# PUBLIC DISCLOSURE

**March 15, 2021**

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**F&M Bank and Trust Company**
**RSSD #413673**

**505 Broadway**
**Hannibal, Missouri 63401**

**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.**

F&M Bank and Trust Company 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 more than 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.
- The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels.
- The 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 evaluation.

## SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Residential real estate and consumer motor vehicle 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. 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 residential real estate loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

| Performance Criterion | Time Period |
|---|---|
| LTD Ratio | March 31, 2016 – December 31, 2020 |
| Assessment Area Concentration | January 1, 2019 – December 31, 2019 |
| Loan Distribution by Borrower's Profile | |
| Geographic Distribution of Loans | |
| Response to Written CRA Complaints | February 23, 2016 – March 14, 2021 |

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 2015 American Community Survey (ACS) 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 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 $90.0 million to $127.1 million as of December 31, 2020.

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. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

## DESCRIPTION OF INSTITUTION

F&M Bank and Trust Company is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Farmers & Merchants Bancorp, Inc., a one-bank holding company headquartered in Hannibal, Missouri. The bank operates two full-service offices in Hannibal (including its main office) and one full-service office in Monroe City, which is at the junction of Marion, Monroe, and Ralls Counties. All three offices offer drive-up accessibility, with extended drive-up hours during the weekend. The two branches in Hannibal have full-service ATMs on site, while the Monroe City branch has a cash-dispensing only ATM. No branches were opened or closed during the review period. Finally, the bank operates seven stand-alone ATMs in its assessment area, six of which are in Hannibal and one of which is in New London, a town on the eastern side of Ralls County. All seven stand-alone ATMs were opened during the review period.

While the bank does not have branches or ATMs within or near the borders of Shelby County, its management has decided to include Shelby County in its assessment area. The bank continues to have an existing customer base there from a branch that previously operated in Shelby County in a prior review period (closed in 2014), and management believes the western portion of Shelby County is within a reasonable driving distance of its existing branches, which many customers from the county still frequent. Based on this branch network and other service delivery systems such as full-service online banking capabilities, 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 December 31, 2020, the bank reported total assets of $140.0 million. As of the same date, loans and leases outstanding were $100.4 million (75.9 percent of total assets), and deposits totaled $124.8 million. The bank's loan portfolio composition by credit category is displayed in the following table.

| Distribution of Total Loans as of December 31, 2020 | | |
|---|---|---|
| **Credit Category** | **Amount ($000s)** | **Percentage of Total Loans** |
| Construction and Development | $2.659 | 2.6% |
| Commercial Real Estate | $34,454 | 35.3% |
| Multifamily Residential | $1,370 | 1.4% |
| 1–4 Family Residential | $43,938 | 43.8% |
| Farmland | $1,427 | 1.4% |
| Farm Loans | $228 | 0.2% |
| Commercial and Industrial | $11,698 | 11.7% |
| Loans to Individuals | $3,460 | 3.4% |
| Total Other Loans | $169 | 0.2% |
| **TOTAL** | **$100,403** | **100%** |

As indicated in the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties and commercial real estate. The bank also originates and subsequently sells a significant volume of loans related to residential real estate. 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. These loans are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on February 23, 2016, by the Office of the Comptroller of the Currency.

# DESCRIPTION OF ASSESSMENT AREA

## General Demographics

The bank's assessment area, which has a population of 53,942, is located in a nonmetropolitan statistical area (nonMSA) portion of northeastern Missouri. The assessment area is almost entirely rural and consists of four counties in their entireties: Marion, Monroe, Ralls, and Shelby. Hannibal, where the bank is headquartered, is the most populous city in the assessment area, with an estimated 2019 population of 17,346, per U.S. Census data. Hannibal sits on the border of Marion and Ralls Counties.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2020, there are 15 FDIC-insured depository institutions in the assessment area that operate 32 offices. F&M Bank and Trust Company ranked third in terms of deposit market share, with 9.6 percent of the total assessment area deposit dollars.

A standard blend of consumer loan products represents a credit need in the assessment area. One particular credit need in the assessment area, as noted primarily from community contacts, is home improvement loans to repair/renovate the area's older housing stock.

## 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 | 1 | 13 | 3 | 0 | **17** |
| | 0.0% | 5.9% | 76.5% | 17.7% | 0.0% | **100%** |
| Family Population | 0 | 720 | 10,379 | 3,146 | 0 | **14,245** |
| | 0.0% | 5.1% | 72.9% | 22.0% | 0.0% | **100%** |

As shown above, there are no low-income tracts and only one moderate-income tract in the assessment area. The moderate-income tract is located in southeastern Hannibal and consists of 5.1 percent of the assessment area family population.

Based on 2015 ACS data, the median family income for the assessment area was $52,207. At the same time, the median family income for all of nonMSA Missouri was $48,341. More recently, the FFIEC estimates the 2019 median family income for the state of Missouri to be $52,400. The following table displays population percentages of assessment area families by income level.

| Family Population by Income Level | | | | | | |
|---|---|---|---|---|---|---|
| **Dataset** | **Low-** | **Moderate-** | **Middle-** | **Upper-** | **Unknown** | **TOTAL** |
| Assessment Area | 2,432 | 2,439 | 3,075 | 6,299 | 0 | **14,245** |
| | 17.1% | 17.1% | 21.6% | 44.2% | 0.0% | **100%** |
| NonMSA Missouri | 81,150 | 72,084 | 84,064 | 159,212 | 0 | **396,510** |
| | 20.5% | 18.2% | 21.2% | 40.2% | 0.0% | **100%** |

As shown in the table above, 34.2 percent of families within the assessment area were considered low- to moderate-income, which is below the LMI family percentage in nonMSA Missouri as a whole (38.7 percent). The percentage of families living below the poverty threshold in the assessment area (12.2 percent) also falls below that of nonMSA Missouri (14.2 percent). Considering these factors, the assessment area appears more 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 overall. The median housing value for the assessment area is $99,357, which is very close to the figure for nonMSA Missouri, $100,293. The assessment area housing affordability ratio of 42.8 percent is above the nonMSA Missouri figure of 38.0 percent. Additionally, the median gross rent for the assessment area of $595 per month is slightly lower than the $611 per month for nonMSA Missouri. The percentages of rental units in the assessment area and nonMSA Missouri are comparable at 24.4 and 23.8 percent, respectively. In the assessment area, 35.1 percent of renters face rental costs exceeding 30 percent of their income, compared to 40.6 percent in nonMSA Missouri. While these statistics suggest that housing is more affordable in the assessment area, community contacts noted that the affordable housing stock tends to be older and in need of costly repairs. The median age of the housing stock in the assessment area is 49 years.

## Industry and Employment Demographics

The assessment area business community supports a strong small business sector. According to 2019 Dun & Bradstreet data, 90.3 percent of assessment area small businesses had gross revenues of less than $1 million. County business patterns indicate that there are 17,200 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are retail trade (19.4 percent), followed by manufacturing (18.3 percent), and accommodation and food services (8.2 percent). The table below 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)** | **Assessment Area** | **NonMSA Missouri** |
| 2000 (8-month average) | 5.4% | 6.9% |
| 2019 | 3.3% | 4.0% |
| 2018 | 3.1% | 3.7% |
| 2017 | 3.6% | 4.4% |
| 2016 | 4.3% | 5.5% |

As shown in the table above, unemployment levels for the assessment area remained relatively stable until 2020, falling from 2016 to 2018 and then rising slightly in 2019. The increase in 2020 is largely attributed to the pandemic. In addition, unemployment levels in the assessment area remained below those of nonMSA Missouri as a whole. Community contacts mentioned that the region is trying to attract and retain more workers. Particularly in Hannibal, civic and private sector leaders have invested in making the city more attractive to young families.

## 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 housing development, and one was with a person providing economic development services. One contact described a consistent level of business and small business development in the region, citing tourism as a key piece of the area's economic resilience. Like many rural communities, the area has an aging population as young people migrate to larger cities for better job opportunities. However, the contact noted that the city of Hannibal continues to be relatively successful as one of northern Missouri's largest population centers.

An aging housing stock and lack of new development were cited as barriers to homeownership in the area. Few housing options and the expense of new home development or repairs for existing stock incentivize residents to remain renters or look for housing in neighboring counties. Additional barriers include high levels of student and consumer debt, particularly affecting younger families. For residents who own their own homes, the most significant credit need is for financing to allow them to age in place. Many residents need access to affordable loan products to finance ramps, additional railings, and other necessary renovations within their homes.

Assessment area banks were described as responsive to community needs, regardless of their size. One contact noted that LMI residents appear to have access to financial institutions, as civic groups and other community development organizations have made a concerted effort to reach unbanked populations. Opportunities for participation by financial institutions, as noted by the contacts, include cooperation with municipal leaders to support neighborhood development and offering flexible products to aging residents who want to remain in their homes.

## 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 chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 20-quarter average, dating back to the bank's last CRA evaluation.

| LTD Ratio Analysis | | | |
|---|---|---|---|
| **Name** | **Headquarters** | **Asset Size ($000s) as of December 31, 2020** | **Average LTD Ratio** |
| F&M Bank & Trust Company | Hannibal, Missouri | $139,914 | 92.0% |
| Regional Banks | New London, Missouri | $127,070 | 84.2% |
| | Paris, Missouri | $89,908 | 63.4% |
| | Shelbina, Missouri | $94,826 | 68.3% |

Based on data from the previous table, the bank's level of lending is above that of other banks in the region. During the review period, the LTD ratio experienced a generally decreasing trend with a 20-quarter average of 92.0 percent. In comparison, the average LTD ratios for the regional peers were lower. Two of the peers' LTD ratios followed generally increasing trends, and the third remained relatively stable. Therefore, compared to data from regional banks, the bank's average LTD ratio is more than 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<br>January 1, 2019 through December 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| **Loan Type** | **Inside Assessment Area** | | **Outside Assessment Area** | | **TOTAL** | |
| Residential Real Estate | 66 | 75.0% | 22 | 25.0% | **88** | **100%** |
| | $6,215 | 68.8% | $2,816 | 31.2% | **$9,030** | **100%** |
| Motor Vehicle | 76 | 91.6% | 7 | 8.4% | **83** | **100%** |
| | $835 | 89.6% | $97 | 10.4% | **$931** | **100%** |
| **TOTAL LOANS** | **142** | **83.0%** | **29** | **17.0%** | **171** | **100%** |
| | **$7,049** | **70.8%** | **$2,912** | **29.2%** | **$9,962** | **100%** |

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 83.0 percent of total loans were made inside the assessment area, accounting for 70.8 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 both 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 ($52,400 for nonMSA Missouri as of 2019). The following table shows the distribution of residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

**Borrower Distribution of Residential Real Estate Loans**

**Assessment Area**

| Product Type | Borrower Income Levels | 2019 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Count | | | Dollar | | | Families |
| | | Bank | | HMDA Aggregate | Bank | | HMDA Aggregate | |
| | | # | % | % | $ (000s) | $ % | $ % | % |
| Residential Real Estate Loans | Low | 2 | 3.0% | 4.6% | 99 | 1.6% | 2.4% | 17.1% |
| | Moderate | 12 | 18.2% | 14.1% | 892 | 14.4% | 10.0% | 17.1% |
| | Middle | 16 | 24.2% | 20.8% | 1,522 | 24.5% | 17.0% | 21.6% |
| | Upper | 36 | 54.5% | 42.8% | 3,702 | 59.6% | 51.1% | 44.2% |
| | Unknown | 0 | 0.0% | 17.8% | 0 | 0.0% | 19.6% | 0.0% |
| | **TOTAL** | **66** | **100.0%** | **100.0%** | **6,215** | **100.0%** | **100.0%** | **100.0%** |

As displayed in the preceding table, the bank's percentage of residential real estate lending to low-income borrowers (3.0 percent) is substantially below the low-income family population figure (17.1 percent), but in line with the 2019 aggregate lending level to low-income borrowers (4.6 percent). Considering information provided from community contacts about the lack of affordable housing stock in the area, this performance is considered reasonable. The bank's level of lending to moderate-income borrowers (18.2 percent) is similar to the moderate-income family population percentage (17.1 percent) and the 2019 aggregate lending level to moderate-income borrowers (14.1 percent), reflecting reasonable performance. Therefore, considering performance to both income categories, the bank's overall distribution of residential real estate loans by borrower's profile is reasonable.

Next, consumer motor vehicle loans were reviewed to determine the level of the bank's lending to LMI borrowers compared to the assessment area demographics.

| Borrower Distribution of Consumer Motor Vehicle Loans | | | | | | |
|---|---|---|---|---|---|---|
| Assessment Area | | | | | | |
| Product Type | Borrower Income Levels | 2019 | | | | |
| | | Count | | Dollar | | Households |
| | | # | % | $ (000s) | $ % | % |
| Motor Vehicle Loans | Low | 11 | 14.5% | $91 | 10.9% | 19.9% |
| | Moderate | 24 | 31.6% | $208 | 24.9% | 14.6% |
| | Middle | 20 | 26.3% | $196 | 23.5% | 19.9% |
| | Upper | 21 | 27.6% | $340 | 40.7% | 45.6% |
| | Unknown | 0 | 0.0% | $0 | 0.0% | 0.0% |
| | **TOTAL** | **76** | **100%** | **$835** | **100%** | **100%** |

As displayed in the preceding table, the bank's percentage of motor vehicle lending to low-income borrowers (14.5 percent) is in line with the low-income household population figure (19.9 percent). Further, community contacts stated that low-income households are typically burdened by large amounts of consumer and student loan debt, which may prevent them from upgrading their vehicles. Therefore, the bank's level of lending to low-income borrowers is reasonable. The bank's level of lending to moderate-income borrowers (31.6 percent) is well above the moderate-income household population percentage (14.6 percent), reflecting excellent performance. Therefore, considering performance to both income categories, the bank's overall distribution of motor vehicle loans by borrower's profile is excellent.

## Geographic Distribution of Loans

As noted previously, the assessment area includes zero low-income and one moderate-income census tract, representing 5.9 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout the moderate-income census tract, based on the residential real estate and consumer motor vehicle loan categories. Performance in the residential real estate loan category carried the most significance in the overall rating.

The following table displays the geographic distribution of 2019 residential real estate loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

| Geographic Distribution of Residential Real Estate Loans | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Assessment Area | | | | | | | | |
| Product Type | Borrower Income Levels | 2019 | | | | | | |
| | | Count | | | Dollar | | | Owner-Occupied Units |
| | | Bank | | HMDA Aggregate | Bank | | HMDA Aggregate | |
| | | # | % | % | $ (000s) | $ % | $ % | % |
| Residential Real Estate Loans | Low | 0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | 0.0% |
| | Moderate | 1 | 1.5% | 2.1% | 45 | 0.7% | 1.0% | 4.1% |
| | Middle | 38 | 57.6% | 69.5% | 3,591 | 57.8% | 68.5% | 73.2% |
| | Upper | 27 | 40.9% | 28.3% | 2,579 | 41.5% | 30.1% | 22.7% |
| | Unknown | 0 | 0.0% | 0.2% | 0 | 0.0% | 0.4% | 0.0% |
| | **TOTAL** | **66** | **100.0%** | **100.0%** | **6,215** | **100.0%** | **100.0%** | **100.0%** |

The bank's level of residential real estate lending in the moderate-income census tract by number of loans (1.5 percent) is similar to the percentage of owner-occupied housing units in the moderate-income census tract (4.1 percent) and the aggregate figure (2.1 percent). Therefore, the bank's performance in the assessment area's moderate-income census tract is reasonable.

Next, the bank's geographic distribution of consumer motor vehicle loans was reviewed. The following table displays 2019 consumer motor vehicle lending activity by geography income level compared to the demographic data throughout the bank's assessment area.

| Geographic Distribution of Consumer Motor Vehicle Loans | | | | | | |
|---|---|---|---|---|---|---|
| Assessment Area | | | | | | |
| Product Type | Borrower Income Levels | 2019 | | | | |
| | | Count | | Dollar | | Households |
| | | # | % | $ (000s) | $ % | % |
| Motor Vehicle Loans | Low | 0 | 0.0% | $0 | 0.0% | 0.0% |
| | Moderate | 9 | 11.8% | $75 | 9.0% | 5.2% |
| | Middle | 57 | 75.0% | $627 | 75.1% | 73.1% |
| | Upper | 10 | 13.2% | $133 | 15.9% | 21.8% |
| | Unknown | 0 | 0.0% | $0 | 0.0% | 0.0% |
| | **TOTAL** | **76** | **100.0%** | **$835** | **100.0%** | **100.0%** |

The bank's level of consumer motor vehicle lending in the moderate-income census tract by number of loans (11.8 percent) is significantly above the percentage of households in moderate-income census tracts (5.2 percent). Therefore, the bank's performance in the assessment area's moderate-income census tract is excellent.

**Responses to Complaints**

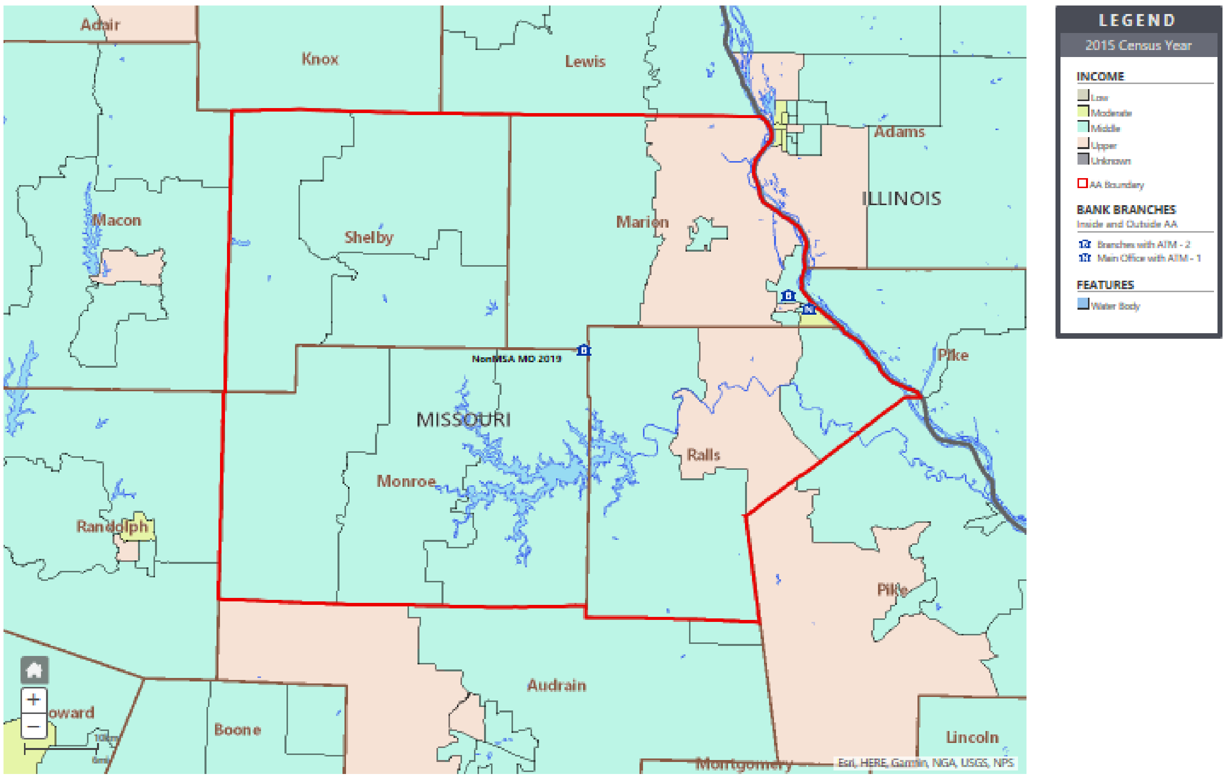
No CRA-related complaints were filed against the bank during this review period (February 23, 2016 through March 14, 2021).

## 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

**F&M BTC - Hannibal, MO 2021**
NonMSA MO



## 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.