

PUBLIC DISCLOSURE

June 3, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Cadiz and Trust Company
RSSD #904845**

**79 Main Street
Cadiz, Kentucky 42211**

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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

The Bank of Cadiz and Trust Company (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank’s loans and other lending-related activities are originated inside the AAs.
- The borrower’s profile analysis reveals reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI).
- The geographic distribution of loans reflects a poor dispersion throughout the AAs.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council’s (FFIEC) Interagency Examination Procedures for Small Institutions were utilized to evaluate the bank’s CRA performance. Bank performance under this test is rated within each of the bank’s AAs. The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each AA completed as part of this evaluation.

Assessment Area	Offices		Deposits As of June 30, 2023		Review Procedures
	#	%	\$	%	
Southwest Kentucky	4	80.0%	\$131,352	96.0%	Full Scope
Calloway County	1	20.0%	\$3,665	4.0%	Limited Scope
TOTAL	5	100%	\$135,017	100%	1 – Full Scope 1– Limited Scope

In light of branch structure, loan and deposit activity, and the bank’s CRA evaluation history, CRA performance in the Southwest Kentucky AA was given primary consideration, as it contains the majority of the bank’s deposit activity. The bank’s headquarters is also located in the Southwest Kentucky AA.

The bank’s lending performance was evaluated using 1–4 family residential real estate loans, including home equity lines of credit (HELOCs), as this loan category is considered the bank’s core business line based on lending volume and the bank’s stated business strategy. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	September 30, 2018 – March 31, 2024
Assessment Area Concentration	January 1, 2022 – December 31, 2023
Geographic Distribution of Loans	
Loan Distribution by Borrower’s Profile	
Response to Written CRA Complaints	September 24, 2018 – June 2, 2024

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on HMDA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey 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 AA. Aggregate lending datasets are 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 in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$101.6 million to \$331.8 million as of March 31, 2024.

To augment this evaluation, one community contact interview with a member of the local community was utilized to ascertain specific credit needs, opportunities, and local market conditions within the bank’s AAs. Information from this interview also assisted in evaluating the bank’s responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Bank of Cadiz and Trust Company is an intrastate community bank headquartered in Cadiz, Kentucky. The bank’s characteristics include:

- The bank is a wholly owned subsidiary of Cadiz Bancorp, Inc., Cadiz, Kentucky.
- The bank has total assets of \$137.4 million as of March 31, 2024, representing an increase of 29.3 percent since the last evaluation.
- The bank operates five offices. In addition to its main office in Cadiz, the bank has one full-service and one limited-service branch in Cadiz, a full-service branch in Hopkinsville, and a full-service branch in Murray.
- The bank operates cash-dispensing-only automated teller machines (ATMs) at each location. In addition, the bank operates two stand-alone cash-dispensing ATMs.
- As shown in the following table, the primary business focus is loans secured by 1–4 family residential real estate, which includes HELOCs.

Composition of Loan Portfolio as of March 31, 2024		
Loan Type	Amount \$ (000s)	Percentage of Total Loans
1-4 Family Residential	\$34,487	51.7%
Commercial Real Estate	\$10,746	16.1%
Construction and Development	\$10,098	15.1%
Farmland	\$3,955	5.9%
Commercial and Industrial	\$3,718	5.6%
Loans to Individuals	\$2,629	3.9%
Multifamily Residential	\$1,082	1.6%
Farm Loans	\$0	0.0%
Total Other Loans	\$14	0.0%
TOTAL LOANS	\$66,729	100%

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

The bank was rated Satisfactory under the CRA at its September 24, 2018, 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank’s overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the average LTD ratio to determine the reasonableness of lending in light of performance context, such as the capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on location, asset size, and loan portfolio.

Comparative LTD Ratios September 30, 2018 – March 31, 2024			
Institution	Location	Asset Size \$ (000s)	LTD Ratio (%)
			23-Quarter Average
Bank of Cadiz and Trust Company	Cadiz, Kentucky	\$137,418	52.0%
Similarly Situated Institutions			
Regional Banks	Elkton, Kentucky	\$188,607	42.1%
	Fredonia, Kentucky	\$101,611	74.7%
	Hopkinsville, Kentucky	\$331,768	78.2%

During the review period, the LTD experienced a generally decreasing trend but maintained a 23-quarter average of 52.0 percent. Furthermore, the trend has more recently been increasing as loans and deposits normalize following the COVID-19 pandemic. In comparison, the quarterly LTD ratios for the regional peers experienced similar trends. Given the size, financial condition, and AAs, the bank’s LTD ratio, compared to that of its peers, is considered reasonable.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the bank’s AAs.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1–4 Family Residential	94	94.0	12,183	93.8	6	6.0	811	6.2
TOTAL LOANS	94	94.0	12,183	93.8	6	6.0	811	6.2
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

A substantial majority of bank loans, by number and dollar, are originated inside the bank’s AAs. Overall, 94.0 percent of the total loans were originated inside the AAs, accounting for 93.8 percent of the total dollar volume of loans.

Borrower and Geographic Distribution

The bank’s performance by borrower’s income/revenue profile is reasonable, based on the analyses of lending in the bank’s two AAs. As was aforementioned, more weight is being placed on the bank’s Southwest Kentucky AA.

Assessment Area	Loan Distribution by Borrower’s Profile
Southwest Kentucky	Reasonable
Calloway County	Below
OVERALL	Reasonable

The bank’s distribution of lending by income level of census tract reflects poor penetration throughout the bank’s AAs.

Assessment Area	Geographic Distribution of Loans
Southwest Kentucky	Poor
Calloway County	Consistent
OVERALL	Poor

Response to Complaints

No CRA-related complaints were filed against the bank during this review period (September 24, 2018 through June 2, 2024).

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.

SOUTHWEST KENTUCKY ASSESSMENT AREA *(Full-Scope Review)*

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SOUTHWEST KENTUCKY ASSESSMENT AREA

The Southwest Kentucky AA consists of the entire counties of Trigg and Christian (see Appendix B for an AA map). Trigg and Christian counties are part of the Clarksville, TN-KY Metropolitan Statistical Area (Clarksville MSA), which is located in the southwestern portion of the state of Kentucky.

- No changes have occurred to the delineation of the AA since the prior evaluation.
- According to the June 30, 2023, Federal Deposit Market Share Report, the bank has a market share of 8.1 percent, which ranks sixth out of nine FDIC-insured depository institutions operating in the AA.
- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are manufacturing (23.1 percent), healthcare and social assistance services (14.2 percent), and retail trade (13.6 percent).
- One community contact interview was conducted with an individual from an organization that provides housing and labor assistance to individuals in the AA.

Assessment Area Demographics by Geography Income Level						
Assessment Area: Southwest Kentucky						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	3	7	11	3	4	28
	10.7%	25.0%	39.3%	10.7%	14.3%	100%
Family Population	1,949	7,471	9,189	2,827	0	21,436
	9.1%	34.9%	42.9%	13.2%	0.0%	100%

- Since the previous evaluation, the AA added one low-income and two moderate-income census tracts.
- After adjusting for the unknown census tracts, the family population that resides in the AA is distributed among each of the income geographies by a similar proportion of the census tracts that comprise those income geographies.

Population Change			
Assessment Area: Southwest Kentucky			
Area	2015 Population	2020 Population	Percent Change
Assessment Area	88,409	86,809	-1.8%
Clarksville MSA	287,675	320,535	11.4%
Kentucky	4,397,353	4,505,836	2.5%

*Source: 2020 U.S. Census Bureau: Decennial Census
2011–2015 U.S. Census Bureau: American Community Survey*

- As noted in the table, the AA population slightly declined, decreasing 1.8 percent during the review period, which is substantially lower than the population growth for the entire Clarksville MSA.

Median Family Income Change			
Assessment Area: Southwest Kentucky			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area	\$52,413	\$53,511	2.1%
Clarksville MSA	\$58,976	\$65,849	11.7%
Kentucky	\$60,493	\$65,893	8.9%

*Source: 2011–2015 U.S. Census Bureau: American Community Survey
2016–2020 U.S. Census Bureau: American Community Survey*
Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.

- The median family income in the AA increased at a slower pace than that of the Clarksville MSA or the state of Kentucky between 2015 and 2020. The median family income in the AA continues to be lower than the MSA and the state.

Unemployment Rates					
Assessment Area: Southwest Kentucky					
Area	2018	2019	2020	2021	2022
Assessment Area	5.1%	5.2%	7.6%	5.4%	4.7%
Clarksville MSA	4.2%	4.1%	7.5%	4.9%	4.0%
Kentucky	4.2%	4.1%	6.5%	4.4%	3.9%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The unemployment rate in the bank’s AA has generally remained steady over the past five years, notwithstanding the spike in 2020 that occurred nationwide because of the COVID-19 pandemic. Since 2018, the unemployment levels in the bank’s AA have consistently been above the levels seen in the Clarksville MSA and the state of Kentucky.

Housing Cost Burden						
Assessment Area: Southwest Kentucky						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low- Income	Moderate- Income	All Renters	Low- Income	Moderate- Income	All Owners
Assessment Area	74.9%	41.1%	40.3%	56.5%	29.5%	19.0%
Clarksville MSA	76.9%	50.2%	38.7%	59.1%	35.3%	18.1%
Kentucky	67.0%	27.8%	36.6%	52.9%	23.9%	16.1%

*Cost burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development, 2016–2020 Comprehensive Housing Affordability Strategy*

- As illustrated in the table above, the housing cost burden for LMI renters and owners in the bank’s AA is less than the housing cost burden for LMI renters and owners in the MSA. Conversely, the housing cost burden for LMI renters and owners in the bank’s AA is more than the housing cost burden for LMI renters and owners in the state of Kentucky.
- These statistics are impacted by the median home values and median rents in the bank’s AA compared to the median home values and median rents in the MSA and the state of Kentucky. In the AA, the median home value is \$126,854, and the median gross rent is \$837 per month. In comparison, the median home values in the MSA and the state are \$165,077 and \$147,100, respectively, and the median gross rents are \$920 and \$783, respectively.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SOUTHWEST KENTUCKY ASSESSMENT AREA

Loan Distribution by Borrower’s Profile

This performance criterion evaluates the bank’s lending to borrowers of different income levels. The bank’s lending has a reasonable distribution among individuals of different income levels.

Residential Real Estate Lending

Overall, the bank’s 1–4 family residential real estate loan distribution is reasonable. Specifically, the bank’s 1–4 family residential real estate loan distribution is reasonable to low-income individuals but poor to moderate-income individuals. The bank’s performance lending to low-income borrowers (16.1 percent) exceeds aggregate but trails the demographic comparator. For moderate-income borrowers, the bank’s performance (9.7 percent) trails both aggregate and demographic comparators.

Distribution of 2022–2023 Residential Real Estate Lending by Borrower Income Level							
Assessment Area: Southwest Kentucky							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	15	16.1%	5.4%	1,274	10.8%	2.3%	27.8%
Moderate	9	9.7%	18.6%	741	6.3%	13.8%	21.0%
Middle	23	24.7%	26.8%	2,284	19.3%	24.9%	21.5%
Upper	46	49.5%	29.8%	7,542	63.7%	32.7%	29.8%
Unknown	0	0.0%	19.3%	0	0.0%	26.2%	0.0%
TOTAL	93	100.0%	100.0%	11,842	100.0%	100.0%	100.0%
<i>Source: 2022 and 2023 FFIEC Census Data 2016–2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>							

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts, with consideration given to the dispersion of loans throughout the AA. The bank’s geographic distribution of loans reflects poor distribution among the different census tracts and dispersion throughout the AA.

Residential Real Estate Lending

The geographic distribution of 1–4 family residential real estate loan is poor. The bank’s overall distribution of 1–4 family residential real estate loans to low-income census tracts (1.1 percent) trails both the aggregate and demographic comparators. Similarly, the bank’s performance lending to moderate-income census tracts (12.9 percent) trails both the aggregate and demographic comparators.

Distribution of 2022–2023 Residential Real Estate Lending by Income Level of Geography							
Assessment Area: Southwest Kentucky							
Geographic Income Level	Bank and Aggregate Loans						Owner- Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	1	1.1%	6.0%	37	0.3%	3.9%	6.5%
Moderate	12	12.9%	29.2%	2,623	22.2%	27.3%	17.4%
Middle	72	77.4%	50.0%	7,680	64.9%	53.5%	59.0%
Upper	8	8.6%	14.8%	1,502	12.7%	15.3%	17.1%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	93	100.0%	100.0%	11,842	100.0%	100.0%	100.0%

*Source: 2022 and 2023 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.*

CALLOWAY COUNTY ASSESSMENT AREA
(Limited-Scope Review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CALLOWAY COUNTY ASSESSMENT AREA

This AA includes the entirety of Calloway County, Kentucky. The bank operates one office in this AA, which is located in Murray. The tables below detail key demographics relating to this AA.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Assessment Area	38,106	37,103	-2.6%
NonMSA Kentucky	1,820,262	1,818,994	-0.1%
Kentucky	4,397,353	4,505,836	2.5%
<i>Source: 2011–2015 U.S. Census Bureau: Decennial Census 2020 U.S. Census Bureau: American Community Survey</i>			

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area	\$58,797	\$65,456	11.3%
NonMSA Kentucky	\$50,243	\$54,327	8.1%
Kentucky	\$60,493	\$65,893	8.9%
<i>Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CALLOWAY COUNTY ASSESSMENT AREA

The bank's Lending Test performance in this AA is consistent with the bank's Lending Test performance in the AA within the MSA portion of the state of Kentucky that was reviewed using full-scope procedures, as detailed in the following table. For more detailed information relating to the bank's Lending Test performance in this AA, see the tables in Appendix A.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Below
Geographic Distribution of Loans	Consistent
OVERALL	Below

**APPENDIX A – LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE
 REVIEW ASSESSMENT AREA**

Calloway County, Kentucky Assessment Area

Distribution of 2022–2023 Residential Real Estate Lending by Borrower Income Level Assessment Area: Calloway County							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	3.9%	0	0.0%	1.5%	16.1%
Moderate	0	0.0%	14.1%	0	0.0%	8.2%	14.3%
Middle	0	0.0%	22.0%	0	0.0%	17.9%	20.8%
Upper	1	100.0%	41.4%	342	100.0%	47.0%	48.8%
Unknown	0	0.0%	18.6%	0	0.0%	25.4%	0.0%
TOTAL	1	100.0%	100.0%	342	100.0%	100.0%	100.0%

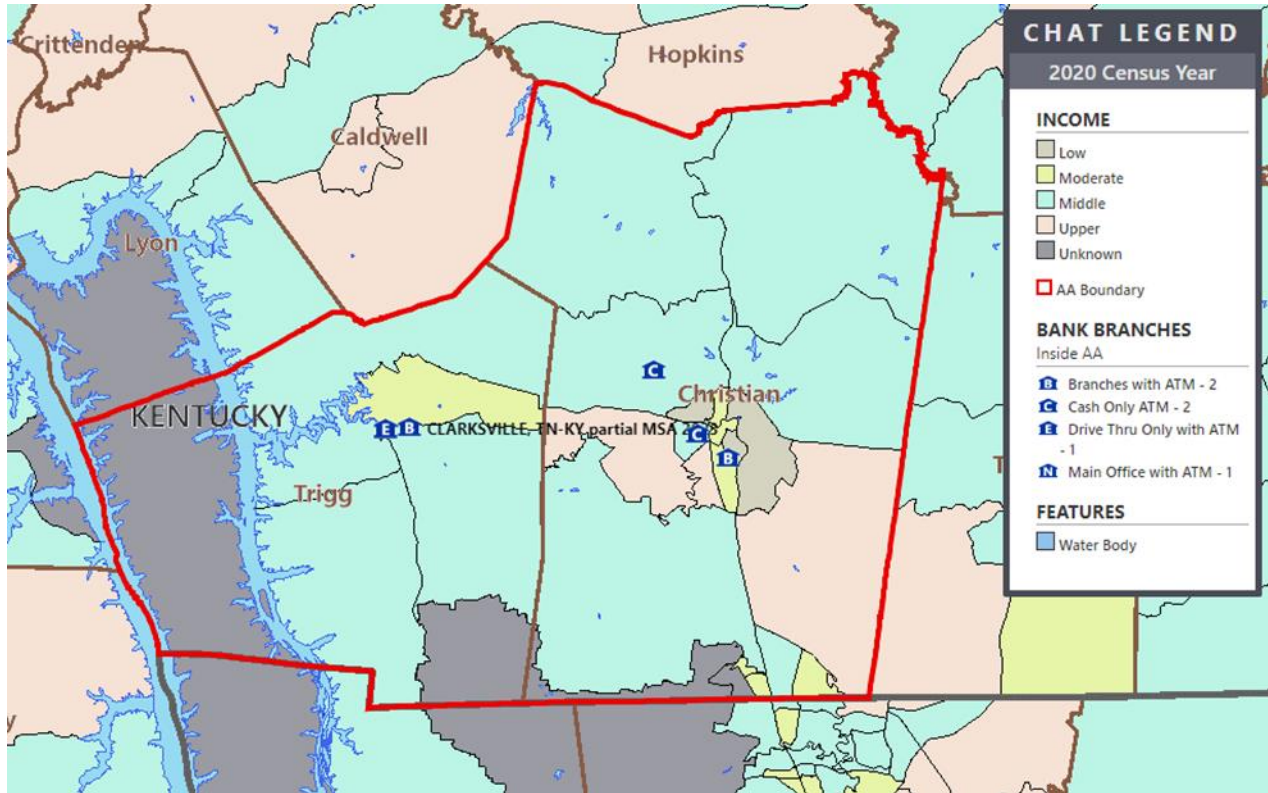
*Source: 2022 and 2023 FFIEC Census Data
 2016–2020 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.*

Distribution of 2022–2023 Residential Real Estate Lending by Income Level of Geography Assessment Area: Calloway County							
Geographic Income Level	Bank and Aggregate Loans						Owner- Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	3.0%	0	0.0%	4.0%	2.7%
Moderate	0	0.0%	4.7%	0	0.0%	4.1%	3.2%
Middle	1	100.0%	23.0%	342	100.0%	20.9%	21.5%
Upper	0	0.0%	69.3%	0	0.0%	70.9%	72.6%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	1	100.0%	100.0%	342	100.0%	100.0%	100.0%

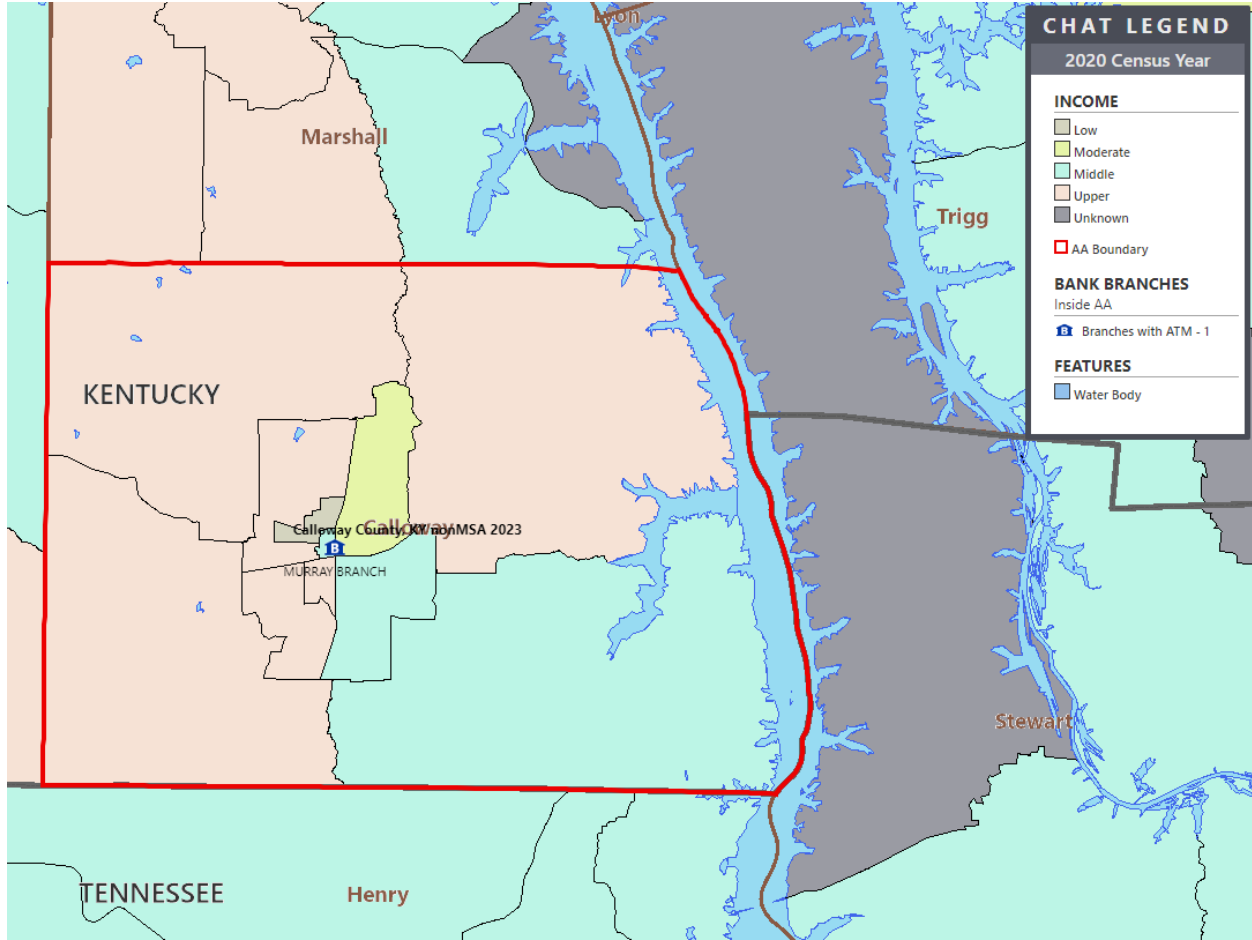
*Source: 2022 and 2023 FFIEC Census Data
 2016–2020 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.*

APPENDIX B – MAP OF THE ASSESSMENT AREAS

Southwest Kentucky Assessment Area



Calloway County Assessment Area



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.

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) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income 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 (e.g., age, race, sex, and income) 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 income of applicants; 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: 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.