PUBLIC DISCLOSURE

November 7, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Cairo and Moberly
RSSD #833646

207 East Rollins St.
Moberly, Missouri 65270

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.**

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

Bank of Cairo and Moberly meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income [LMI]).
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. Residential real estate (RRE), small business, and consumer loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on the 1–4 family RRE loan category carried the most significance toward the bank's overall performance conclusions. Consumer lending carried the least significance towards the performance conclusions due to the low dollar volume compared to 1–4 family RRE and small business lending. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	January 1, 2013 – June 30, 2016
Assessment Area Concentration	January 1, 2015 – December 31, 2015
Loan Distribution by Borrower's Profile	January 1, 2015 – December 31, 2015
Geographic Distribution of Loans	January 1, 2015 – December 31, 2015
Response to Written CRA Complaints	October 29, 2012 – November 7, 2016

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business and farm geodemographics are based on 2015 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $81.1 million to $153.2 million as of June 30, 2016.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Bank of Cairo and Moberly is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Cairo/Moberly Bancshares, Inc., a one-bank holding company headquartered in Moberly, Missouri. The bank's branch network consists of two offices (including the main office), both of which have cash-dispensing automated teller machines on site. Both offices are located in Moberly, Missouri, in moderate-income census tracts. The majority of operations are centralized in the main office. Loan applications are provided at both branches, but all applications are processed and underwritten at the main office. The bank engages in traditional banking activities and does not have any subsidiaries. The bank did not open or close any branch offices during this review period. Based on this branch network, the bank is well positioned to deliver financial services to its entire 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, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2016, the bank reported total assets of $93.4 million. As of the same date, loans and leases outstanding were $54.8 million (58.7 percent of total assets), and deposits totaled $74.0 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2016		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$2,555	4.7%
Commercial Real Estate	$10,989	20.1%
Multifamily Residential	$413	0.8%
1–4 Family Residential	$22,949	41.9%
Farmland	$6,008	11.0%
Farm Loans	$1,328	2.4%
Commercial and Industrial	$7,781	14.2%
Loans to Individuals	$2,744	5.0%
Total Other Loans	$27	<0.1%
TOTAL	**$54,794**	**100%**

As indicated by the previous table, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties and, to a lesser extent, commercial real estate and commercial and industrial loans. The bank also originates and subsequently sells a portion of its loans related to RRE. As these loans are sold on the secondary market shortly after origination, this activity would not be captured in the table.

While not reflected in the previous table, it is also worth noting that, by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to RRE are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on October 29, 2012.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 25,414, is located in nonmetropolitan statistical area (nonMSA) Missouri and comprises the entirety of Randolph County. The assessment area includes the city of Moberly, with a population of 13,974, and is surrounded by more rural areas throughout the county. The assessment area includes six census tracts; two moderate- and one upper-income census tract in the city of Moberly, and three distressed middle-income census tracts in the rural area surrounding the city.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2016, there are 9 FDIC-insured depository institutions in the assessment area that operate 12 total offices. Bank of Cairo and Moberly ranked second in terms of deposit market share, with 21.2 percent of the total assessment area deposit dollars.

General credit needs in the assessment area include a standard blend of consumer and commercial loan products. Community contacts noted no significant unmet credit needs.

Income and Wealth Demographics

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

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	2	3	1	0	**6**
	0.0%	33.3%	50.0%	16.7%	0.0%	**100%**
Family Population	0	2,064	3,177	897	0	**6,138**
	0.0%	33.6%	51.8%	14.6%	0.0%	**100%**

As shown above, 33.3 percent of the census tracts in the assessment area are LMI geographies and 33.6 percent of the family population resides in these tracts. These LMI areas are concentrated in the city of Moberly.

Based on 2010 U.S. Census data, the median family income for the assessment area was $43,923. At the same time, the median family income for nonMSA Missouri was $45,746. More recently, the FFIEC estimates the 2015 median family income for nonMSA Missouri to be $49,700. The following table displays population percentages of assessment area families by income level compared to nonMSA Missouri family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	1,313	1,165	1,384	2,276	0	**6,138**
	21.4%	19.0%	22.6%	37.1%	0.0%	**100%**
NonMSA Missouri	81,159	76,628	90,297	164,554	0	**412,638**
	19.7%	18.6%	21.9%	39.9%	0.0%	**100%**

As shown in the preceding table, 40.4 percent of families within the assessment area were considered LMI, which is slightly higher than LMI family percentages in nonMSA Missouri (38.3 percent). The percentage of families living below the poverty threshold in the assessment area is 13.8 percent, slightly above the level in nonMSA Missouri (12.4 percent). Considering these factors, the assessment area appears slightly less affluent than nonMSA Missouri as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be slightly more affordable than in nonMSA Missouri. The median housing value for the assessment area is $81,100, which is below the figure for nonMSA Missouri ($94,539). The assessment area housing affordability ratio of 45.0 percent is above the nonMSA Missouri figure (38.0 percent). However, the median gross rent for the assessment area of $560 per month is greater than the $532 per month for nonMSA Missouri. These numbers were substantiated by one community contact who stated rents were high in the area (though rental units make up only 22.3 percent of housing units in the assessment area). Despite higher monthly rents, overall housing in the assessment area appears to be slightly more affordable than nonMSA Missouri.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of healthcare, retail, and manufacturing sectors. One community contact described the manufacturing industry as one of the main drivers of the local economy. County business patterns indicate that there are 7,441 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (19.0 percent), followed by retail trade (15.9 percent) and manufacturing (13.3 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Missouri as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Randolph County**	**NonMSA Missouri**
2012	8.7%	8.0%
2013	8.2%	7.7%
2014	7.1%	7.0%
2015	5.9%	5.8%

As shown in the preceding table, unemployment levels for the assessment area, as well as nonMSA Missouri, have shown a decreasing trend. Additionally, unemployment levels in the assessment area have consistently been slightly above that of the nonMSA Missouri levels.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in economic development and one was with a person providing small business and entrepreneurial counseling.

The community contact interviewees described the local economy as similar to, or slightly better than, the regional economy overall. Both community contacts described low unemployment in Randolph County due to major employers in the area adding jobs recently, as well as growing small business and manufacturing job sectors. One community contact indicated that the city population increases by 3,000 during the day due to workers commuting to the city and that this could be combatted with new housing development in the community to attract residency. Each community contact described a banking environment with high competition for small business loans. The community contact who counsels small businesses listed multiple banks in the area that refer start-ups to obtain guidance on developing financial statements and projections in an effort to help the small business obtain credit. The community contact who specializes in economic development named several banks that are eager and aggressive in participating in projects involving small businesses and economic development. Finally, both community contacts stated that, to their knowledge, there are no significant unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The following table displays the bank's average LTD ratio in comparison to those of its regional peers. The average LTD ratio represents a 14-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of June 30, 2016**	**Average LTD Ratio**
Bank of Cairo and Moberly	Moberly, Missouri	$93,368	68.8%
Regional Banks	Moberly, Missouri	$153,213	60.9%
	Brunswick, Missouri	$81,100	87.5%
	Hannibal, Missouri	$116,501	93.8%

Based on data from the previous table, the bank's level of lending is above that of one comparable bank and below that of two comparable banks in the region. Based on geographic proximity and general environmental factors, Bank of Cairo and Moberly is most similarly situated to that of the other regional bank headquartered in Moberly. During the review period, the quarterly LTD ratio was reviewed for all 14 quarters and experienced an overall increasing trend. The average LTD ratios for the regional peers followed a similar increasing trajectory. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2015 through December 31, 2015						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
1–4 Family RRE	70	70.0%	30	30.0%	**100**	**100%**
	$5,396	62.0%	$3,305	38.0%	**$8,701**	**100%**
Small Business	51	72.9%	19	27.1%	**70**	**100%**
	$4,172	70.0%	$1,789	30.0%	**$5,961**	**100%**
Consumer Motor Vehicle	62	72.9%	23	27.1%	**85**	**100%**
	642	63.1%	376	36.9%	**$1,018**	**100%**
TOTAL LOANS	**183**	**71.8%**	**72**	**28.2%**	**255**	**100%**
	$10,210	**65.1%**	**$5,470**	**34.9%**	**$15,680**	**100%**

A majority of loans were made in the bank's assessment area. As shown in the previous table, 71.8 percent of the total loans were made inside the assessment area, accounting for 65.1 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from the three loan categories reviewed.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($49,700 for nonMSA Missouri as of 2015). The following table shows the distribution of 1–4 family RRE loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2015 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2015 through December 31, 2015

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
1–4 Family RRE	2	2.9%	8	11.4%	18	25.7%	42	60.0%	0	0.0%	**70**	**100%**
Family Population	21.4%		19.0%		22.5%		37.1%		0.0%		**100%**	
2015 HMDA Aggregate	7.5%		18.8%		20.7%		32.9%		20.0%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (2.9 percent) is substantially below the low-income family population figure (21.4 percent) and below the 2015 aggregate lending level to low-income borrowers (7.5 percent), reflecting poor performance. Similarly, the bank's level of lending to moderate-income borrowers (11.4 percent) is below the moderate-income family population percentage (17.3 percent) and the 2015 aggregate lending level to moderate-income borrowers (18.8 percent), reflecting poor performance. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is poor.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2015 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2015 through December 31, 2015								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	36	70.6%	1	2.0%	1	2.0%	**38**	**74.5%**
Greater Than $1 Million/Unknown	7	13.7%	2	3.9%	4	7.8%	**13**	**25.5%**
TOTAL	**43**	**84.3%**	**3**	**5.9%**	**5**	**9.8%**	**51**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**91.3%**	
2015 CRA Aggregate Data							**54.9%**	

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (74.5 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 91.3 percent of businesses in the assessment area had annual revenues of $1 million or less; meanwhile, the 2015 CRA aggregate lending level to small businesses is 54.9 percent.

As with the previous two loan categories, consumer motor vehicle loans were reviewed to determine the bank's lending levels to LMI borrowers within the assessment area. The following table shows the distribution of consumer loans by income level compared to the household population percentages in that income category in the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2015 through December 31, 2015												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	15	24.2%	10	16.1%	16	25.8%	21	33.9%	0	0.0%	**62**	**100%**
Household Population	21.9%		17.9%		20.0%		40.2%		0.0%		**100%**	

The bank's percentage of lending to low-income borrowers (24.2 percent) is above the low-income household population figure (21.9 percent), reflecting excellent performance. The bank's level of lending to moderate-income borrowers (16.1 percent) is similar to the moderate-income household population percentage (17.9 percent), reflecting reasonable performance. When assessing combined performance, the bank's penetration to LMI borrowers (38.3 percent) is in line with the LMI household population (39.8 percent); therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

As stated, the bank's overall loan distribution by borrower's profile is reasonable despite poor performance in the 1–4 family RRE category.

Geographic Distribution of Loans

As noted previously, the assessment area includes zero low- and two moderate-income census tracts, representing one-third of all assessment area census tracts. Additionally, the middle-income census tracts are distressed due to heightened poverty levels. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the 1–4 family RRE, small business, and consumer motor vehicle loan categories.

The following table displays the geographic distribution of 2015 1–4 family RRE loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2015 through December 31, 2015												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family RRE	0	0.0%	25	35.7%	36	51.4%	9	12.9%	0	0.0%	**70**	**100%**
Owner-Occupied Housing	0.0%		32.7%		53.7%		13.6%		0.0%		**100%**	
2015 HMDA Aggregate	0.0%		36.5%		39.2%		23.5%		0.0%		**100%**	

The analysis of 1–4 family RRE loans revealed reasonable lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of moderate-income census tracts by number of loans (35.7 percent) is above the percentage of owner-occupied housing units in moderate-income census tracts (32.7 percent). The bank's performance in moderate-income census tracts is also similar to other lenders in the assessment area based on 2015 HMDA aggregate data, which indicate that 36.5 percent of aggregate 1–4 family RRE loans inside this assessment area were made to borrowers residing in moderate-income geographies.

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2015 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2015 small business aggregate data.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2015 through December 31, 2015												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	21	41.2%	21	41.2%	9	17.6%	0	0.0%	**51**	**100%**
Business Institutions	0.0%		47.9%		41.5%		10.5%		0.0%		**100%**	
2015 Small Business Aggregate	0.0%		53.3%		39.1%		6.6%		0.0%		**100%**	

The bank's level of lending in moderate-income census tracts (41.2 percent) is below the estimated percentage of businesses operating inside these census tracts (47.9 percent) and 2015 aggregate lending levels in moderate-income census tracts (53.3 percent). Consideration was given to the level of competition for small business lending in the assessment area, as both community contacts noted several banks in the assessment area that are particularly aggressive in pursuing small business lending, the majority of which are located in the moderate-income census tracts in the city of Moberly. In addition, Bank of Cairo and Moberly began offering Small Business Administration loans during the review period, which will allow them to be more competitive for small business lending; however, the product is in its infancy and not reflected in 2015 loan data. Therefore, the bank's geographic distribution of small business loans is reasonable.

Lastly, the bank's geographic distribution of consumer lending was reviewed. The following table displays consumer loan activity by geography income level compared to the household population throughout the bank's assessment area.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2015 through December 31, 2015												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Motor Vehicle Loans	0	0.0%	10	16.1%	45	72.6%	7	11.3%	0	0.0%	**62**	**100%**
Household Population	0.0%		39.5%		47.0%		13.5%		0.0%		**100%**	

The bank's level of lending in moderate-income census tracts (16.1 percent) is substantially lower than the household population in the moderate-income census tracts (39.5 percent). Therefore, the bank's geographic distribution of consumer loans is poor.

Based on reviews from all three loan categories, the bank had loan activity in 100 percent of assessment area census tracts. This information shows the bank is making credit available throughout its assessment area and supports the conclusion that the bank's the overall geographic distribution of loans is reasonable.

Responses to Complaints

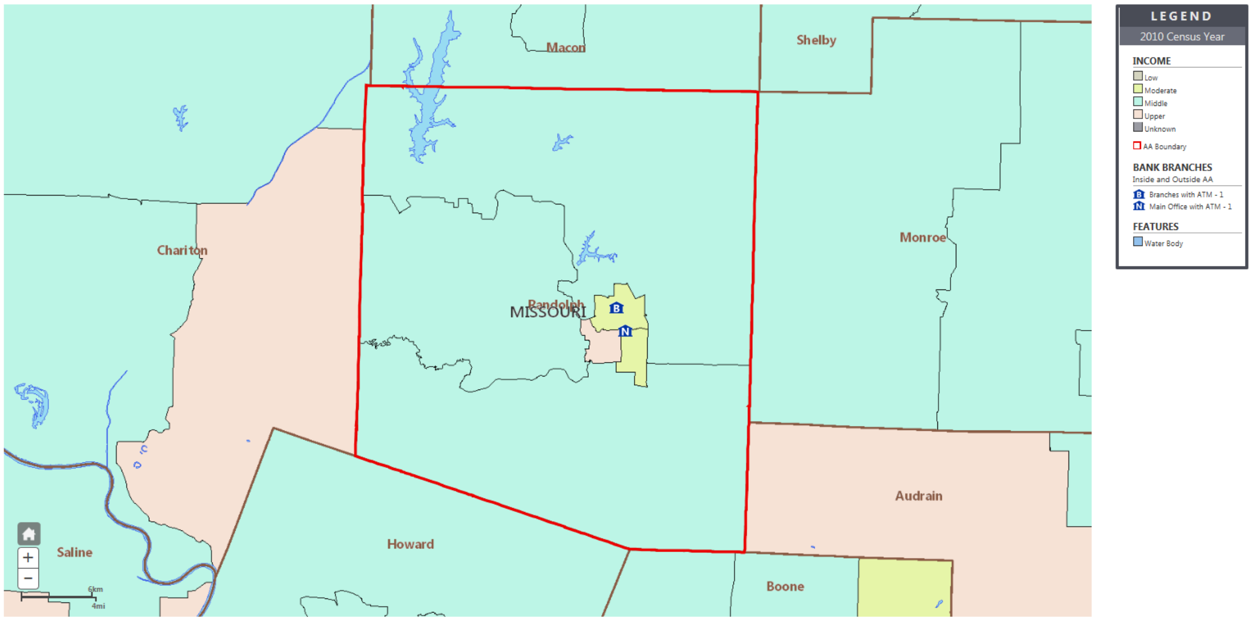
No CRA-related complaints were filed against the bank during this review period (October 29, 2012 through November 7, 2016).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

ASSESSMENT AREA DETAIL

Bank of Cairo & Moberly - Moberly, Missouri
Randolph County NonMSA MO AA



Tract Income Map

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 on 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) <u>affordable housing</u> (including multifamily rental housing) for LMI individuals; (2) <u>community services</u> targeted to LMI individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-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 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 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 who 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 by either 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.