
| High Satisfactory | X | | |
| Low Satisfactory | | | X |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at overall ratings.

The major factors supporting the institution's rating include:

- A high percentage of the bank's loans were made in its assessment area.
- The bank's lending levels reflect excellent responsiveness to the credit needs of its assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers' income/revenue profile reflects adequate penetration among businesses of different sizes and customers of different income levels.
- The bank exhibits good responsiveness to credit and community development needs.
- The bank is a leader in making community development loans.
- The bank makes use of innovative and/or flexible lending practices in serving the credit needs of its assessment areas.
- The bank makes an excellent level of qualified community development investments and grants and is often in the leadership position.
- Delivery systems are reasonably accessible to geographies and individuals of different income levels, and services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income (LMI) geographies and/or LMI individuals.
- The bank is a leader in providing community development services.

# INSTITUTION

## DESCRIPTION OF INSTITUTION

Central Bank, located in the St. Louis, Missouri-Illinois metropolitan statistical area (St. Louis MSA), is a full-service retail bank offering both commercial and consumer loan and deposit products. The bank is wholly owned by Central Bancompany, Inc., a multibank holding company headquartered in Jefferson City, Missouri. The bank is affiliated with 12 other Central Bancompany, Inc., subsidiary banks that are headquartered throughout Missouri and Oklahoma. Additionally, the bank has two subsidiaries, neither of which is credit granting.

The bank's branch network consists of 15 offices (including the main office), all of which are full-service facilities offering full-service automated teller machines (ATMs), and 14 of which also offer drive-up accessibility. In addition to retail branch locations, the bank operates a stand-alone, full-service ATM and a loan production office (LPO). Three of the branch offices are located in Illinois, while the remaining 12 branch offices, LPO, and stand-alone ATM are located in Missouri. Based on this branch network and other service delivery systems (extended banking hours of operations, weekend banking hours, and full-service online banking capabilities), the bank is positioned to deliver financial services to the entirety of its assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers. As such, the bank appears capable of meeting the credit needs of its assessment area based on its available resources and financial products. As of June 30, 2018, the bank reported total assets of $1.9 billion, loans and leases outstanding of $1.6 billion, and deposits of $1.3 billion. The following table provides information regarding the bank's loan portfolio composition by credit category.

| **Distribution of Total Loans as of June 30, 2018** | | |
|---|---|---|
| **Credit Category** | **Amount ($000s)** | **Percentage of Total Loans** |
| Construction and Development | $123,485 | 7.9% |
| Commercial Real Estate | $589,725 | 37.8% |
| Multifamily Residential | $73,188 | 4.7% |
| 1–4 Family Residential | $261,447 | 16.8% |
| Farmland | $15,118 | 1.0% |
| Farm Loans | $852 | 0.1% |
| Commercial and Industrial | $293,234 | 18.8% |
| Loans to Individuals | $13,525 | 0.9% |
| Total Other Loans | $191,589 | 12.3% |
| Less: Unearned Income | ($1,448) | (0.1%) |
| **TOTAL** | **$1,560,715** | **100%** |

As indicated by the previous table, a significant portion of the bank's lending is comprised of commercial real estate, commercial and industrial, and loans secured by 1–4 family residential properties. In addition to 1–4 family residential real estate loans held in portfolio, the bank originates and subsequently sells a significant volume of residential real estate loans in the secondary market. As these loans are typically sold shortly after origination, the majority of this activity would not be captured in the table.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on July 20, 2015.

## SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) large bank procedures, which entail three performance tests: Lending, Investments, and Services.

### Lending Test

Under the Lending Test, the bank's performance was evaluated using the following criteria and time periods:

| Lending Test Performance Criterion | Products Selected for Review | Time Period |
|---|---|---|
| Level of Lending Activity | • Small business loans reported under the CRA<br>• Home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) | January 1, 2016 – December 31, 2017 |
| Geographic Distribution of Loans | | |
| Loan Distribution by Borrower's Profile | | |
| Assessment Area Concentration | | |
| Community Development Lending Activities | | July 20, 2015 – July 22, 2018 |
| Product Innovation[1] | | |

Additionally, while the Lending Test analyses encompass lending activity from both 2016 and 2017, this evaluation focuses on bank performance in 2016, noting significant divergences in performance between the two years, as applicable. See Appendix C for detailed performance figures based on 2017 lending activity.

Under the Lending Test criteria previously noted, analyses often involve comparisons of bank performance to assessment area demographics and the performance of other lenders based on HMDA and CRA aggregate data. Unless otherwise noted, assessment area demographics are based on U.S. Census data, and business demographics are based Dun & Bradstreet data. When

[1] Unlike other large bank CRA performance criteria, a lack of innovative and/or flexible lending practices does not necessarily impact the bank's performance negatively. These activities are largely used to augment consideration given to an institution's performance under the quantitative criteria, resulting in a higher performance rating.

analyzing bank performance, greater emphasis is generally placed on aggregate lending data, which are expected to describe many factors impacting lenders, are updated annually, and expected to predict more relevant comparisons.

**Investment Test**

All community development investments, including grants and donations made since the previous CRA evaluation, were reviewed and evaluated. In addition, investments made prior to the date of this CRA evaluation, but still outstanding as of this evaluation's review date, were considered. These investments and grants were evaluated to determine the bank's overall level of activity, use of innovative and/or complex investments, and responsiveness to assessment area credit and community development needs.

**Service Test**

The review period for retail and community development services includes activity from the date following the previous CRA evaluation to the date of the current evaluation. The Service Test considers the following criteria:

- Distribution and accessibility of bank branches and alternative delivery systems.
- Changes in branch locations.
- Reasonableness of business hours and retail services.
- Community development services.

**Community Contacts**

To augment this evaluation, five community contact interviews were conducted with knowledgeable individuals residing or conducting business in the bank's assessment area. These interviews were used to ascertain specific credit needs, opportunities, and local market conditions. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

## DESCRIPTION OF THE ASSESSMENT AREA

Central Bank has designated one CRA assessment area consisting of the city of St. Louis and four surrounding counties: St. Louis and St. Charles in Missouri, and St. Clair and Monroe in Illinois. Based on 2010 U.S. Census data, the assessment area consists of 450 census tracts, including 71 low-, 84 moderate-, 140 middle-, 153 upper-, and 2 unknown-income census tracts.

**General Demographics**

As previously stated, the bank's assessment area is comprised of the independent city of St. Louis and four of the 15 counties that make up the St. Louis MSA. Based on U.S. Census data, the assessment area has a population of 1,981,746. A greater percentage of the assessment area population lives in Missouri counties, while a smaller percentage of the assessment area population lives in Illinois. St. Louis County has the largest population with 998,954 residents followed by St. Charles County (360,485) and the city of St. Louis (319,294), while St. Clair and Monroe Counties' populations are less at 270,056 and 32,957, respectively.

The bank's assessment area is a highly competitive banking market with 84 Federal Deposit Insurance Corporation (FDIC)-insured financial institutions in the area operating 620 offices. According to the FDIC's Deposit Market Share Report of June 30, 2017, Central Bank is ranked 11th among these financial institutions, holding 1.6 percent of the assessment area's deposit market share.

As the assessment area covers a wide metropolitan area, and the demographics reflect an economically diverse population, credit needs in the area are significant and varied. Among these credit needs are home mortgage and business-related products, as noted by community contacts. Contacts also indicated that the St. Louis MSA is an area with significant community development needs. These needs, combined with the presence of numerous nonprofit agencies, higher education institutions, and government assistance entities, result in a high level of community development opportunity available for financial institution participation.

## Income and Wealth Demographics

The following table summarizes the assessment area's distribution of census tracts by income level and the family population in those tracts.

| Assessment Area Demographics by Geography Income Level | | | | | | |
|---|---|---|---|---|---|---|
| **Dataset** | **Low-** | **Moderate-** | **Middle-** | **Upper-** | **Unknown** | **TOTAL** |
| Census Tracts | 71 | 84 | 140 | 153 | 2 | **450** |
| | 15.8% | 18.7% | 31.1% | 34.0% | 0.4% | **100%** |
| Family Population | 45,125 | 86,362 | 165,929 | 208,801 | 12 | **506,229** |
| | 8.9% | 17.1% | 32.8% | 41.2% | 0.0% | **100%** |

As shown in the preceding table, 34.5 percent of the census tracts in the assessment area geographies are LMI, but only 26.0 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around the city of St. Louis in Missouri and the city of East St. Louis in Illinois, which is located in St. Clair County. Furthermore, a review of LMI tract information by county indicates 47.7 percent of LMI tracts are in the city of St. Louis, 34.8 percent are in St. Louis County, 15.5 are in St. Clair County, and 1.9 percent are in St. Charles County.

Based on 2010 U.S. Census data, the median family income for the assessment area was $69,077. At the same time, the median family income for the St. Louis MSA was $66,798. More recently, the FFIEC estimates the 2016 and 2017 median family incomes for the St. Louis MSA to be $70,000 and $74,300, respectively. The following table displays population percentages of assessment area families by income level compared to the St. Louis MSA family population.

| Family Population by Income Level | | | | | |
|---|---|---|---|---|---|
| **Dataset** | **Low-** | **Moderate-** | **Middle-** | **Upper-** | **TOTAL** |
| Assessment Area | 105,299 | 82,756 | 101,302 | 216,872 | **506,229** |
| | 20.8% | 16.3% | 20.0% | 42.8% | **100%** |
| St. Louis MSA | 151,253 | 123,511 | 153,188 | 294,005 | **721,957** |
| | 21.0% | 17.1% | 21.2% | 40.7% | **100%** |

The preceding table reveals that 37.1 percent of the families in the assessment area are considered LMI, which is similar to the St. Louis MSA LMI family percentage (38.1 percent). Furthermore, the percentage of families living below the poverty leve1 in the assessment area (8.8 percent) resembles the percentage of St. Louis MSA families (8.6 percent). These LMI percentages indicate that the assessment area is similar in affluence to the St. Louis MSA as a whole. However, the following table indicates that the level of affluence differs among the assessment area's five counties when considering percentages of LMI families and those living below the poverty line.

| Dataset | Family Population | % Families that are Low-Income | % Families that are Moderate-Income | % Families Below Poverty |
|---|---|---|---|---|
| Assessment Area | 506,229 | 20.8% | 16.4% | 8.8% |
| City of St. Louis | 68,112 | 41.4% | 18.9% | 21.4% |
| St. Louis County | 264,290 | 18.0% | 16.1% | 6.7% |
| St. Charles County | 95,336 | 10.7% | 14.9% | 3.3% |
| St. Clair County | 69,078 | 26.7% | 17.0% | 12.3% |
| Monroe County | 9,413 | 10.4% | 16.4% | 3.5% |
| St. Louis MSA | 721,957 | 21.0% | 17.1% | 8.6% |

As indicated in the preceding table, the city of St. Louis and St. Clair County have the highest levels of LMI families and families living below the poverty level. Specifically, the city of St. Louis' LMI family population is 60.3 percent, and 21.4 percent live below the federal poverty line. St. Clair County's LMI household population is 43.7 percent, with 12.3 percent of families below poverty. Conversely, St. Charles and Monroe Counties have the lowest levels of LMI families (25.6 percent and 26.8 percent, respectively), and fewer families living below the poverty level (3.3 percent and 3.5 percent, respectively).

## Housing Demographics

Based on housing values, median gross rents, and the affordability ratios displayed in the table below, housing in the assessment area is slightly less affordable compared to the wider St. Louis MSA.

| Housing Demographics | | | |
|---|---|---|---|
| **Dataset** | **Median Housing Value** | **Affordability Ratio** | **Median Gross Rent (monthly)** |
| Assessment Area | $170,257 | 31.5% | $745 |
| City of St. Louis | $122,200 | 27.5% | $658 |
| St. Louis County | $179,300 | 32.1% | $789 |
| St. Charles County | $197,300 | 35.7% | $819 |
| St. Clair County | $122,400 | 39.7% | $734 |
| Monroe County | $197,400 | 34.6% | $730 |
| St. Louis MSA | $160,312 | 33.3% | $730 |

Based on the higher affordability ratios in the table, homeownership is most affordable considering income levels in St. Clair County (39.7 percent) and St. Charles County (35.7 percent) and least affordable in the city of St. Louis (27.5 percent) and St. Louis County (32.1 percent). However, considering previously noted income information, homeownership for many in the city of St. Louis and St. Clair County may be further out of reach than in other counties of the assessment area.

Housing specialists interviewed during the examination indicated that affordable rental housing remains an assessment area need, especially affordable rental programs that also provide training in asset building though budgeting and money management skills. Furthermore, down-payment assistance programs continue to be in high demand to help eligible individuals transition to homeownership.

## Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. According to Dun & Bradstreet, 87.9 percent of businesses in the assessment area have revenues under $1 million. County business patterns indicate that there are 1,033,119 paid employees in the assessment area. By percentage of employees, the largest job category in the assessment area is healthcare and social assistance (16.0 percent), followed by retail trade (11.3 percent) and accommodation and food services (10.1 percent).

| Unemployment Data | | | |
|---|---|---|---|
| **Dataset** | **2015 Annual Average** | **2016 Annual Average** | **2017 Annual Average** |
| Assessment Area | 4.9% | 4.5% | 3.7% |
| City of St. Louis | 6.1% | 5.4% | 4.5% |
| St. Louis County | 4.6% | 4.2% | 3.5% |
| St. Charles County | 3.8% | 3.5% | 2.9% |
| St. Clair County | 6.5% | 6.1% | 5.1% |
| Monroe County | 4.3% | 4.1% | 3.4% |
| St. Louis MSA | 5.0% | 4.6% | 3.8% |

Overall unemployment rates for both the assessment area and the MSA were similar throughout the review period and exhibited a declining trend. While the unemployment rate for the assessment area decreased from 4.9 percent in 2015 to 3.7 in 2017, the MSA tracked a similar course moving downward from 5.0 percent in 2015 to 3.8 percent end of 2017. During the review period, the city of St. Louis and St. Clair County consistently maintained the highest unemployment rates, while Monroe and St. Charles Counties maintained the lowest unemployment rates.

While declining unemployment levels are often synonymous with broad economic improvement, several community contacts noted barriers to employment for LMI residents that lack skills related to new technology necessary for new jobs. Accordingly, the contacts indicated that greater access is needed to workforce development programs to assist LMI individuals in placement or advancement to higher wage jobs in the area.

**Community Contact Information**

Five community contact interviews were completed as part of this evaluation. Three of the interviews were with workforce and economic development professionals, and two were with affordable housing specialists. Although contacts indicated that the economy has remained stable over the last several years, they also indicated that there remains a significant amount of opportunity for improving credit and community development to LMI individuals and communities in the assessment area. Two of the contacts working in economic development indicated that while economic conditions have improved in some portions of the assessment area, improvements have mainly effected areas further from the more urban core of the assessment area (the city of St. Louis and St. Clair County). As a result, jobs remain out of reach for many LMI individuals residing in the city and East St. Louis due to a lack of transportation options connecting them to the areas experiencing most of the job growth. Both contacts from the city of St. Louis and St. Clair County indicated that fostering entrepreneurs located in these counties to start small business in these areas would be instrumental in creating job opportunities for LMI residents. Interviews held with economic and workforce development contacts indicated that workforce development is crucial to these areas to ensure residents have the skill sets to obtain jobs and continue advancement to higher paying jobs. One affordable housing specialist echoed this sentiment, indicating that the results from workforce development initiatives would assist many residents in transitioning from renting to homeownership.

All contacts indicated a significant need for financial education programs and services in the assessment area. The economic and workforce development specialists indicated these are basic to their client’s understanding of starting, seeking financing for, and building a business; one affordable housing specialist indicated it was essential to area residents in regard to asset building through budgeting and eventual homeownership. Contacts indicated that while many of the area banks have branches in LMI communities, many residents rely on the services of payday and title lenders, not understanding the higher cost they will pay for services received from these entities. One economic development specialist emphasized a need for micro lending programs to assist entrepreneurs. The affordable housing specialists indicated there is significant need for down payment assistance programs and small-dollar mortgages to assist LMI individuals, as well as a need for financial support for assisted rental programs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Central Bank's performance under the Lending Test is rated High Satisfactory. The rating reflects performance under the following criteria applicable to large banks.

| **Lending Test Summary** | |
|---|---|
| Assessment Areas Concentration | High Percentage Inside |
| Lending Activity | Excellent Responsiveness |
| Geographic Distribution | Adequate Penetration |
| Borrower Distribution | Adequate Penetration |
| Community Development Loans | Leader in Making |
| Product Innovation | Makes Use |

### Assessment Areas Concentration

For the loan activity reviewed as part of this evaluation, the following table shows the number, dollar, and percentage of loans originated inside and outside the bank's assessment areas.

**Lending Inside and Outside of Assessment Areas ($000s)**
**January 1, 2016 through December 31, 2017**

| Loan Type | Inside Assessment Areas | | Outside Assessment Areas | | TOTAL | |
|---|---|---|---|---|---|---|
| HMDA | 2,222 | 83.8% | 428 | 16.2% | **2,650** | **100%** |
| | $459,169 | 80.8% | $109,229 | 19.2% | **$568,398** | **100%** |
| Small Business | 1,246 | 89.5% | 146 | 10.5% | **1,392** | **100%** |
| | $214,454 | 87.1% | $31,831 | 12.9% | **$246,285** | **100%** |
| **TOTAL LOANS** | **3,468** | **85.8%** | **574** | **14.2%** | **4,042** | **100%** |
| | **$673,623** | **82.7%** | **$141,060** | **17.3%** | **$814,683** | **100%** |

As shown in the preceding table, Central Bank originated a high percentage of loans inside its assessment area by both number and dollar (85.8 percent and 82.7 percent, respectively).

## Lending Activity

Combined lending activity for the assessment area from 2016 and 2017 is detailed in the following table and includes the product lines reviewed during this examination.

| Summary of Lending Activity<br>January 1, 2016 through December 31, 2017 | | | | |
|---|---|---|---|---|
| **Loan Type** | **#** | **%** | **$(000s)** | **%** |
| **Small Business** | **1,246** | **35.9%** | **$214,454** | **31.8%** |
| Home Purchase | 1,451 | 41.8% | $283,660 | 42.1% |
| Refinancing | 706 | 20.4% | $151,024 | 22.4% |
| Home Improvement | 39 | 1.1% | $3,080 | 0.5% |
| Multifamily Housing | 26 | 0.7% | $21,405 | 3.2% |
| **TOTAL HMDA** | **2,222** | **64.1%** | **$459,169** | **68.2%** |
| **TOTAL LOANS** | **3,468** | **100%** | **$673,623** | **100%** |

While the total number and dollar of loans is one component used to assess lending activity, additional consideration was given to lending performance in light of competitive factors, assessment area needs, and bank growth. The bank's number of small business and HMDA loans was compared against the number of loans made by aggregate lenders in the area during the review period. Based on 2017 reporting, the bank ranked 17th out of 153 CRA lenders and 22nd out of 574 HMDA aggregate lenders in loan originations and purchases. As community contacts noted, both loan types were of significant need in the area, and this level of lending compared to peer institutions is especially significant. Moreover, the bank experienced increases in overall lending activity for HMDA and small business lending products since its last evaluation. This increase in small business and HMDA lending, especially home purchase lending, demonstrates excellent responsiveness to assessment area credit needs as identified by community contacts.

## Geographic Distribution of Loans

Overall, the bank's geographic distribution of loans reflects adequate penetration throughout LMI census tracts in the St. Louis assessment area. As described below, the bank's performance for geographic distribution varied. While small business lending exhibited excellent performance, HMDA lending was adequate. However, the review of dispersion throughout all census tracts in the assessment area indicated an increasing percentage of tracts in which the bank made no loans, which negatively impacted the analysis and resulted in an overall adequate geographic distribution.

The following table displays the geographic distribution of 2016 small business loans along with Dun & Bradstreet data and CRA aggregate performance for each geography income level.

| Distribution of Loans Inside Assessment Area by Income Level of Geography<br>January 1, 2016 through December 31, 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Small Business Loans | 36 | 5.2% | 221 | 31.8% | 161 | 23.1% | 277 | 39.8% | 1 | 0.1% | **696** | **100%** |
| Business Institutions | 6.7% | | 14.9% | | 30.8% | | 47.5% | | 0.1% | | **100%** | |
| 2016 Small Business Aggregate | 5.4% | | 14.2% | | 28.6% | | 51.1% | | 0.7% | | **100%** | |

The bank's lending performance in low-income tracts is adequate. In 2016, 5.2 percent of the bank's small business loans were originated to businesses in low-income tracts. Although below Dun & Bradstreet data, which indicated 6.7 percent of area small businesses were located in these tracts, the bank's performance was similar to an aggregate lending performance of 5.4 percent. Conversely, the bank's lending performance to small businesses in moderate-income tracts is excellent. In 2016, Central Bank originated 31.8 percent of its small business loans to businesses located moderate-income tracts. The bank's performance in moderate-income tracts significantly exceeded both the Dun & Bradstreet data (14.9 percent) and 2016 aggregate lending performance (14.2 percent). Overall, the bank's performance of lending to small businesses in LMI geographies is excellent. The bank's performance of 37.0 percent in LMI tracts significantly exceeded both the Dun & Bradstreet data (21.6 percent) and aggregate 2016 lending performance (19.6 percent).

The following table displays the geographic distribution of 2016 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

| Distribution of Loans Inside Assessment Area by Income Level of Geography<br>January 1, 2016 through December 31, 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Home Purchase | 18 | 2.1% | 79 | 9.3% | 278 | 32.6% | 477 | 56.0% | 0 | 0.0% | **852** | **100%** |
| Refinance | 3 | 0.6% | 28 | 5.7% | 114 | 23.4% | 343 | 70.3% | 0 | 0.0% | **488** | **100%** |
| Home Improvement | 5 | 20.8% | 14 | 58.3% | 4 | 16.7% | 1 | 4.2% | 0 | 0.0% | **24** | **100%** |
| Multifamily | 1 | 6.3% | 1 | 6.3% | 13 | 81.3% | 1 | 6.3% | 0 | 0.0% | **16** | **100%** |
| **TOTAL HMDA** | **27** | **2.0%** | **122** | **8.8%** | **409** | **29.6%** | **822** | **59.6%** | **0** | **0.0%** | **1,380** | **100%** |
| Owner-Occupied Housing | 5.8% | | 15.7% | | 34.9% | | 43.7% | | 0.0% | | **100%** | |
| 2016 HMDA Aggregate | 1.7% | | 9.0% | | 34.3% | | 55.1% | | 0.0% | | **100%** | |

The bank originated 2.0 percent of its HMDA loans in low-income tracts, which was below the 5.8 percent of owner-occupied housing in low-income tracts. While the bank's lending was below the percentage of owner-occupied housing, it was slightly higher than the 1.7 percent of loans made by aggregate lenders in these tracts and is therefore adequate. Likewise, the bank made 8.8 percent of HMDA loans in moderate-income tracts, which was significantly below the 15.7 percent of owner-occupied housing in moderate-income tracts but similar to the aggregate lending performance of 9.0 percent and deemed adequate. Overall, the bank's HMDA lending performance in LMI geographies is adequate.

Lastly, a review of lending dispersion throughout the assessment area was conducted as part of this analysis. In 2016, the bank made loans in 80.9 percent of assessment area census tracts; however, in 2017 the bank's lending had dropped to 72.0 percent of census tracts. Concentrations of tracts with no lending are located in the northern portion of the city of St. Louis in Missouri and the western portions of St. Clair and Madison counties in Illinois. Discussions with community contacts indicated that lending in these areas continues to be challenging. Specifically, mortgage lending is declining due to cuts to several state and local programs that have traditionally assisted LMI renters' transitions to homeownership. Contacts also noted that small business lending in these areas remains a challenge. These areas compete with surrounding areas that have greater capacity for attracting small business owners and entrepreneurs through better-equipped small business training and counseling centers and business spaces with higher visibility. Moreover, aggregate HMDA and CRA small business lending data also indicate that lending in these areas is difficult. In 2016, only 5.3 percent of aggregate HMDA loans and 2.0 percent of aggregate CRA small business loans in the St. Louis MSA were made in these specific areas. While it is clear that these gaps are difficult areas in which to lend, the increasing share of tracts with no loans supports the overall adequate geographic distribution of loans despite the excellent small business lending in LMI census tracts.

**Loan Distribution by Borrower's Profile**

Overall, the bank's distribution of loans by borrower profile reflects adequate penetration among customers of different income levels and businesses of different sizes in the St. Louis assessment area. The bank's performance varied among small business and HMDA loan products.

The following table shows the distribution of 2016 small business loans by loan amount and business revenue size compared to 2016 Dun & Bradstreet and CRA aggregate data.

| Distribution of Loans Inside Assessment Area by Business Revenue<br>January 1, 2016 through December 31, 2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | **Loan Amounts in $000s** | | | | | | **TOTAL** | |
| | **≤$100** | | **>$100 and ≤$250** | | **>$250 and ≤$1,000** | | | |
| $1 Million or Less | 193 | 27.7% | 57 | 8.2% | 56 | 8.0% | **306** | **44.0%** |
| Greater than $1 Million/Unknown | 247 | 35.5% | 71 | 10.2% | 72 | 10.3% | **390** | **56.0%** |
| **TOTAL** | **440** | **63.2%** | **128** | **18.4%** | **128** | **18.4%** | **696** | **100%** |
| Dun & Bradstreet Businesses ≤ $1MM | | | | | | | **87.9%** | |
| Small Business Aggregate ≤ $1MM | | | | | | | **41.8%** | |

The bank's overall lending to small businesses is adequate. Of the small business loans made by the bank in 2016, 44.0 percent were to businesses with revenues of $1 million or less. While this performance was below Dun & Bradstreet data (87.9 percent), it was above the 41.8 percent of small business loans made by aggregate lenders.

| Distribution of Loans Inside Assessment Area by Borrower Income<br>January 1, 2016 through December 31, 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Borrower Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Home Purchase | 66 | 7.7% | 183 | 21.5% | 171 | 20.1% | 380 | 44.6% | 52 | 6.1% | **852** | **100%** |
| Refinance | 13 | 2.7% | 28 | 5.7% | 91 | 18.6% | 331 | 67.8% | 25 | 5.1% | **488** | **100%** |
| Home Improvement | 2 | 8.3% | 0 | 0.0% | 0 | 15.3% | 1 | 4.2% | 21 | 87.5% | **24** | **100%** |
| Multifamily | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 16 | 100% | **16** | **100%** |
| **TOTAL HMDA** | **81** | **5.9%** | **211** | **15.3%** | **262** | **19.0%** | **712** | **51.6%** | **114** | **8.3%** | **1,380** | **100%** |
| Family Population | 20.8% | | 16.3% | | 20.0% | | 42.8% | | 0.0% | | **100%** | |
| 2016 HMDA Aggregate | 5.3% | | 14.4% | | 17.8% | | 39.3% | | 23.2% | | **100%** | |

Overall, the bank's performance of HMDA lending to LMI borrowers in the assessment area is good. While 2016 performance is considered adequate, the increasing trend in the percentage of loans to LMI borrowers in 2017 greatly influenced the outcome of this analysis.

The bank's performance in lending to low-income borrowers in 2016 is adequate. The bank originated 5.9 percent of its HMDA loans to low-income borrowers. Although this performance was significantly below the low-income family population (20.8 percent), it was similar to aggregate performance (5.3 percent). Conversely, the bank's 2016 lending to moderate-income borrowers is considered good. The bank made 15.3 percent of its HMDA loans to moderate-income borrowers, which was only slightly below the  moderate-income family population (16.3 percent) and above aggregate lending performance (14.4 percent).

Although the bank's 2017 performance was similar to that of 2016 in low-income tracts (9.5 percent in 2017), its 2017 performance in moderate-income tracts is considered excellent. In 2017, the bank made 18.6 percent of HMDA loans to moderate-income borrowers, which exceeded the moderate-income family population (16.2 percent) and aggregate loans made to moderate-income borrowers (16.7 percent).

**Community Development Lending Activities**

Central Bank is a leader in making community development loans in the assessment area. During the review period, the bank originated or renewed 53 community development loans for $43.3 million. This represents a significant increase in both number and dollar since its previous examination and exceeds performance by its peers in this category.

Noteworthy community development loans include:

- The bank has several loans to multifamily housing owners that supply affordable housing to LMI residents. Over the examination period, the bank originated or renewed 32 multifamily loans that provide affordable housing in LMI areas. This lending activity was considered responsive based on information from community contacts indicating there is a need for affordable rental units to assist area LMI residents.

- Five loans totaling nearly $12.7 million were made to five organizations that provide affordable housing and community services to LMI seniors.

- The bank renewed credit of over $5.4 million to a 501(c)(3) nonprofit organization that serves LMI youths through its programs, which include providing meals.

- During the review period, the bank renewed a revolving credit line of over $1 million to a 501(c)(3) nonprofit with the express purpose of building and financing of 1–4 family affordable housing to LMI families.

**Product Innovation**

The bank makes use of innovative and/or flexible lending practices in serving assessment area credit needs given its resources and lending personnel. Loans originated under these programs are given quantitative consideration under the Lending Test; however, the programs themselves are given qualitative consideration in the evaluation of the bank's CRA performance in relation to the use of flexible lending practices. Based on information from community contacts, these programs indicated a good record of responsiveness in assisting LMI individuals in transitioning into homeownership.

- Easy Choice Mortgage – Through this program, the bank provides down payment and closing costs in conjunction with a Federal Housing Authority (FHA) 30-year, fixed-rate mortgage loan. The program is available to borrowers who earn 80 percent or less of the U.S. Department of Housing and Urban Development area median family income. During the review period, the bank contributed $911,452 in assistance in 372 mortgage transactions.

- Home$tart Program – In 2016, the bank began offering this product, which is administered by the Federal Home Loan Bank of Des Moines (FHLB), a member-owned cooperative. Through its membership in the FHLB, the bank assisted in obtaining $425,000 in down payment assistance for 78 LMI first-time homebuyers.

- Missouri Housing Development Commission Loan First Time Home Buyer Program – This program offers FHA loans for which income-qualifying first-time home borrowers may receive down-payment assistance from the state. During the evaluation period, the bank originated 77 loans associated with this program.

INVESTMENT TEST

Central Bank's Investment Test is rated Outstanding. The bank is considered a leader in making qualified community development investments and grants in the assessment area. During the review period, the bank had 56 investments and 90 donations totaling $29.0 million benefiting the assessment area, which was generally above that of other banks of similar capacity operating in the MSA. Of that total, $8.4 million were current-period investments, $20.4 million were prior period investments still outstanding, and $265,808 were in donations to 39 community development organizations. Current-period investments and donations represent improved performance from the previous examination.

The bank also exhibits good responsiveness to credit and community development needs. Most of the investments and donations were in direct response to needs noted by community contacts. Investments and donations deemed most responsive in the St. Louis assessment area include:

- Three current equity investments totaling $1 million were made with an organization that syndicates tax credits and private funding to provide affordable housing for LMI individuals and families in the assessment area. These current investments added to the 13 prior period investments of $11.3 million in the same organization. These investments are considered especially responsive considering that community contacts indicated safe and affordable housing was a significant need in the assessment area for LMI families and seniors.

- Two investments during the current period of $540,000 and three investments outstanding totaling $942,526 from prior review periods were in municipal bonds that help to finance essential emergency services for St. Louis County, including LMI census tracts.

- Ten donations totaling $44,700 were made to five organizations that have an express mission of providing housing and community services to LMI residents. Of this amount, $10,000 was donated to the Missouri Affordable Housing Assistance Program.

- Fourteen donations totaling $22,475 were made to five organizations providing financial literacy training targeted to LMI populations.

- Ten donations totaling $19,750 were made to four organizations providing transitional housing assistance and life skills to vulnerable sectors of the area's LMI population, including the homeless and children aging out of area foster care programs

- The bank made donations totaling $13,500 to three organizations eligible for assistance under the Missouri Neighborhood Assistance Tax Credit Program. These programs provide services and supplies to early-age children of LMI families in the assessment area.

SERVICE TEST

Central Bank's Service Test is rated Low Satisfactory. The bank's service delivery systems are reasonably accessible to the assessment area. Furthermore, its record of opening and closing offices has generally not adversely affected accessibility of its delivery systems, particularly to LMI geographies and LMI individuals. Business hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly LMI geographies and individuals. Lastly, the bank is a leader in providing community development services in the assessment area.

**Accessibility of Delivery Systems**

Central Bank operates 15 offices in the St. Louis MSA, all of which offer full-service ATMs. The following table illustrates the location of the bank's offices by income level of geography.

**Distribution of Delivery Systems by Income Level of Geography**

| Dataset | Geography Income Level | | | | | TOTAL |
|---|---|---|---|---|---|---|
| | Low- | Moderate- | Middle- | Upper- | Unknown- | |
| Offices with On-Site ATMs | 0 | 2 | 1 | 12 | 0 | **15** |
| | 0.0% | 13.3% | 6.7% | 80.0% | 0.0% | **100%** |
| Census Tracts | 15.8% | 18.7% | 31.1% | 34.0% | 0.4% | **100%** |
| Household Population | 9.8% | 18.7% | 34.3 | 37.2% | 0.1% | **100%** |

Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. As indicated, the bank has no branches in low-income tracts, which is below both the 15.8 percent of low-income tracts and the 9.8 percent of household population living in these tracts. Furthermore, 13.3 percent of the bank's branches are in moderate-income tracts, which is below the 18.7 percent of moderate-income census tracts in the assessment area and the 18.7 percent of households in moderate-income tracts. While the table above shows only one branch in a middle-income census tract, a 2017 FFIEC Census update resulted income designation changes for some geographies, and two branches that were previously in upper-income census tracts are now in middle-income census tracts. Therefore, currently, 20.0 percent of the bank's branches (three branches) are in middle-income areas and

66.7 percent (ten branches) are in upper-income areas. Finally, the bank's only free-standing ATM and LPO are also located in upper-income census tracts.
In addition to traditional office and ATM offerings, the bank offers a variety of electronic banking services, including Internet, telephone, and mobile banking. Internet banking services allow consumers to apply for many of the bank's deposit and loan products online and offer customers the ability to make inquiries regarding account information, pay bills, transfer funds, and make loan payments. Through the free mobile banking services, customers may make deposits and person-to-person payments. Additionally, the bank offers deposit capture for commercial clients. Although Internet and mobile banking services were considered, they carried less weight then the consideration of physical branches and ATMs in this analysis.

**Changes in Branch Locations**

The bank's record of opening and closing offices in this assessment area has generally not adversely affected the accessibility of delivery systems, particularly to LMI geographies and LMI individuals. The bank did not open or close any branches in the assessment area during the review period.

**Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Business hours and services do not vary in a way that inconveniences this assessment area, particularly LMI geographies and/or LMI individuals. Most offices operate generally consistent lobby hours during the week (9:00 a.m. to 5:00 p.m.), and all office lobbies are open on Saturday (9:00 a.m. to noon). While six of the bank's offices offer extended lobby and drive-thru banking hours, they are not located in LMI census tracts.

The bank offers a variety of retail services at all locations, including checking and savings accounts, certificates of deposit, and consumer, commercial, and agricultural loans. Additionally, currency exchange and wire transfer services are offered at most locations, including two offices located in LMI census tracts.

**Community Development Services**

The bank is a leader in providing community development services in the St. Louis assessment area. Bank employees are active in providing community development services throughout the area, including services to a variety of organizations that promote affordable housing, community service, and economic development. During the review period, 108 employees provided 3,492 hours of services to 43 different organizations. Noteworthy community development services in the St. Louis assessment area include:

- Bank employees provided over 530 hours for services to eight different organizations that provide housing to LMI income individuals, including LMI seniors. The majority of these members served as board and committee members providing their financial expertise to help guide these organizations in making financial decisions. According to community contacts, affordable housing is a significant need in the assessment area.

- Employees from various areas of the bank devoted over 570 hours preparing and providing financial education to LMI residents throughout the assessment area in schools having high percentages of LMI students.

- Senior management provided their financial expertise to several organizations that specialize in providing services to area entrepreneurs and small businesses.

- Bank employees provided their financial expertise as members of several organizations that provide services to area LMI youth through schools and programs.

- Bank employees provided financial literacy and homeownership training to clients of several organizations in the area that specialize in providing housing and asset building services to area LMI residents.

- A number of employees provided their financial expertise to assist two organizations specializing in housing and job placement for area LMI individuals with disabilities.

- Bank employees' financial expertise to assist organizations providing food, school supplies, and clothing to LMI children and families throughout the assessment area.

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

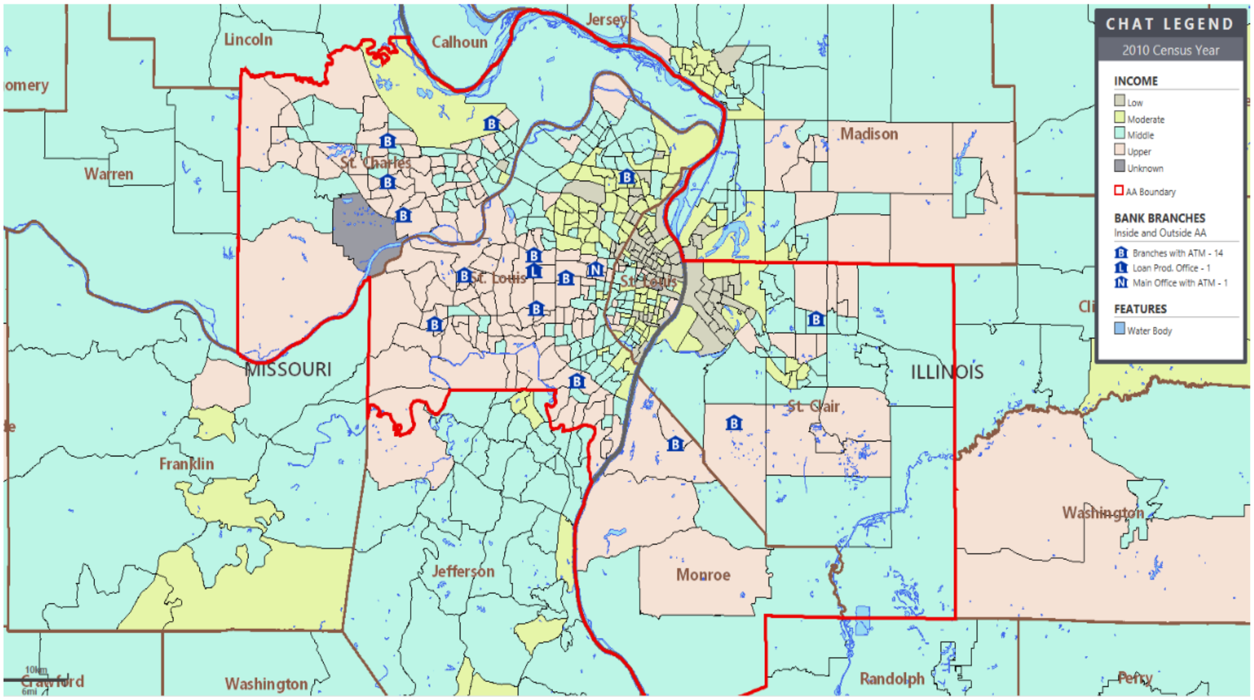
The Consumer Affairs examination included a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements and was conducted concurrently with this CRA evaluation. Based on findings from that concurrent examination, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## SCOPE OF EXAMINATION TABLES

| SCOPE OF EXAMINATION | | |
|---|---|---|
| **TIME PERIOD REVIEWED** | January 1, 2016 – December 31, 2017 for HMDA and small business lending.<br><br>July 20, 2015 – July 22, 2018 for community development loans, investment, and service activities. | |
| | | |
| **FINANCIAL INSTITUTION**<br><br>Central Bank of St. Louis<br>Clayton, Missouri | | **PRODUCTS REVIEWED**<br><br>HMDA<br>Small Business |
| | | |
| **AFFILLIATE(S)**<br><br>Central Trust Bank<br>Jefferson Bank<br>Central Bank of Branson<br>Central Bank of Lake of the Ozarks<br>Central Bank of the Ozarks<br>Central Bank of Warrensburg | **AFFILIATE RELATIONSHIP**<br><br>All banking affiliates noted are affiliated through common holding company ownership. | **PRODUCTS REVIEWED**<br><br>Investments made in the Central Bank of St. Louis assessment area |

| Assessment Area | State | # of Offices | Deposits ($000s) (as of June 30, 2017) | Branches Visited | CRA Review Procedures |
|---|---|---|---|---|---|
| St. Louis | Missouri-Illinois | 15 | $1,457,996 | 0 | Full Scope |

## ASSESSMENT AREA MAP



## SECONDARY YEAR (2017) LENDING PERFORMANCE TABLES FOR ALL ASSESSMENT AREAS

### St. Louis MSA

**Summary of Lending Activity**
**January 1, 2017 through December 31, 2017**

| Loan Type | # | % | $(000s) | % |
|---|---|---|---|---|
| **Small Business** | **550** | **39.51%** | **104,533** | **36.95%** |
| Home Improvement | 15 | 1.08% | 2,010 | 0.71% |
| Home Purchase | 599 | 43.03% | 119,635 | 42.29% |
| Multifamily Housing | 10 | 0.72% | 15,148 | 5.35% |
| Refinancing | 218 | 15.66% | 41,562 | 14.69% |
| **Total HMDA** | **842** | **60.49%** | **178,355** | **63.05%** |
| **TOTAL LOANS** | **1,392** | **100.00%** | **282,888** | **100.00%** |

**Distribution of Loans Inside Assessment Area by Income Level of Geography**
**January 1, 2017 through December 31, 2017**

| | Geography Income Level | | | | | | | | | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Small Business Loans | 69 | 12.5% | 94 | 17.1% | 97 | 17.6% | 272 | 49.5% | 18 | 3.3% | **550** | **100%** |
| Business Institutions` | 6.9% | | 15.9% | | 30.2% | | 45.9% | | 1.1% | | **100%** | |
| 2017 Small Business Aggregate | 6.1% | | 15.6% | | 29.9% | | 47.5% | | 1.6% | | **100%** | |

**Distribution of Loans Inside Assessment Area by Income Level of Geography**
**January 1, 2017 through December 31, 2017**

| | Geography Income Level | | | | | | | | | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Home Purchase | 11 | 1.8% | 78 | 13.0% | 177 | 29.5% | 333 | 55.6% | 0 | 0.0% | **599** | **100%** |
| Refinance | 4 | 1.8% | 19 | 8.7% | 58 | 26.6% | 137 | 62.8% | 0 | 0.0% | **218** | **100%** |
| Home Improvement | 2 | 13.3% | 2 | 13.3% | 6 | 40.0% | 5 | 33.3% | 0 | 0.0% | **15** | **100%** |
| Multifamily | 2 | 20.0% | 3 | 30.0% | 3 | 30.0% | 2 | 20.0% | 0 | 0.0% | **10** | **100%** |
| **TOTAL HMDA** | **19** | **2.3%** | **102** | **12.1%** | **244** | **29.0%** | **477** | **56.7%** | **0** | **0.0%** | **842** | **100%** |
| Owner-Occupied Housing | 6.4% | | 15.4% | | 33.8% | | 44.2% | | 0.2% | | **100%** | |
| 2017 HMDA Aggregate | 2.2% | | 11.7% | | 36.2% | | 49.7% | | 0.2% | | **100%** | |

| Distribution of Loans Inside Assessment Area by Business Revenue<br>January 1, 2017 through December 31, 2017 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | **Loan Amounts in $000s** | | | | | | **TOTAL** | |
| | **≤$100** | | **>$100 and ≤$250** | | **>$250 and ≤$1,000** | | | |
| $1 Million or Less | 152 | 27.6% | 51 | 9.3% | 74 | 13.5% | **277** | **50.4%** |
| Greater Than $1 Million/Unknown | 150 | 27.3% | 64 | 11.6% | 59 | 10.7% | **273** | **49.6%** |
| **TOTAL** | **302** | **54.9%** | **115** | **20.9%** | **133** | **24.2%** | **550** | **100%** |
| Dun & Bradstreet Businesses ≤ $1MM | | | | | | | **86.6%** | |
| Small Business Aggregate < $1MM | | | | | | | **48.1%** | |

| Distribution of Loans Inside Assessment Area by Borrower Income<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Borrower Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Home Purchase | 66 | 11.0% | 129 | 21.5% | 124 | 20.7% | 255 | 42.6% | 25 | 4.2% | **599** | **100%** |
| Refinance | 12 | 5.5% | 28 | 12.8% | 46 | 21.1% | 115 | 52.8% | 17 | 7.8% | **218** | **100%** |
| Home Improvement | 2 | 13.3% | 0 | 0.0% | 0 | 0.0% | 3 | 20.0% | 10 | 66.7% | **15** | **100%** |
| Multifamily | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 10 | 100.0% | **10** | **100%** |
| **TOTAL HMDA** | **80** | **9.5%** | **157** | **18.6%** | **170** | **20.2%** | **373** | **44.3%** | **62** | **7.4%** | **842** | **100%** |
| Family Population | 21.6% | | 16.2% | | 19.0% | | 43.2% | | 0.0% | | **100%** | |
| 2017 HMDA Aggregate | 7.6% | | 16.7% | | 19.8% | | 35.2% | | 20.8% | | **100%** | |

## 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.

**Assessment area**: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

**Census tract**: A small subdivision of metropolitan and nonmetropolitan 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 contact**: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

**Community development**: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) 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; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with Housing and Urban Development-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate- and middle-income individuals and 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.

**Demographics**: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

**Distressed nonmetropolitan middle-income geography**: A middle-income, nonmetropolitan 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, 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 under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 applications, the amount of loan requested, and the disposition of the application (e.g., 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 refinancing of home improvement and home purchase loans.

**Household**: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing affordability ratio**: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

**Limited-scope review**: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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.

**Median family income**: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

**Metropolitan area (MA)**: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.

**Nonmetropolitan statistical area (nonMSA)**: Not part of a metropolitan area. (See metropolitan area.)

**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.

**Performance context**: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

**Performance criteria**: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

**Performance evaluation (PE)**: A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

**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 businesses/small farms**: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

**Small loan(s) to business(es)**: That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured either 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)**: That is, "small farm loans" are 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.

**Underserved middle-income geography**: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.