



PUBLIC DISCLOSURE

December 02, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**COUNTRY CLUB BANK
RSSD# 625654**

**ONE WARD PARKWAY
KANSAS CITY, MISSOURI 64112**

**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

This institution is rated: **Outstanding**

The following table indicates the performance level of Country Club Bank (the bank) with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

SUMMARY OF THE MAJOR FACTORS SUPPORTING THE RATING

Lending Test

- Lending levels reflect good responsiveness to assessment area (AA) credit needs, and the bank makes use of innovative and/or flexible lending practices in serving AA credit needs.
- A substantial majority of the bank’s loans are originated within its delineated AA.
- The bank’s distribution of loans by income level of geography (geographic distribution) is adequate.
- The bank’s distribution of loans among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes, (borrower distribution) is adequate.
- The bank is a leader in making community development (CD) loans.

Investment Test

- The bank makes an excellent level of qualified CD investments and grants and is often in a leadership position. In addition, the bank makes occasional use of innovative and/or complex investments to support CD initiatives and exhibits good responsiveness to credit and CD needs.

Service Test

- The bank’s delivery systems are accessible to geographies and/or individuals of different income levels in its AA.
- The bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.
- Products, services, and business hours do not vary in a way that inconveniences its AA, particularly LMI geographies and/or LMI individuals.
- The bank is a leader in providing CD services and is responsive to the available service opportunities.

DESCRIPTION OF INSTITUTION

The bank is an interstate financial institution headquartered in Kansas City, Missouri, and wholly owned by CCB Financial Corporation, also of Kansas City, Missouri. The bank’s characteristics include:

- The bank has total assets of \$1.4 billion as of June 30, 2019.
- The bank’s only AA includes 6 of the 14 counties that comprise the Kansas City Missouri-Kansas Metropolitan Statistical Area (Kansas City MSA). The bank operates 19 full-service branches and 5 limited-service mobile branches within the AA, and all but 1 of the full-service branches have on-site automated teller machines (ATMs). The bank also has one stand-alone cash-dispensing ATM within the AA.
- The bank’s primary business focus is commercial lending, which makes up a significant majority of the bank’s loan portfolio.
- There has been no merger or acquisition activity since the prior evaluation.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2019		
Loan Type	\$(000)	%
Commercial	730,631	79.4
Residential Real Estate	158,638	17.2
Agricultural	11,163	1.2
Consumer	10,773	1.2
Other	9,050	1.0
Gross Loans	920,255	100.0

The bank was rated Outstanding under the Community Reinvestment Act (CRA) at its October 16, 2017 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.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's *Interagency Examination Procedures for Large 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. Performance was assessed within the bank's sole AA, the Kansas City Metropolitan AA, using a full-scope review. The following data was reviewed:

- The bank's home purchase, home refinance, home improvement, and multifamily loans reported on the bank's 2017 Home Mortgage Disclosure Act (HMDA) Loan/Application Register (LAR);
- The bank's small business and small farm loans reported on the bank's 2017 CRA LAR;
- CD loans originated between January 1, 2017 and December 31, 2018;
- Qualified investments that were made between January 1, 2017 and December 31, 2018, qualified investments made prior to, but still outstanding during this evaluation period, and qualifying grants, donations, or in-kind contributions of property made during this evaluation period; and,
- Retail banking services and CD services between January 1, 2017 and December 31, 2018.

In the lending analysis, more weight was placed on small business loans due to the bank's strategic focus on commercial lending. In addition, more weight was placed on the volume of loan originations than the dollar amount, as this represents the number of individuals/entities served. Finally, multifamily housing loans were not evaluated based on low lending volumes, which would not render a meaningful analysis.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE KANSAS CITY METROPOLITAN AA

The bank's Kansas City Metropolitan AA is comprised of 6 of the 14 counties in the Kansas City MSA: Jackson, Cass, and Clay Counties in Missouri; and Johnson, Wyandotte, and Leavenworth Counties in Kansas.

- As of the 2015 American Community Survey (ACS), the AA includes 79 low-, 107 moderate-, 149 middle-, 126 upper- and 18 unknown-income census tracts. This is a change from the previous evaluation when the AA included 66 low-, 116 moderate-, 148 middle-, 134 upper- and 15 unknown-income census tracts. The communities included in the AA did not change, only the tract income level designations.
- Of the bank's 19 full-service locations, the main branch and 7 additional branches are located in the core of the Kansas City metropolitan area; 5 branches are located in suburban communities contiguous to Kansas City, including Belton, Lee's Summit, Raymore, Shawnee, and Village West; 2 branches are located in the southeastern portion of the AA in the town of Harrisonville, and 3 branches are located in the

northwestern portion of the AA in the towns of Lansing and Leavenworth. Additionally, the bank operates five limited-service mobile branches one day a week at various assisted living facilities in the Kansas City metropolitan area.

- According to the June 30, 2019 Federal Deposit Insurance Corporation (FDIC) Market Share Report, the bank has a 2.0 percent market share, ranking 11th out of 99 FDIC-insured depository institutions operating in the AA.
- To further augment the evaluation, three interviews recently conducted as part of the CRA evaluations of other financial institutions in the AA were reviewed to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and to obtain perspectives on local economic conditions. One contact was the owner of a real estate brokerage firm with significant knowledge of the local real estate market. The other two contacts were representatives from a chamber of commerce, and an organization that provides educational programs and services to small businesses and entrepreneurs.

**TABLE 2
POPULATION CHANGE**

Area	2010 Population	2015 Population	Percent Change
Johnson County, Kansas	544,179	566,814	4.2
Leavenworth County, Kansas	76,227	78,227	2.6
Wyandotte County, Kansas	157,505	160,806	2.1
Cass County, Missouri	99,478	100,781	1.3
Clay County, Missouri	221,939	230,361	3.8
Jackson County, Missouri	674,158	680,905	1.0
Kansas City, Missouri-Kansas MSA	2,009,342	2,055,675	2.3
State of Kansas	2,853,118	2,892,987	1.4
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*

- The AA included 88.4 percent of the total Kansas City MSA population based on 2015 ACS data.
- Of the counties within the AA, Johnson and Clay experienced the most significant population growth when compared to the MSA and broader state areas. This could potentially lead to comparatively higher demand and increased competition for housing in these areas.
- A community member noted that Johnson County is one of the faster growing, more affluent areas in the MSA.
- Another community member stated that the age demographics are changing and the area appears to be aging because young adults finishing college are attracted to other Midwestern cities, such as Dallas or Chicago.

**TABLE 3
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Johnson County, Kansas	90,380	94,850	4.9
Leavenworth County, Kansas	73,491	76,579	4.2
Wyandotte County, Kansas	47,653	47,117	(1.1)
Cass County, Missouri	67,426	71,696	6.3
Clay County, Missouri	71,009	75,104	5.8
Jackson County, Missouri	58,831	61,076	3.8
Kansas City, Missouri-Kansas MSA	68,846	72,623	5.5
State of Kansas	62,424	66,389	6.4
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

- Wyandotte and Jackson Counties had the lowest median family incomes in the AA and the lowest increases in median family incomes from 2010 to 2015.
- Wyandotte and Jackson Counties also had the highest concentration of LMI tracts of the counties within the AA.
- Additionally, Wyandotte and Jackson Counties had a higher level of families below poverty when compared to the entire MSA, including 19.2 percent and 13.5 percent, respectively, when compared to 9.1 percent for the entire MSA.
- A community member stated there is a need for tailored loan products that are accessible to the LMI population, such as those for individuals with a low credit score or lacking sufficient collateral.

**TABLE 4
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Johnson County, Kansas	209,900	215,600	2.7	857	947	10.5
Leavenworth County, Kansas	166,700	167,500	0.5	786	883	12.3
Wyandotte County, Kansas	97,600	89,200	(8.6)	698	777	11.3
Cass County, Missouri	152,900	159,600	4.4	863	910	5.4
Clay County, Missouri	153,900	154,900	0.6	736	828	12.5
Jackson County, Missouri	129,900	125,500	(3.4)	723	807	11.6
Kansas City, Missouri-Kansas MSA	158,603	159,473	0.5	760	844	11.1
State of Kansas	122,600	132,000	7.7	671	757	12.8
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

- From 2010 to 2015, housing values decreased in Wyandotte and Jackson Counties, but remained stable across the MSA. However, rents in these counties remained in

line with the average for the MSA, with the exception of Johnson County, which had the highest rent of the six AA counties.

- The average home value in 2015 varied widely across the counties in the AA, from under \$89,200 in Wyandotte County to \$215,600 in Johnson County.
- The percentage of rental units was higher in the LMI census tracts of the AA compared to middle- and upper-income tracts. Rental units in the area’s LMI tracts made up 47.2 percent and 42.5 percent of all housing units in those tracts, respectively. The AA’s middle-income tracts had 30.4 percent of housing in rental units, while the figure for upper-income tracts was 18.9 percent. This may impact the bank’s ability to originate owner-occupied home purchase, refinance, or home improvement loans in the AA’s LMI tracts.
- The average affordability ratio¹ for the MSA was 36.0 percent, with Wyandotte County as the most significant outlier of the counties in the AA at 45.0 percent.
- According to a member of the community, residential real estate is currently a sellers’ market, but the area continues to have affordable housing stock for sale. The individual also stated that U.S. Department of Agriculture and first-time homebuyer programs are the primary financing options for these affordable home loans.
- Another community member stated that individuals moving to the area from the east and west coasts are finding the cost of living to be much more affordable.

**TABLE 5
UNEMPLOYMENT RATES**

Region	2014	2015	2016	2017	2018
Johnson County, Kansas	3.8	3.4	3.3	3.0	2.9
Leavenworth County, Kansas	5.0	4.5	4.4	3.9	3.6
Wyandotte County, Kansas	6.9	6.1	5.7	5.2	4.8
Cass County, Missouri	5.7	4.8	4.1	3.5	3.1
Clay County, Missouri	5.4	4.5	3.9	3.6	2.9
Jackson County, Missouri	7.1	5.9	5.1	4.4	3.7
Kansas City, Missouri-Kansas MSA	5.6	4.8	4.3	3.8	3.4
State of Kansas	4.5	4.2	4.2	3.7	3.4
State of Missouri	6.1	5.0	4.5	3.8	3.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- From 2014 to 2018, the employment rate across the AA counties roughly follow the MSA, with the exception of Johnson County (a steadily lower rate), Wyandotte County (a steadily higher rate), and Jackson County (starting higher and dropping more sharply to fall in line with the MSA).
- The primary employers in the MSA include various local medical centers, Cerner, Ford, Sprint, DST Systems, General Motors, and Garmin.
- A community member stated that various government entities provide a significant source of employment and added that several Amazon Fulfillment Centers have opened in and around the MSA, creating new jobs.

¹ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

- Another community member stated that the area is experiencing an economic boom with significant needs in many different areas of employment, from high tech engineering to logistical jobs. The lack of skilled “blue collar” labor in the area has potentially inhibited growth, making the long-term viability of certain types of businesses more difficult.
- Community members noted that the credit and banking needs of area businesses are being adequately met, and that many established businesses indicate that capital is accessible from more than one financial institution. However, a contact noted that the start-up/small business sector lacks access to microlending programs based on the individuals operating these businesses lacking the sufficient credit or business history typically required to underwrite and obtain such credit. Some programs in the MSA do provide small business assistance, such as the Kansas Angel Tax Credits, which aides in finding startup funding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The performance evaluation first discusses the bank’s overall performance followed by an in-depth analysis of the bank’s record of lending, investment, and service activities within the AA.

LENDING TEST

The bank’s overall performance under the lending test is High Satisfactory.

Lending Activity

This performance criterion evaluates the bank’s lending volume when considering its resources and business strategy and other information derived from pertinent performance context. The bank’s overall lending activities reflected good responsiveness to AA credit needs. Table 6 illustrates the lending products, numbers of loan originations, and dollar volumes of those loans included in this evaluation.

TABLE 6 SUMMARY OF LENDING ACTIVITY REVIEWED				
Loan Type	JANUARY 1, 2017 – DECEMBER 31, 2017			
	#	\$(000)	#%	\$%
Home Purchase	138	32,412	14.6	16.2
Home Refinance	49	11,741	5.2	5.9
Home Improvement	49	4,664	5.2	2.3
Multifamily	6	9,184	0.6	4.6
Total HMDA Loans	242	58,001	25.5	29.0
Small Business Loans	670	139,734	70.7	69.8
Small Farms Loans	36	2,424	3.8	1.2
Total Loans	948	200,159	100.0	100.0

The bank makes use of innovative and/or flexible lending programs to serve AA credit needs, including LMI borrowers. Notably, the bank continued its debt restructuring loan program in participation with a local charitable organization. The bank provides a consumer debt restructuring service to individuals who have sought financing from nontraditional lending sources and experienced financial difficulties with repayment. Through this program, the bank provides financial education and debt restructuring to facilitate more manageable loan terms, thereby providing financial relief for program participants. From January 1, 2017 to December 31, 2018, the bank originated 55 consumer debt restructuring loans under the program totaling \$66,505.

Assessment Area Concentration

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

TABLE 7 LENDING INSIDE AND OUTSIDE THE KANSAS CITY METROPOLITAN AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Home Purchase	126	29,748	91.3	91.8	12	2,664	8.7	8.2
Home Refinance	46	11,411	93.9	97.2	3	330	6.1	2.8
Home Improvement	44	4,327	89.8	92.8	5	337	10.2	7.2
Multifamily	5	4,434	83.3	48.3	1	4,750	16.7	51.7
Total HMDA Loans	221	49,920	91.3	86.1	21	8,081	8.7	13.9
Small Business Loans	629	131,111	93.9	93.8	41	8,623	6.1	6.2
Small Farm Loans	27	1,252	75.0	51.7	9	1,172	25.0	48.3
Total Loans	877	182,283	92.5	91.1	71	17,876	7.5	8.9

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

The remaining loan distributions discussed in the lending analysis will consider only those loans originated within the bank’s AA.

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 overall geographic distribution of lending reflects adequate penetration throughout the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is excellent. The bank’s loan originations in the low-income census tracts exceeded aggregate lending data by number and by dollar and was comparable to the percentage of owner-occupied housing units (the demographic figure) by number. Lending in moderate-income census tracts exceeded aggregate lending by number and was comparable by dollar and exceeded the demographic figure. Conversely, the distribution of

loan originations in middle-income census tracts was comparable to aggregate lending and the demographic figure by number, but was below both comparators by dollar. Lending in upper-income census tracts was below aggregate lending and comparable to the demographic figure by number, but the dollar volume was comparable to aggregate lending, but above the demographic figure. When loan dispersion within the AA was evaluated, no gaps or lapses in lending of concern were identified within the AA.

Home Purchase Loans

The geographic distribution of home purchase lending is good. The bank's loan originations in the low-income census tracts was comparable to aggregate lending by number and dollar and to the demographic figure by number. Lending in moderate-income census tracts was above aggregate lending by number (comparable by dollar), and was comparable to the demographic figure by number. Conversely, the distribution of loan originations in middle-income census tracts was below aggregate lending and comparable to the demographic figure by number, but below by dollar. Lending in upper-income census tracts was comparable to both aggregate lending and the demographic figure, although by dollar, it significantly exceeded the demographic figure. When loan dispersion was evaluated, no gaps or lapses in lending of concern were identified within the AA.

Home Refinance Loans

The geographic distribution of home refinance lending is excellent. The bank's loan originations in the low-income census tracts significantly exceeded aggregate lending by number and dollar and the demographic figure by number. Lending in moderate-income census tracts exceeded aggregate lending data by number and dollar and was comparable to the demographic figure by number. Conversely, the distribution of loan originations in middle- and upper-income census tracts was below aggregate lending and the demographic figure. When loan dispersion was evaluated, no gaps or lapses in lending of concern were identified within the AA.

Home Improvement Loans

The geographic distribution of home improvement lending is excellent. The bank's lending in the low-income census tracts was comparable to aggregate lending data by number and dollar, and to the demographic figure. Lending in moderate-income census tracts significantly exceeded aggregate lending data by number and dollar, and also the demographic figure by number. The distribution of loan originations in middle-income census tracts exceeded aggregate lending and the demographic figure by number, but was significantly below both figures by dollar. Conversely, lending in upper-income census tracts was below both aggregate lending and the demographic figure by number, but was above both comparators by dollar. When loan dispersion was evaluated, no gaps or lapses in lending of concern were identified within the AA.

**TABLE 8
DISTRIBUTION OF 2017 HMDA LOANS
BY INCOME LEVEL OF GEOGRAPHY
KANSAS CITY METROPOLITAN AA**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner- Occupied Units ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	15	2,831	6.8	5.7	2.7	2.0	6.3
Moderate	47	5,577	21.3	11.2	15.5	9.6	18.0
Middle	81	12,463	36.7	25.0	39.3	34.0	37.9
Upper	77	28,830	34.8	57.8	42.4	54.0	37.7
Unknown ³	1	219	0.5	0.4	0.2	0.4	0.2
Not Reported ⁴	0	0	0.0	0.0	0.0	0.0	0.0
Home Purchase Loans							
Low	6	938	4.8	3.2	2.6	1.3	6.3
Moderate	25	2,489	19.8	8.4	16.1	9.5	18.0
Middle	44	7,624	34.9	25.6	39.1	34.2	37.9
Upper	51	18,697	40.5	62.9	42.1	54.8	37.7
Unknown ³	0	0	0.0	0.0	0.2	0.2	0.2
Not Reported ⁴	0	0	0.0	0.0	0.0	0.0	0.0
Home Refinance Loans							
Low	6	1,626	13.0	14.2	2.5	1.4	6.3
Moderate	9	1,538	19.6	13.5	14.2	8.6	18.0
Middle	16	4,164	34.8	36.5	39.8	34.4	37.9
Upper	14	3,864	30.4	33.9	43.3	55.3	37.7
Unknown ³	1	219	2.2	1.9	0.2	0.2	0.2
Not Reported ⁴	0	0	0.0	0.0	0.0	0.0	0.0
Home Improvement Loans							
Low	2	47	4.5	1.1	3.3	1.4	6.3
Moderate	11	1,061	25.0	24.5	14.0	7.2	18.0
Middle	20	400	45.5	9.2	39.3	31.7	37.9
Upper	11	2,819	25.0	65.1	43.2	59.4	37.7
Unknown ³	0	0	0.0	0.0	0.2	0.3	0.2
Not Reported ⁴	0	0	0.0	0.0	0.0	0.0	0.0
Multifamily Loans							% of Multifamily Units²
Low	1	220	20.0	5.0	17.6	9.3	15.6
Moderate	2	489	40.0	11.0	28.3	14.4	26.5
Middle	1	275	20.0	6.2	31.1	31.9	35.0
Upper	1	3,450	20.0	77.8	19.3	41.2	21.2
Unknown ³	0	0	0.0	0.0	3.7	3.2	1.7
Not Reported ⁴	0	0	0.0	0.0	0.0	0.0	0.0

¹ Aggregate loan data reflects all loan originations and purchases in the bank's AA reported by all HMDA filers.
² The percentage of owner-occupied housing and multifamily units by tract are based on 2017 FFIEC Census tract definitions and 2015 ACS five-year estimate data.
³ Includes census tracts where the income level is unknown.
⁴ Includes loans where tract locations were not reported by the lender.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Business Lending

The geographic distribution of small business lending is adequate. The bank's loan originations in the low-income census tracts were comparable to aggregate lending data by number and dollar, and were also comparable to the percentage of businesses (the demographic figure) by number. Lending in moderate-income census tracts was comparable to aggregate lending and the demographic figure by number. Conversely, the distribution of loan originations in middle-income census tracts exceeded aggregate lending and the demographic figure. Lending in upper-income census tracts was below both aggregate lending and the demographic figure. When loan dispersion within the AA was evaluated, no gaps or lapses in lending of concern were identified within the AA.

Small Farm Lending

The geographic distribution of small farm lending is good. The bank had no loans originated in the low-income census tracts, which was below aggregate lending data and the percentage of farms. Lending in moderate-income census tracts significantly exceeded aggregate lending by number and dollar and exceeded the demographic figure by number. Similarly, the distribution of loan originations in middle-income census tracts significantly exceeded aggregate lending and the demographic figure. Lending in upper-income census tracts was below aggregate lending and the demographic figure. Additionally, when loan dispersion was evaluated, no gaps or lapses in lending of concern were identified within the AA.

While the bank originated no small farm loans in low-income census tracts, overall lending is considered good as there was limited opportunity due to the lack of farms located in low-income tracts, as well as the bank's strong performance in the AA's moderate-income census tracts.

**TABLE 9
DISTRIBUTION OF 2017 SMALL BUSINESS AND SMALL FARM LENDING
BY INCOME LEVEL OF GEOGRAPHY
KANSAS CITY METROPOLITAN AA**

Census Tract Income Level	Small Business Loans				Aggregate CRA Data ¹		% of Businesses ²
	#	\$(000)	#%	\$%	#%	\$%	
Low	50	13,928	7.9	10.6	7.8	10.2	7.5
Moderate	121	19,509	19.2	14.9	18.1	18.1	19.2
Middle	252	44,881	40.1	34.2	30.9	28.5	34.0
Upper	188	45,110	29.9	34.4	40.0	37.3	37.4
Unknown ³	18	7,683	2.9	5.9	2.5	5.5	1.9
Not Reported ⁴	0	0	0.0	0.0	0.8	0.3	0.0
Census Tract Income Level	Small Farm Loans				Aggregate CRA Data ¹		% of Farms ²
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	0	0.0	0.0	2.0	0.6	1.9
Moderate	3	330	11.1	26.4	4.5	4.8	7.9
Middle	20	790	74.1	63.1	61.6	65.0	53.6
Upper	4	132	14.8	10.5	31.4	29.5	36.2
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.3
Not Reported ⁴	0	0	0.0	0.0	0.5	0.1	0.0

¹ Aggregate loan data reflects all loan originations and purchases in the bank's AA reported by all CRA filers.

² The percentage of businesses and farms by tract is based on 2017 FFIEC Census tract definitions and 2017 Dun & Bradstreet data.

³ Includes census tracts where the income level is unknown.

⁴ Includes loans where tract locations were not reported by the lender.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

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 sizes. The bank's lending has an overall adequate penetration among individuals of different income levels, including LMI individuals, and businesses and farms of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is adequate. The bank's loan originations to low-income borrowers were comparable to aggregate lending data by number and dollar, but below the percentage of low-income families in the AA (the demographic figure) by number. Lending to moderate-income borrowers was below aggregate lending data by dollar and number and the demographic figure by number. The distribution of loan originations to middle-income borrowers was below aggregate lending and the demographic figure, while lending to upper-income borrowers exceeded aggregate lending and was comparable to the demographic figure.

Additional performance context considered in the overall rating for this product included the number of loans to individuals with unknown incomes, the bank's strategic focus on commercial lending, and the lack of bank products specifically tailored to LMI individuals, such as Fair Housing Act (FHA) loans with low down payment requirements and first-time home buyer

programs. A review of the bank's 2017 HMDA data revealed that 79 of the 82 loans reported with unknown incomes (96.3 percent) were also reported as non-owner occupied properties. These loans are for rental or multifamily properties, which are business-purpose loans. When factoring out loans with unknown incomes from both bank lending and aggregate lending data, 21.6 percent of bank's lending was to LMI borrowers, compared to 30.8 percent for aggregate lending data. While the bank's lending is below the performance of aggregate lending data, it is considered adequate.

It should be noted that additional opportunities exist for the bank to enhance its responsiveness to the home mortgage needs of area LMI individuals and families.

Home Purchase Loans

The borrower distribution of home purchase lending is poor. When factoring out unknown incomes from bank lending and aggregate lending data, the bank's performance was still considered deficient. The bank's loan originations to low-income borrowers was below aggregate lending by number and comparable by dollar, and below the demographic figure by number. Lending to moderate-income borrowers was below aggregate lending by number and dollar and the demographic figure by number. The distribution of loan originations to middle-income borrowers was also below aggregate lending and the demographic figure. Conversely, lending to upper-income borrowers exceeded aggregate lending and was comparable to the demographic figure.

Home Refinance Loans

The borrower distribution of home refinance lending is poor. When factoring out unknown incomes from bank lending and aggregate lending data, the bank's performance was still considered deficient. The bank's loan originations to low-income borrowers was below aggregate lending by number and dollar and the demographic figure by number. Lending to moderate-income borrowers was below aggregate lending by number and dollar and the demographic figure by number. The distribution of loan originations to middle-income borrowers was also below aggregate lending and the demographic figure, while lending to upper-income census tracts exceeded aggregate lending and the demographic figure by number.

Home Improvement Loans

The borrower distribution of home improvement lending is excellent. When factoring out loans with unknown incomes, bank lending to LMI borrowers was 39.4 percent compared to 25.4 percent for aggregate lending data. The bank's loan originations to low-income borrowers significantly exceeded aggregate lending by number and was comparable by dollar, although performance was below the demographic figure by number. Lending to moderate-income borrowers was comparable to aggregate lending by number and below by dollar, and comparable to the demographic figure by number. Conversely, the distribution of loan originations to middle- and upper-income borrowers was below respective aggregate lending data and the demographic figures.

**TABLE 10
DISTRIBUTION OF 2017 HMDA LOANS
BY BORROWER INCOME LEVELS
KANSAS CITY METROPOLITAN AA**

Borrower Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	11	374	5.0	0.7	7.4	3.5	21.4
Moderate	19	1,329	8.6	2.7	17.7	11.8	17.4
Middle	19	2,278	8.6	4.6	21.0	17.6	20.3
Upper	90	23,354	40.7	46.8	35.3	43.5	40.9
Unknown	82	22,585	37.1	45.2	18.6	23.7	0.0
Home Purchase Loans							
Low	4	328	3.2	1.1	7.5	3.8	21.4
Moderate	9	799	7.1	2.7	19.1	13.7	17.4
Middle	10	1,468	7.9	4.9	20.9	19.2	20.3
Upper	54	17,092	42.9	57.5	35.1	47.4	40.9
Unknown	49	10,061	38.9	33.8	17.6	15.9	0.0
Home Refinance Loans							
Low	1	7	2.2	0.1	7.3	3.7	21.4
Moderate	3	461	6.5	4.0	15.1	10.7	17.4
Middle	3	749	6.5	6.6	21.1	18.7	20.3
Upper	22	4,109	47.8	36.0	34.9	45.9	40.9
Unknown	17	6,085	37.0	53.3	21.5	21.0	0.0
Home Improvement Loans							
Low	6	39	13.6	0.9	7.1	3.2	21.4
Moderate	7	69	15.9	1.6	15.9	11.2	17.4
Middle	6	61	13.6	1.4	23.1	19.6	20.3
Upper	14	2,153	31.8	49.8	44.4	57.3	40.9
Unknown	11	2,005	25.0	46.3	9.5	8.7	0.0
Multifamily Loans							
Low	0	0	0.0	0.0	0.0	0.0	21.4
Moderate	0	0	0.0	0.0	0.0	0.0	17.4
Middle	0	0	0.0	0.0	0.0	0.0	20.3
Upper	0	0	0.0	0.0	0.0	0.0	40.9
Unknown	5	4,434	100.0	100.0	100.0	100.0	0.0

¹ Aggregate loan data reflects all loan originations and purchases in the bank's AA reported by all HMDA filers.

² The percentage of families are based on 2015 ACS five-year estimate data.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Business Lending

The borrower distribution of small business lending is adequate. The bank’s loan originations to businesses with gross annual revenues less than or equal to \$1 million (MM) was comparable to aggregate lending by number and dollar and below the percentage of small businesses in the AA (the demographic figure) by number. Lending to businesses with gross annual revenues greater than \$1MM significantly exceeded the demographic figure.

Small Farm Lending

The borrower distribution of small farm lending is good. The bank’s loan originations to farms with gross annual revenues less than or equal to \$1MM significantly exceeded aggregate lending by number and dollar, but was below the percentage of small farms in the AA (the demographic figure) by number. Lending to farms with revenues greater than \$1MM was comparable to the demographic figure.

TABLE 11 DISTRIBUTION OF 2017 SMALL BUSINESS AND SMALL FARM LENDING BY REVENUE SIZE OF BUSINESSES AND FARMS KANSAS CITY METROPOLITAN AA							
Business Revenue By Size	Small Business Loans				Aggregate CRA Data¹		% of Businesses by Revenue²
	#	\$(000)	#%	\$%	#%	\$%	
\$1MM or less	317	43,657	50.4	33.3	46.1	31.2	88.1
Over \$1MM	293	86,401	46.6	65.9	Not Reported		11.3
Unknown	19	1,053	3.0	0.8	Not Reported		0.6
Farm Revenue By Size	Small Farm Loans				Aggregate CRA Data¹		% of Farms by Revenue²
	#	\$(000)	#%	\$%	#%	\$%	
\$1MM or less	23	1,065	85.2	85.1	57.3	70.3	96.9
Over \$1MM	2	161	7.4	12.9	Not Reported		3.1
Unknown	2	26	7.4	2.1	Not Reported		0.0

¹ Aggregate loan data reflects all loan originations and purchases in the bank’s AA reported by all CRA filers.
² The percentage of businesses and farms by revenue size is based on 2017 Dun & Bradstreet data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Community Development Lending

This performance criterion evaluates the bank’s level of CD lending. The bank is a leader in providing CD loans. The bank originated 63 CD loans totaling \$147.4MM in the AA. Given the significant volume of CD lending with respect to the bank’s lending, deposits, and branching presence in the AA, the performance resulted in a positive impact to the overall lending test rating. Examples of CD loans considered responsive to the needs of the AA include:

- Thirteen CD qualifying loans totaling approximately \$11.0MM supported affordable housing initiatives within the AA, which is considered a critical need for LMI individuals;
- One loan for \$7.6MM in an enhanced enterprise zone revitalized and stabilized a low-income census tract through construction of a complex of 29 apartments and 4 townhomes; and,

- One \$6MM loan provided working capital to a company in a low-income census tract in Grandview's Enhanced Enterprise Zone that will help revitalize and stabilize the area.

TABLE 12 COMMUNITY DEVELOPMENT LOANS KANSAS CITY METROPOLITAN AA		
Community Development Purpose	#	\$(000's)
Affordable Housing	14	15,743
Community Services	6	3,922
Economic Development	17	44,969
Revitalization and Stabilization	26	82,768
TOTAL LOANS	63	147,402

INVESTMENT TEST

The bank's performance under the investment test is Outstanding. This performance criterion evaluates the bank's level of qualifying investments, grants, donations, or in-kind contributions of property made since the last examination that have a primary purpose of CD.

The bank has an excellent level of qualified CD investments, grants and donations, and is often in a leadership position. The bank makes occasional use of innovative and/or complex investments and exhibits good responsiveness to credit and CD needs of its AA.

The bank made 32 CD investments for \$22.7MM during the evaluation period. Examples of responsive investments include:

- Investments in 11 mortgage backed securities for \$13MM specifically supporting mortgages for LMI individuals and families.
- An investment for \$2MM in a project to finance high impact development projects in distressed areas of the AA.

Additionally, the bank made 131 CD donations for \$1.0MM during the evaluation period. Examples of responsive donations include:

- A donation for \$160 thousand over two years to support the creation of an incubator for start-up entrepreneurs, which will provide mentoring, advice, and access to resources for business development.

**TABLE 13
INVESTMENTS, GRANTS, AND DONATIONS
KANSAS CITY METROPOLITAN AA**

Community Development Purpose	Prior Period Investments ¹		Current Investments ²		Donations		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	8	6,711	3	6,450	3	11	14	13,172
Community Services	8	3,335	12	4,285	123	858	143	8,478
Economic Development	0	0	0	0	2	160	2	160
Revitalization and Stabilization	0	0	1	2,001	3	6	4	2,007
TOTAL	16	10,046	16	12,736	131	1,035	163	23,817

¹ Book Value of Investment
² Original Market Value of Investment

SERVICE TEST

The bank’s overall performance under the service test is Outstanding. Under this test, CD services carried the most weight when calculating the overall rating.

Retail Banking Services

This performance criterion evaluates the bank’s level of service-delivery systems provided in each geography classification.

Branch locations and alternative delivery systems, such as drive-through facilities, online, and mobile banking, are accessible to the bank’s various geographies and to individuals of different income levels in each AA. The AA contains all of the bank’s 24 branches and 11 full- and 9 limited-service ATMs. The bank’s branching footprint is structured to serve the entire AA, with branches distributed throughout the greater Kansas City area. The analysis gave more weight to the distribution of full-service branches. While limited-service “mobile” branches are included in Table 14, they do not represent the provision of traditional banking services. The distribution of branches is generally proportional to the percent of tracts by income level as well as the area population by tract income.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI areas or to LMI individuals, since no changes were made to the branching structure during the evaluation period.

The bank’s products, services, and business hours do not vary in a way that inconveniences its AAs, particularly LMI geographies and/or LMI individuals. Most branches have lobby hours from 8:30 AM to 5 PM, Monday through Friday, with extended hours for drive-through services, and lobby hours on Saturday from 9 AM to noon. In cases where lobby hours or drive-through services differ, it is typically due to a business reason (i.e. building access restriction or the presence of a nearby branch with duplicative services). Additionally, full-service ATMs, online

banking, and an after-hours customer service telephone help line provide 24/7 access to bank products and services for all customers.

Branch Accessibility	Location of Branches by Tract (%)						Percent of Tracts ¹ (%)					
	Low	Mod	Mid	Upp	Unk	Total	Low	Mod	Mid	Upp	Unk	Total
	4.2	16.7	37.5	41.7	0	100	16.5	22.3	31.1	26.3	3.8	100
Changes in Branch Location	Location of Full-Service ATMs by Tract (%)						Percent of Tracts ¹ (%)					
	Low	Mod	Mid	Upp	Unk	Total	Low	Mod	Mid	Upp	Unk	Total
	0	9.1	27.3	63.6	0	100	16.5	22.3	31.1	26.3	3.8	100
Community Development Services	Number of Branches (#)			Net Change in Branch Locations (#)								
	Total Branches	Openings (#)	Closings (#)	Low	Mod	Mid	Upp	Unk	Total			
	24	0	0	0	0	0	0	0	0			
Community Development Services	Affordable Housing	Community Services	Economic Development	Revitalization & Stabilization	Total Services	Total Organizations						
	8	96	3	0	107	23						

¹ Based on 2017 FFIEC census tract definitions.
(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

Community Development Services

This performance criterion evaluates the bank’s level of CD services. The bank is a leader in providing CD services.

As illustrated in Table 14, bank employees supported 23 organizations in the community and provided 107 CD services offering their technical and professional expertise. Typical services provided included serving on boards or committees providing technical assistance on financial matters such as budgeting, financial planning, and credit review; financial education and literacy; and support for marketing and fundraising efforts of the organization. The following are examples of some of the services provided that were considered responsive to the AA’s CD service needs:

- Multiple bank staff members oversee and/or participate in the bank’s partnership with a local charitable organization to provide debt restructuring loans and financial education to individuals caught in a cycle of payday lending. Activities include general management of the program as well as providing one-on-one mentorship to individuals participating in the program.
- Multiple bank staff members serve as board or committee members for an organization focused on stabilizing and revitalizing neighborhoods within the AA, as well as offering assistance toward home ownership for LMI individuals. Affordable housing is a primary need for LMI families in the AA.
- A bank officer serves as the chair of an area chamber of commerce, providing financial and budgeting expertise on a monthly basis. The organization is committed to

supporting small businesses as well as stabilizing and revitalizing the community by attracting new investment opportunities.

- A senior vice president serves as a board member of an organization serving at-risk inner city youth through a summer program that provides paid work experience, service opportunities in the local communities, leadership development, and individualized planning for post-high school careers. Career development and mentorship is a critical need for both LMI youth and the broader communities of the AA.

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 FHA. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A

SCOPE OF EXAMINATION			
FINANCIAL INSTITUTION Country Club Bank Kansas City, Missouri		PRODUCTS/SERVICES REVIEWED <ul style="list-style-type: none"> • Home Purchase Loans • Home Refinance Loans • Home Improvement Loans • Multifamily Loans • Small Business Loans • Small Farm Loans • Community Development Loans • Qualified Investments and Donations • Community Development Services 	
TIME PERIODS REVIEWED			
<u>HMDA LAR and CRA SB/SF Loans:</u>		01/01/17 to 12/31/17	
<u>Community Development Activities:</u>		01/01/17 to 12/31/18	
LIST OF AFFILIATES CONSIDERED IN THIS EVALUATION			
AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	NA	NA	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAM	BRANCHES VISITED	COMMUNITY CONTACTS
<u>Multistate MSA</u> MSA 28140 Kansas City Metropolitan AA	Full Review	1 Ward Parkway, Kansas City, Missouri	3 prior

APPENDIX B – DEMOGRAPHIC INFORMATION

**TABLE B-1
2017 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	79	16.5	39,180	8.6	13,683	34.9	97,462	21.4
Moderate	107	22.3	91,803	20.1	14,358	15.6	79,390	17.4
Middle	149	31.1	165,594	36.3	10,376	6.3	92,487	20.3
Upper	126	26.3	158,206	34.7	3,500	2.2	186,432	40.9
Unknown	18	3.8	988	0.2	451	45.6	0	0.0
Total AA	479	100.0	455,771	100.0	42,368	9.3	455,771	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	92,203	28,833	6.3	31.3	43,560	47.2	19,810	21.5
Moderate	178,463	82,305	18.0	46.1	75,778	42.5	20,380	11.4
Middle	277,152	173,322	37.9	62.5	84,176	30.4	19,654	7.1
Upper	224,274	172,516	37.7	76.9	42,325	18.9	9,433	4.2
Unknown	4,019	863	0.2	21.5	1,780	44.3	1,376	34.2
Total AA	776,111	457,839	100.0	59.0	247,619	31.9	70,653	9.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	5,247	7.5	4,331	7.0	883	11.2	33	7.8
Moderate	13,380	19.2	11,727	19.1	1,582	20.1	71	16.8
Middle	23,737	34.0	21,118	34.3	2,463	31.2	156	37.0
Upper	26,139	37.4	23,602	38.4	2,384	30.2	153	36.3
Unknown	1,315	1.9	729	1.2	577	7.3	9	2.1
Total AA	69,818	100.0	61,507	100.0	7,889	100.0	422	100.0
Percentage of Total Businesses:				88.1			11.3	0.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	17	1.9	16	1.9	1	3.7	0	0.0
Moderate	70	7.9	69	8.1	1	3.7	0	0.0
Middle	472	53.6	460	53.9	12	44.4	0	0.0
Upper	319	36.2	308	36.1	11	40.7	0	0.0
Unknown	3	0.3	1	0.1	2	7.4	0	0.0
Total AA	881	100.0	854	100.0	27	100.0	0	0.0
Percentage of Total Farms:				96.9			3.1	0.0

Source: 2017 FFIEC Census Data
2017 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

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 Report of Condition and Income (Call Report). 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 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.