

# **PUBLIC DISCLOSURE**

**January 18, 2022**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Callaway Bank  
RSSD #719656**

**5 East Fifth Street  
Fulton, Missouri 65251**

**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.****The Lending Test is rated:****Satisfactory****The Community Development Test is rated:****Outstanding**

The Callaway Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of loans and other lending-related activities are in the assessment areas.
- Geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses of different revenue sizes.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates excellent responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development. The bank has responded to these needs through community development loans, qualified investments, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES<sup>1</sup> Act Paycheck Protection Program (PPP), and such activity was also considered while evaluating the bank's CRA performance.

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<sup>1</sup> The Coronavirus Aid, Relief, and Economic Security Act.

**SCOPE OF EXAMINATION**

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) intermediate small bank procedures. The intermediate small bank examination procedures entail two performance tests—the Lending Test and the Community Development Test. Bank performance under these tests is rated at the institution level. The bank maintains operations in two delineated assessment areas within Missouri. One assessment area consists of Callaway County, which is a part of the Jefferson City, Missouri metropolitan statistical area (MSA). The second assessment area is contiguous to the western border of Callaway County and consists of Boone County, which is a part of the Columbia, Missouri MSA. Each assessment area was evaluated under full-scope examination procedures based on branching and loan and deposit activities within each assessment area.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2021.

Assessment Area	Offices		Deposits as of June 30, 2021		Assessment Area Reviews		
	#	%	\$ (000s)	%	Full Scope	Limited Scope	TOTAL
Callaway County	4	50.0%	\$231,802	64.3%	1	0	1
Boone County	4	50.0%	\$128,472	35.7%	1	0	1
<b>OVERALL</b>	<b>8</b>	<b>100%</b>	<b>\$360,274</b>	<b>100%</b>	<b>2</b>	<b>0</b>	<b>2</b>

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the two assessment areas was given equal consideration. While the Callaway County assessment area has 64.3 percent of deposits by dollar amount, the Boone County assessment area has 64.3 percent of loans by dollar amount<sup>2</sup> and is more economically diverse, containing seven of the eight LMI census tracts in the bank's combined assessment areas.

Furthermore, residential real estate and small business 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 overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on the Home Mortgage Disclosure Act (HMDA) loan category carried the most significance toward overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

<sup>2</sup> Based on the total number of 2020 HMDA loans originated inside the bank's combined assessment areas.

Performance Criterion	Time Period
LTD Ratio	June 30, 2017 – September 30, 2021
Assessment Area Concentration	January 1, 2020 – December 31, 2020
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	April 17, 2017 – January 17, 2022
Community Development Activities	

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data by the U.S. Census Bureau; certain business and farm demographics are based on 2020 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 \$457.5 million to \$605.4 million as of September 30, 2021.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, three community contact discussions were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the assessment areas. 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, applicable to the assessment area in which they were conducted.

**DESCRIPTION OF INSTITUTION**

The Callaway Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Callaway Security Banks, Inc., a one-bank holding company; the bank and its holding company are both headquartered in Fulton, Missouri. The bank's branch network consists of eight offices (including the main office), all of which have full-service ATMs on site. Seven of the eight branches are full service, and all branches except the main office have drive-up accessibility. In addition, the bank operates two stand-alone ATMs; one is full-service and one is cash-dispensing only. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment areas.

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 the credit needs of its assessment areas based on its available resources and financial products. As of September 30, 2021, the bank reported total assets of \$470.2 million. As of the same date, loans and leases outstanding were \$338.3 million (71.9 percent of total assets), and deposits totaled \$403.9 million. The bank's loan portfolio composition by credit category is displayed in the following table.

<b>Distribution of Total Loans as of September 30, 2021</b>		
<b>Credit Category</b>	<b>Amount (\$000s)</b>	<b>Percentage of Total Loans</b>
Construction and Development	\$36,741	10.9%
Commercial Real Estate	\$83,681	24.7%
Multifamily Residential	\$6,077	1.8%
1-4 Family Residential	\$89,984	26.6%
Farmland	\$50,846	15.0%
Farm Loans	\$17,464	5.2%
Commercial and Industrial	\$39,685	11.7%
Loans to Individuals	\$4,621	1.4%
Total Other Loans	\$9,171	2.7%
<b>TOTAL</b>	<b>\$338,270</b>	<b>100%</b>

As indicated by 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 loans. 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.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on April 17, 2017.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS****LENDING TEST**

The Callaway Bank meets the standards for a satisfactory Lending Test rating under the intermediate small bank procedures, which evaluate bank performance under the following five criteria as applicable.

**Loan-to-Deposit (LTD) Ratio**

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents an 18-quarter average, dating back to the bank's last CRA evaluation.

<b>LTD Ratio Analysis</b>			
<b>Name</b>	<b>Headquarters</b>	<b>Asset Size (\$000s) as of September 30, 2021</b>	<b>Average LTD Ratio</b>
The Callaway Bank	Fulton, Missouri	\$470,207	93.3%
Regional Banks	Jefferson City, Missouri	\$605,426	89.5%
	Poplar Bluff, Missouri	\$493,992	97.9%
	Palmyra, Missouri	\$457,520	99.0%

Based on data from the previous table, the bank's level of lending in relation to its deposits is between those of other banks in the region. At the start of the review period, the bank's quarterly LTD ratio has increased since the previous examination, reaching a high of 102.0 percent in the fourth quarter of 2018, before beginning to decline in 2020 when the COVID-19 pandemic began. Overall, the bank has an 18-quarter average of 93.3 percent, which is a significant increase since the bank's 16-quarter average of 81.2 percent in its last examination. The average LTD ratios for the regional peers were similar and followed the same trend during the pandemic. Therefore, compared to data from regional banks and the previous examination, the bank's average LTD ratio is more than reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

**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 areas.

<b>Lending Inside and Outside of Assessment Areas</b>						
<b>January 1, 2020 through December 31, 2020</b>						
<b>Loan Type</b>	<b>Inside Assessment Areas</b>		<b>Outside Assessment Areas</b>		<b>TOTAL</b>	
HMDA	566	88.0%	77	12.0%	<b>643</b>	<b>100%</b>
	\$107,370	89.4%	\$12,684	10.6%	<b>\$120,054</b>	<b>100%</b>
Small Business	73	83.0%	15	17.0%	<b>88</b>	<b>100%</b>
	\$9,062	81.4%	\$2,070	18.6%	<b>\$11,132</b>	<b>100%</b>
<b>TOTAL LOANS</b>	<b>639</b>	<b>87.4%</b>	<b>92</b>	<b>12.6%</b>	<b>731</b>	<b>100%</b>
	<b>\$116,432</b>	<b>88.8%</b>	<b>\$14,754</b>	<b>11.2%</b>	<b>\$131,186</b>	<b>100%</b>

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown in the preceding table, 87.4 percent of the total loans were made inside the assessment areas, accounting for 88.8 percent of the dollar volume of total loans.

**Geographic and Borrower Distribution**

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration throughout the assessment areas.

<b>Assessment Area</b>	<b>Geographic Distribution of Loans</b>
Boone County	Reasonable
Callaway County	Excellent
<b>OVERALL</b>	<b>REASONABLE</b>

Overall, performance by borrower's income/revenue profile is reasonable, based on the analyses of lending in the Boone County and Callaway County assessment areas as displayed in the following table.

<b>Assessment Area</b>	<b>Loan Distribution by Borrower's Profile</b>
Boone County	Reasonable
Callaway County	Reasonable
<b>OVERALL</b>	<b>REASONABLE</b>



**Responses to Complaints**

No CRA-related complaints were filed against the bank during this review period (April 17, 2017 through January 17, 2022).

**COMMUNITY DEVELOPMENT TEST**

The Callaway Bank's performance under the Community Development Test is rated outstanding. The bank demonstrates excellent responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas.

Full-Scope Assessment Area	Community Development Test Performance Conclusions
Boone County	Excellent
Callaway County	Adequate

The bank's community development responsiveness is excellent given its level of community development activities. While performance varied between the two assessment areas, the overall performance for the bank is considered outstanding.

During the review period, the bank made 282 qualifying loans in its assessment areas totaling approximately \$14.7 million. These figures include 253 PPP loans, which total approximately \$10.7 million. Outside of the PPP, the bank extended 29 community development loans totaling \$4.0 million, which includes 12 loans totaling \$107,450 extended through the bank's microloan program. The microloan program offers loans up to \$20,000 to entrepreneurs without the requirement of fees or minimum credit scores. The bank also pairs each entrepreneur with a third-party, non-profit business advisor to ensure their success. Of all qualifying loans, 230 were for economic development, 46 were for revitalization and stabilization, five were to community service organizations, and one was for affordable housing.

The bank also made community development investments and donations in its assessment areas totaling \$3.4 million. This amount includes one new qualified investment totaling \$3.2 million and 49 donations totaling \$209,600. Furthermore, the 49 donations were to 18 separate organizations having a community service or economic development purpose.

During the review period, bank personnel used financial expertise to log 26 service activities to 15 different community development organizations (4,157 total hours) within the bank's assessment areas. Service activities included providing financial expertise to economic development organizations as board members and delivering financial education to children at community service organizations that primarily serve LMI families.

In addition to adequately meeting the community development needs of its own assessment areas, the bank made 28 community development loans outside its assessment areas totaling \$1.4 million. Of these, 25 loans totaling \$1.1 million were through the PPP program. Additionally, the bank made eight investments totaling \$2.3 million outside of its assessment areas. These investments targeted schools within the state of Missouri that had a majority of students eligible for free or reduced lunch programs.

#### **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.

# COLUMBIA, MISSOURI METROPOLITAN STATISTICAL AREA

*(Full-Scope Review)*

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOONE COUNTY ASSESSMENT AREA

### Bank Structure

The bank operates four of its eight offices (50.0 percent) in this assessment area. Of the four offices, two are in middle-income census tracts, and two are located in upper-income census tracts. All three locations in the city of Columbia are accessible to LMI census tracts (within three miles) Since the last examination, the bank closed one branch in an upper-income census tract in the assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

### General Demographics

The assessment area is comprised of Boone County in its entirety, which consists of the city of Columbia and its surrounding areas located in central Missouri. According to 2015 ACS data, the assessment area population was 170,770. Of the 31 FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked eighth in deposit market share, encompassing 2.5 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Community contacts also expressed the need for motor vehicle loans with reasonable interest rates for LMI borrowers who often rely on expensive payday lenders and used-car dealerships for financing. Other particular needs noted by community contacts include financial and business education targeted to women and people of color.

### Income and Wealth Demographics

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	3	4	12	7	3	<b>29</b>
	10.3%	13.8%	41.4%	24.1%	10.3%	<b>100%</b>
Family Population	1,048	3,894	20,802	12,194	297	<b>38,235</b>
	2.7%	10.2%	54.4%	31.9%	0.8%	<b>100%</b>

As shown in the preceding table, 24.1 percent of the census tracts in the assessment area are LMI geographies, but only 12.9 percent of the family population resides in those tracts. These LMI tracts are concentrated in and around the city of Columbia. The three unknown-income census tracts are located in the center of Columbia and contain the University of Missouri campus.

Based on 2015 ACS data, the median family income for the assessment area was \$72,667. At the same time, the median family income for the state of Missouri was \$60,809. More recently, the FFIEC estimates the 2020 median family income for the Columbia MSA to be \$77,100. The following table displays population percentages of assessment area families by income level compared to the Missouri family population as a whole.

<b>Family Population by Income Level</b>					
<b>Dataset</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>TOTAL</b>
Boone County	7,626	6,128	8,232	16,249	<b>38,235</b>
	19.9%	16.0%	21.5%	42.5%	<b>100%</b>
Missouri	327,271	274,380	319,267	609,088	<b>1,530,006</b>
	21.4%	17.9%	20.9%	39.8%	<b>100%</b>

As shown in the table above, 35.9 percent of families within the assessment area were considered LMI, which is slightly lower than the LMI family percentage of 39.3 percent in Missouri. Similarly, the percentage of families living below the poverty threshold in the assessment area, 9.1 percent, is below the 11.1 percent level in Missouri. Considering these factors, the assessment area appears to be slightly more affluent than the state of Missouri.

### **Housing Demographics**

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in the state of Missouri.

<b>Housing Demographics</b>			
<b>Dataset</b>	<b>Median Housing Value</b>	<b>Affordability Ratio</b>	<b>Median Gross Rent (Monthly)</b>
Boone County	\$169,417	29.5%	\$795
State of Missouri	\$138,400	34.8%	\$746

The median housing value for the assessment area is \$169,417, which is significantly greater than the figure for the state of Missouri (\$138,400). The assessment area housing affordability ratio, which measures the extent to which a family earning the median household income can afford a median-priced home, of 29.5 percent is below the Missouri figure of 34.8 percent. In addition, the median gross rent for the assessment area of \$795 per month is greater than the \$746 per month for the state of Missouri.

**Industry and Employment Demographics**

The assessment area supports a large and diverse business community, including a strong small business sector. County business patterns indicate that there are 93,384 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are government (28.7 percent), followed by retail trade (11.7 percent) and health care and social assistance (11.6 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 and the state of Missouri.

<b>Unemployment Levels for the Assessment Area</b>		
<b>Time Period (Annual Average)</b>	<b>Assessment Area</b>	<b>Missouri</b>
2017	2.6%	3.8%
2018	2.3%	3.2%
2019	2.4%	3.3%
2020	4.2%	6.1%

As shown in the table above, unemployment levels for the assessment area have been significantly lower than the state of Missouri, with a stable trend prior to 2020, after which unemployment levels increased as a result of the COVID-19 pandemic.

**Community Contact Information**

For the assessment area, two community contact interviews were completed. One community contact was with an organization dedicated to improving diversity in the community's small business ecosystem. The second community contact was with a community service organization focused on affordable housing.

Both contacts described Boone County as one of the more affluent counties in the central Missouri region. Although Boone County is generally doing well, it has LMI families who struggle to find affordable housing. The affordable housing stock in the county is older and requires expensive repairs. Rental costs are also high, given presence of the University of Missouri and the large demand for student housing. The small business community contact expressed the need for the community to focus on retaining a young, talented, and diverse workforce and better supporting women and minority business owners through financial and business education. Credit needs and opportunities discussed were home repair programs, down payment assistance programs, and reasonably priced payday loan alternatives for emergency and automotive financing.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BOONE COUNTY ASSESSMENT AREA****LENDING TEST**

The bank's overall geographic distribution of loans reflects reasonable penetration throughout the Boone County assessment area. Furthermore, the overall distribution of loans by borrower's income/revenue profile reflects reasonable penetration among borrowers of different income levels and businesses of different revenue sizes.

**Geographic Distribution of Loans**

As noted previously, the Boone County assessment area includes three low-income and four moderate-income census tracts, representing 24.1 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans reflects reasonable penetration throughout these LMI census tracts, based on the HMDA and small business loan categories, with primary emphasis on the bank's HMDA lending. The following table displays the geographic distribution of 2020 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

<b>Geographic Distribution of HMDA Loans</b>								
<b>Assessment Area: Boone County</b>								
<b>Product Type</b>	<b>Tract Income Levels</b>	<b>2020</b>						
		<b>Count</b>			<b>Dollar</b>			<b>Owner-Occupied Units</b>
		<b>Bank</b>		<b>HMDA Aggregate</b>	<b>Bank</b>		<b>HMDA Aggregate</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Home Purchase</b>	Low	1	1.0%	1.6%	84	0.4%	1.0%	1.6%
	Moderate	9	9.1%	10.4%	942	4.6%	7.3%	8.3%
	Middle	61	61.6%	57.7%	13,702	66.3%	54.8%	56.2%
	Upper	28	28.3%	29.7%	5,948	28.8%	36.3%	33.5%
	Unknown	0	0.0%	0.6%	0	0.0%	0.7%	0.4%
	<b>TOTAL</b>	<b>99</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20,676</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>	Low	4	1.9%	0.8%	303	0.7%	0.4%	1.6%
	Moderate	10	4.7%	6.4%	952	2.2%	4.3%	8.3%
	Middle	124	57.9%	54.4%	25,150	58.8%	52.5%	56.2%
	Upper	74	34.6%	38.2%	15,865	37.1%	42.5%	33.5%
	Unknown	2	0.9%	0.3%	480	1.1%	0.3%	0.4%
	<b>TOTAL</b>	<b>214</b>	<b>100.0%</b>	<b>100.0%</b>	<b>42,750</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Home Improvement	Low	0	0.0%	3.4%	0	0.0%	1.4%	1.6%
	Moderate	1	25.0%	8.8%	86	14.7%	6.9%	8.3%
	Middle	2	50.0%	51.7%	260	44.4%	47.4%	56.2%
	Upper	1	25.0%	36.1%	239	40.9%	44.3%	33.5%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.4%
	<b>TOTAL</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>585</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Multifamily	Low	0	0.0%	15.9%	0	0.0%	13.0%	8.2%
	Moderate	0	0.0%	15.9%	0	0.0%	6.6%	18.5%
	Middle	1	33.3%	40.2%	2,305	50.0%	19.2%	29.4%
	Upper	0	0.0%	18.3%	0	0.0%	46.0%	28.0%
	Unknown	2	66.7%	9.8%	2,307	50.0%	15.1%	15.8%
	<b>TOTAL</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4,612</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	1.6%
	Moderate	0	0.0%	8.6%	0	0.0%	2.5%	8.3%
	Middle	0	0.0%	55.2%	0	0.0%	46.7%	56.2%
	Upper	0	0.0%	36.2%	0	0.0%	50.8%	33.5%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.4%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	0.0%	0	0.0%	0.0%	1.6%
	Moderate	0	0.0%	3.6%	0	0.0%	0.5%	8.3%
	Middle	1	50.0%	50.9%	195	46.4%	49.8%	56.2%
	Upper	1	50.0%	45.5%	225	53.6%	49.8%	33.5%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.4%
	<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>420</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Purpose Not Applicable	Low	0	0.0%	1.8%	0	0.0%	1.0%	1.6%
	Moderate	0	0.0%	10.2%	0	0.0%	7.0%	8.3%
	Middle	0	0.0%	68.7%	0	0.0%	65.9%	56.2%
	Upper	0	0.0%	19.3%	0	0.0%	26.0%	33.5%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.4%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	5	1.6%	1.3%	387	0.6%	1.7%	1.6%
	Moderate	20	6.2%	8.3%	1,980	2.9%	5.7%	8.3%
	Middle	189	58.7%	55.9%	41,612	60.3%	50.8%	56.2%
	Upper	104	32.3%	34.1%	22,277	32.3%	40.2%	33.5%
	Unknown	4	1.2%	0.5%	2,787	4.0%	1.6%	0.4%
	<b>TOTAL</b>	<b>322</b>	<b>100.0%</b>	<b>100.0%</b>	<b>69,043</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (1.6 percent) is equal to the percentage of owner-occupied housing units in low-income

tracts and is similar to that of other lenders in the assessment area based on 2020 HMDA aggregate data, which indicates that 1.3 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in low-income geographies.

Bank performance in moderate-income census tracts was slightly below comparison data and deemed reasonable. The bank's total penetration of moderate-income census tracts by number of loans (6.2 percent) is slightly below the percentage of owner-occupied housing units in moderate-income census tracts (8.3 percent) and the percent of aggregate HMDA loans in moderate-income tracts (8.3 percent). Combined, the bank's geographic distribution of HMDA loans in LMI geographies, 7.8 percent, is reasonable.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2020 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2020 small business aggregate data.

Geographic Distribution of Small Business Loans							
Assessment Area: Boone County							
Tract Income Levels	2020						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	2	4.5%	11.1%	\$255	4.8%	14.1%	11.2%
Moderate	7	15.9%	8.9%	\$161	3.0%	11.3%	10.9%
Middle	27	61.4%	43.4%	\$4,100	77.6%	40.9%	43.5%
Upper	8	18.2%	31.8%	\$765	14.5%	27.5%	28.8%
Unknown	0	0.0%	4.6%	\$0	0.0%	6.1%	5.6%
<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$5,281</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The bank's level of lending in low-income tracts (4.5 percent) is below the estimated percentage of businesses operating inside these census tracts (11.2 percent) and 2020 aggregate lending levels in low-income census tracts (11.1 percent). Consequently, the bank's performance in low-income areas is poor. The bank's percentage of small businesses in moderate-income census tracts (15.9 percent) is higher than the 2020 aggregate lending percentage in moderate-income census tracts (8.9 percent) and the percentage of small businesses in moderate-income census tracts (10.9 percent), representing excellent performance. Therefore, considering performance to both income categories, the bank's overall geographic distribution of small business loans is reasonable.

Lastly, based on reviews from both loan categories, The Callaway Bank had loan activity in 89.7 percent of all assessment area census tracts, including 85.7 percent of LMI census tracts. No conspicuous lending gaps were noted in LMI areas.



**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. While the bank's HMDA loan distribution by borrower's profile is reasonable, and performance under the small business loan category is excellent, greater emphasis is placed on performance in the HMDA loan category given the bank's emphasis on HMDA lending.

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 (\$77,100 for the Columbia, Missouri MSA as of 2020). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, aggregate data for 2020 for the assessment area is displayed.

<b>Borrower Distribution of HMDA Loans</b>								
<b>Assessment Area: Boone County</b>								
<b>Product Type</b>	<b>Borrower Income Levels</b>	<b>2020</b>						
		<b>Count</b>			<b>Dollar</b>			<b>Families</b>
		<b>Bank</b>		<b>HMDA Aggregate</b>	<b>Bank</b>		<b>HMDA Aggregate</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Home Purchase</b>	Low	5	5.1%	9.2%	814	3.9%	5.5%	19.9%
	Moderate	11	11.1%	20.9%	1,721	8.3%	16.1%	16.0%
	Middle	9	9.1%	20.0%	1,883	9.1%	18.8%	21.5%
	Upper	48	48.5%	32.5%	12,931	62.5%	43.2%	42.5%
	Unknown	26	26.3%	17.4%	3,327	16.1%	16.4%	0.0%
	<b>TOTAL</b>	<b>99</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20,676</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>	Low	7	3.3%	4.1%	647	1.5%	2.2%	19.9%
	Moderate	31	14.5%	13.4%	3,734	8.7%	9.0%	16.0%
	Middle	42	19.6%	18.8%	6,647	15.5%	15.4%	21.5%
	Upper	117	54.7%	41.6%	29,424	68.8%	50.4%	42.5%
	Unknown	17	7.9%	22.1%	2,298	5.4%	23.1%	0.0%
	<b>TOTAL</b>	<b>214</b>	<b>100.0%</b>	<b>100.0%</b>	<b>42,750</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>	Low	0	0.0%	6.8%	0	0.0%	6.8%	19.9%
	Moderate	0	0.0%	17.7%	0	0.0%	17.7%	16.0%
	Middle	0	0.0%	24.5%	0	0.0%	24.5%	21.5%
	Upper	1	25.0%	43.5%	252	43.1%	43.5%	42.5%
	Unknown	3	75.0%	7.5%	333	56.9%	7.5%	0.0%
	<b>TOTAL</b>	<b>4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>585</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	19.9%
	Moderate	0	0.0%	2.4%	0	0.0%	0.3%	16.0%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	21.5%
	Upper	0	0.0%	3.7%	0	0.0%	0.5%	42.5%
	Unknown	3	100.0%	93.9%	4,612	100.0%	99.2%	0.0%
	<b>TOTAL</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14,521</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	1.7%	0	0.0%	0.2%	19.9%
	Moderate	0	0.0%	10.3%	0	0.0%	4.1%	16.0%
	Middle	0	0.0%	25.9%	0	0.0%	23.3%	21.5%
	Upper	0	0.0%	60.3%	0	0.0%	70.3%	42.5%
	Unknown	0	0.0%	1.7%	0	0.0%	2.1%	0.0%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	5.5%	0	0.0%	1.5%	19.9%
	Moderate	0	0.0%	25.5%	0	0.0%	20.0%	16.0%
	Middle	1	50.0%	27.3%	195	46.4%	18.6%	21.5%
	Upper	1	50.0%	27.3%	225	53.6%	38.1%	42.5%
	Unknown	0	0.0%	14.5%	0	0.0%	21.7%	0.0%
	<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>420</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	19.9%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.0%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	21.5%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	42.5%
	Unknown	0	0.0%	100.0%	0	0.0%	100.0%	0.0%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	12	3.7%	6.2%	1,461	2.1%	3.3%	19.9%
	Moderate	42	13.0%	16.4%	5,455	7.9%	11.1%	16.0%
	Middle	52	16.1%	19.0%	8,725	12.6%	15.4%	21.5%
	Upper	167	51.9%	36.8%	42,832	62.0%	43.0%	42.5%
	Unknown	49	15.2%	21.7%	10,570	15.3%	27.3%	0.0%
	<b>TOTAL</b>	<b>322</b>	<b>100.0%</b>	<b>100.0%</b>	<b>69,043</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (3.7 percent) is substantially below the low-income family population figure (19.9 percent), and below the 2020 aggregate lending level (6.2 percent), reflecting poor performance. The bank's level of lending to moderate-income borrowers (13.0 percent) is slightly below the moderate-income family population figure (16.0 percent) and the aggregate lending level (16.4 percent), reflecting reasonable performance. As previously mentioned, the bank is one of 31 FDIC-insured depository institutions with a branch presence in Boone County, holding only 2.5 percent of the total assessment area deposit dollars. Furthermore, in 2020 the bank originated only 4.1 percent of the total HMDA loans made in this assessment area, competing with 261 other HMDA loan originators including nationwide lenders. Considering performance to both income categories, as well as the hyper-competitive lending market in the assessment area, the bank's overall distribution of HMDA loans by borrower's profile is reasonable.

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 2020 small business loans by loan amount and business revenue compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size								
Assessment Area: Boone County								
Business Revenue and Loan Size		2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	42	95.5%	38.4%	\$4,977	94.2%	38.2%	91.9%
	Over \$1 Million/Unknown	2	4.5%	61.6%	\$305	5.8%	61.8%	8.1%
	<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$5,281</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Loan Size	\$100,000 or Less	26	59.1%	81.4%	\$1,007	19.1%	23.5%	
	\$100,001 – \$250,000	12	27.3%	9.8%	\$2,070	39.2%	19.5%	
	\$250,001 – \$1 Million	6	13.6%	8.8%	\$2,205	41.8%	57.0%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$5,281</b>	<b>100.0%</b>	<b>100.0%</b>	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	25	59.5%		\$909	18.3%	
		\$100,001 – \$250,000	11	26.2%		\$1,863	37.4%	
		\$250,001 – \$1 Million	6	14.3%		\$2,205	44.3%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		<b>TOTAL</b>	<b>42</b>	<b>100.0%</b>		<b>\$4,977</b>	<b>100.0%</b>	

The bank's level of lending to small businesses is excellent. The bank originated the substantial majority of its small business loans (95.5 percent) to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 91.9 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the 2020 aggregate lending level to small businesses is 38.2 percent.

#### COMMUNITY DEVELOPMENT TEST

The bank demonstrates excellent responsiveness to community development needs within the Boone County assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services.

During the review period, the bank extended 176 community development loans totaling \$7.8 million in this assessment area, all of which were new originations. Of these loans, 158 loans totaling \$6.7 million were extended through the PPP. Outside of the PPP, the bank extended 18 community development loans totaling \$1.0 million, which includes ten loans totaling \$87,450 extended through the bank's microloan program which supports entrepreneurs starting small businesses by providing financing and mentorship. These microloans are particularly responsive, as they provide accessible financial and business education to small business owners, which was a credit need expressed by community contacts.

Although the bank did not make any qualified investments in the assessment area during the review period, the bank made 20 donations totaling \$59,766 in this assessment area. Of note, the bank donated \$25,000 to support the partnership between the community's technical college and K-12 schools that aims to address the area's gap in skilled labor.

Finally, bank personnel provided 7 services to 4 different community development organizations (approximately 622 total hours) in this assessment area. Overall, since the last examination, the bank has significantly increased its community development activity in Boone County.

# JEFFERSON CITY, MISSOURI METROPOLITAN STATISTICAL AREA

*(Full-Scope Review)*

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CALLAWAY COUNTY ASSESSMENT AREA

### Bank Structure

The bank operates four of its eight offices (50.0 percent) in this assessment area. All four offices are located in middle-income census tracts. Since the last examination, the bank closed two stand-alone ATMs in middle-income census tracts in the assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

### General Demographics

The assessment area is composed of Callaway County in its entirety. Callaway County is located just north of Jefferson City in central Missouri. Based on 2015 ACS Data, the assessment area population was 44,566. Of the five FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked first in deposit market share, encompassing 40.8 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Other particular credit-related needs noted by community contacts include small dollar loans for entrepreneurs with poor credit and additional Community Development Financial Institutions (CDFIs).

### Income and Wealth Demographics

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	0	1	7	0	0	<b>8</b>
	0.0%	12.5%	87.5%	0.0%	0.0%	<b>100%</b>
Family Population	0	1,446	9,079	0	0	<b>10,525</b>
	0.0%	13.7%	86.3%	0%	0.0%	<b>100%</b>

As shown in the preceding table, only one (12.5 percent) of the census tracts in the assessment area is an LMI geography. The sole moderate-income tract in the assessment area comprises 13.7 percent of the family population. This tract is a large, rural area on the northern edge of Callaway County.

Based on 2015 ACS data, the median family income for the assessment area was \$58,327. At the same time, the median family income for the state of Missouri was \$60,809. More recently, the FFIEC estimates the 2020 median family income for the Jefferson City MSA to be \$71,600. The following table displays population percentages of assessment area families by income level compared to the Missouri family population as a whole.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Callaway County	2,254	1,844	2,885	3,542	<b>10,525</b>
	21.4%	17.5%	27.4%	33.7%	<b>100%</b>
Missouri	327,271	274,380	319,267	609,088	<b>1,530,006</b>
	21.4%	17.9%	20.9%	39.8%	<b>100%</b>

As shown in the table above, 38.9percent of families within the assessment area were considered LMI, which is similar to the LMI family percentage of 39.3 percent in the state of Missouri. Similarly, the percentage of families living below the poverty threshold in the assessment area, 11.1 percent, is in line with the 11.1 percent level in Missouri. Considering these factors, the assessment area appears to be similar in affluence to the state of Missouri.

### Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in the state of Missouri.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (Monthly)
Callaway County	\$124,200	38.4%	\$650
State of Missouri	\$138,400	34.8%	\$746

The median housing value for the assessment area is \$124,200, which is less than the figure for the state of Missouri (\$138,400). The assessment area housing affordability ratio of 38.4 percent is above the Missouri figure of 34.8 percent. In addition, the median gross rent for the assessment area of \$650 per month is less than the \$746 per month for Missouri. Considering these factors, housing in the assessment area appears to be more affordable than the state of Missouri.

**Industry and Employment Demographics**

The assessment area supports a small, yet diverse business community, including a strong small business sector. County business patterns indicate that there are 14,723 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are government (24.3 percent), followed by manufacturing (13.5 percent), and retail trade (8.6 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 and the state of Missouri.

<b>Unemployment Levels for the Assessment Area</b>		
<b>Time Period (Annual Average)</b>	<b>Assessment Area</b>	<b>Missouri</b>
2017	3.5%	3.8%
2018	2.9%	3.2%
2019	2.9%	3.3%
2020	4.5%	6.1%

As shown in the table above, unemployment levels for the assessment area have been slightly lower than the state of Missouri, with a decreasing trend prior to 2020, after which unemployment levels increased as a result of the COVID-19 pandemic.

**Community Contact Information**

For the assessment area, one community contact interview was referenced. The interview was a roundtable discussion with four community contacts in the central Missouri region, two of which represented Callaway County as government and small business experts, respectively.

Community contacts described Callaway County as one of the less affluent but more affordable counties of the central Missouri region, especially compared to Boone County. Given its level of affordability, Callaway County has a higher homeownership rate compared to other areas in the region. Median household income has grown in recent years, and the state capital in Jefferson City serves as a regional economic engine. Contacts expressed that since the COVID-19 pandemic began, the region has struggled to retain part-time wage workers as people left these jobs to pursue other opportunities like opening their own businesses. Thus, there is great need for small business loans for entrepreneurs who currently lack access to capital due to factors like poor credit. Community contacts also expressed that the more rural areas of the county have affordable housing stock but lack affordable financing for necessary home repairs.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CALLAWAY COUNTY ASSESSMENT AREA****LENDING TEST**

The bank's overall geographic distribution of loans reflects excellent penetration throughout the Callaway County assessment area. Furthermore, the overall distribution of loans by borrower's income/revenue profile reflects reasonable penetration among borrowers of different income levels and businesses of different revenue sizes.

**Geographic Distribution of Loans**

As noted previously, the Callaway County assessment area includes zero low-income and one moderate-income census tract, representing 12.5 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans reflects excellent penetration the moderate-income census tract, based on the HMDA and small business loan categories, with primary emphasis on the bank's HMDA lending. The following table displays the geographic distribution of 2020 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

<b>Geographic Distribution of HMDA Loans</b>								
<b>Assessment Area: Callaway County</b>								
<b>Product Type</b>	<b>Tract Income Levels</b>	<b>2020</b>						
		<b>Count</b>			<b>Dollar</b>			<b>Owner-Occupied Units</b>
		<b>Bank</b>		<b>HMDA Aggregate</b>	<b>Bank</b>		<b>HMDA Aggregate</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Home Purchase</b>	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	6	9.7%	7.9%	1,036	12.0%	8.4%	12.3%
	Middle	56	90.3%	92.1%	7,609	88.0%	91.6%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>8,645</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	28	16.4%	8.1%	4,240	15.9%	7.2%	12.3%
	Middle	143	83.6%	91.9%	22,408	84.1%	92.8%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>171</b>	<b>100.0%</b>	<b>100.0%</b>	<b>26,648</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



The Callaway Bank  
Fulton, MissouriCRA Performance Evaluation  
January 18, 2022

Home Improvement	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	20.0%	0	0.0%	24.2%	12.3%
	Middle	8	100.0%	80.0%	1,048	100.0%	75.8%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>8</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,048</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	14.3%	0	0.0%	4.7%	0.5%
	Middle	1	100.0%	85.7%	1,684	100.0%	95.3%	99.5%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,684</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	50.0%	0	0.0%	53.8%	12.3%
	Middle	0	0.0%	50.0%	0	0.0%	46.2%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	1	50.0%	26.3%	242	81.1%	47.9%	12.3%
	Middle	1	50.0%	87.7%	60	19.9%	52.1%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.4%
	<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>302</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	15.4%	0	0.0%	13.8%	12.3%
	Middle	0	0.0%	84.6%	0	0.0%	86.2%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	35	14.3%	8.6%	5,518	14.4%	8.1%	12.3%
	Middle	209	85.7%	91.4%	32,809	85.6%	91.9%	87.7%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>244</b>	<b>100.0%</b>	<b>100.0%</b>	<b>69,043</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The analysis of HMDA loans revealed excellent lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of its moderate-income census tract by number of loans (14.3 percent) is slightly higher than the percentage of owner-occupied housing units in that tract (12.3 percent). Furthermore, the bank's performance in the moderate-income tract is

significantly higher than that of other lenders in the assessment area based on 2020 HMDA aggregate data, which indicate that 8.6 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in that tract, reflecting excellent performance.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2020 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2020 small business aggregate data.

<b>Geographic Distribution of Small Business Loans</b>							
<b>Assessment Area: Callaway County</b>							
<b>Tract Income Levels</b>	<b>2020</b>						
	<b>Count</b>			<b>Dollar</b>			<b>Businesses</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	5	17.2%	17.7%	\$517	13.7%	16.5%	14.7%
Middle	24	82.8%	81.6%	\$3,265	86.4%	83.3%	85.3%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>29</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$3,781</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The bank's percentage of small businesses in moderate-income census tracts (17.2 percent) is in line with the aggregate lending percentage in moderate-income census tracts (17.7 percent) and slightly higher than the percentage of small businesses in moderate-income census tracts (14.7 percent), representing reasonable performance overall for the geographic distribution of small business loans.

Lastly, based on reviews from both loan categories, The Callaway Bank had loan activity in all assessment area census tracts. No conspicuous lending gaps were noted in LMI areas.

### **Loan Distribution by Borrower's Profile**

Overall, the bank's loan distribution by borrower profile is reasonable, based on performance from both loan categories reviewed. While the bank's HMDA loan distribution by borrower's profile is reasonable, and performance under the small business loan category is excellent, greater emphasis is placed on performance in the HMDA loan category given the bank's emphasis on HMDA lending.

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 (\$71,600 for the Jefferson City, Missouri MSA as of 2020). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, aggregate data for 2020 for the assessment area is displayed.

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Borrower Distribution of Residential Real Estate Loans								
Assessment Area: Callaway County								
Product Type	Borrower Income Levels	2020						
		Count			Dollar			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	8	12.9%	9.4%	673	7.8%	5.9%	21.4%
	Moderate	14	22.6%	23.3%	1,422	16.4%	17.6%	17.5%
	Middle	13	21.0%	23.5%	1,816	21.0%	24.4%	27.4%
	Upper	19	30.6%	26.0%	3,839	44.4%	35.2%	33.7%
	Unknown	8	12.9%	17.8%	895	10.4%	16.9%	0.0%
	<b>TOTAL</b>	<b>62</b>	<b>100.0%</b>	<b>100.0%</b>	<b>8,645</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Refinance	Low	9	5.3%	5.2%	846	3.2%	3.0%	21.4%
	Moderate	18	10.5%	15.2%	1,767	6.6%	10.5%	17.5%
	Middle	40	23.4%	22.6%	4,722	17.7%	19.4%	27.4%
	Upper	93	54.4%	37.0%	17,650	66.2%	45.6%	33.7%
	Unknown	11	6.4%	20.0%	1,663	6.2%	21.6%	0.0%
	<b>TOTAL</b>	<b>171</b>	<b>100.0%</b>	<b>100.0%</b>	<b>26,648</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Home Improvement	Low	0	0.0%	10.0%	0	0.0%	6.9%	21.4%
	Moderate	1	12.5%	20.0%	46	4.4%	14.9%	17.5%
	Middle	1	12.5%	20.0%	76	7.3%	7.1%	27.4%
	Upper	2	25.0%	30.0%	340	32.4%	40.8%	33.7%
	Unknown	4	50.0%	20.0%	586	55.9%	30.4%	0.0%
	<b>TOTAL</b>	<b>8</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,048</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	21.4%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	17.5%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	27.4%
	Upper	0	0.0%	14.3%	0	0.0%	4.5%	33.7%
	Unknown	1	100.0%	85.7%	1,684	100.0%	95.5%	0.0%
	<b>TOTAL</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,684</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	21.4%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	17.5%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	27.4%
	Upper	0	0.0%	100.0%	0	0.0%	100.0%	33.7%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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Other Purpose Closed/Exempt	Low	1	50.0%	10.5%	60	19.9%	8.8%	21.4%
	Moderate	0	0.0%	10.5%	0	0.0%	11.3%	17.5%
	Middle	0	0.0%	5.3%	0	0.0%	2.3%	27.4%
	Upper	0	0.0%	57.9%	0	0.0%	56.9%	33.7%
	Unknown	1	50.0%	15.8%	242	80.1%	20.8%	0.0%
	<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>302</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	21.4%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	17.5%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	27.4%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	33.7%
	Unknown	0	0.0%	100.0%	0	0.0%	100.0%	0.0%
	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
HMDA TOTALS	Low	18	7.4%	6.9%	1,579	4.1%	4.1%	21.4%
	Moderate	33	13.5%	18.2%	3,235	8.4%	13.1%	17.5%
	Middle	54	22.1%	22.3%	6,614	17.3%	20.7%	27.4%
	Upper	114	46.7%	32.3%	21,829	57.0%	40.5%	33.7%
	Unknown	25	10.2%	20.3%	5,070	13.2%	21.6%	0.0%
	<b>TOTAL</b>	<b>244</b>	<b>100.0%</b>	<b>100.0%</b>	<b>38,327</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (7.4 percent) is substantially below the low-income family population figure (21.4 percent), but is slightly higher than the 2020 aggregate lending level (6.0 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (13.6 percent) is somewhat below the moderate-income family population figure (17.5 percent) and the aggregate lending level (18.2 percent), but still reflects reasonable performance considering how close it is to the demographic figure. Considering performance to both income categories in the assessment area, the bank's overall distribution of HMDA loans by borrower's profile is reasonable.

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 2020 small business loans by loan amount and business revenue compared to Dun & Bradstreet and aggregate data.

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Small Business Loans by Revenue and Loan Size								
Assessment Area: Callaway County								
Business Revenue and Loan Size		2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	27	93.1%	39.2%	\$3,314	87.6%	36.7%	92.1%
	Over \$1 Million/Unknown	2	6.9%	60.8%	\$468	12.4%	63.3%	7.9%
	<b>TOTAL</b>	<b>29</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$3,781</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Loan Size	\$100,000 or Less	19	65.5%	81.6%	\$816	21.6%	19.5%	
	\$100,001 – \$250,000	5	17.2%	9.1%	\$767	20.3%	19.1%	
	\$250,001 – \$1 Million	5	17.2%	9.3%	\$2,199	58.2%	61.4%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<b>TOTAL</b>	<b>29</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$3,781</b>	<b>100.0%</b>	<b>100.0%</b>	
Loan Size	Revenue \$1	\$100,000 or Less	18	66.7%		\$813	24.5%	
		\$100,001 – \$250,000	5	18.5%		\$767	23.1%	
		\$250,001 – \$1 Million	4	14.8%		\$1,734	52.3%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		<b>TOTAL</b>	<b>27</b>	<b>100.0%</b>		<b>\$3,314</b>	<b>100.0%</b>	

The bank's level of lending to small businesses is excellent. The bank originated a substantial majority of its small business loans (93.1 percent) to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 92.1 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the 2020 aggregate lending level to small businesses is 36.7 percent.

#### COMMUNITY DEVELOPMENT TEST

The bank demonstrates adequate responsiveness to community development needs within the Callaway County assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services.

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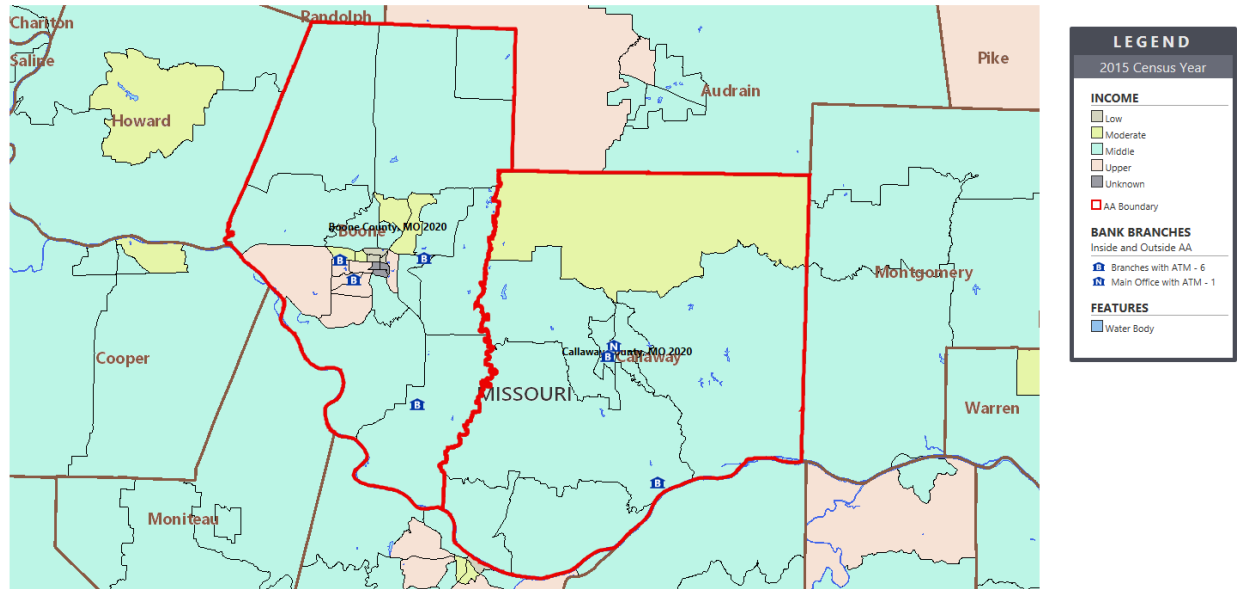
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During the review period, the bank extended 106 community development loans totaling \$6.9 million in this assessment area, all of which were new originations. Of these loans, 95 loans totaling \$4.0 million were extended through the PPP. Outside the PPP, the bank extended 11 loans totaling \$3.0 million, which includes two loans totaling \$20,000 extended through the bank's microloan program, which supports entrepreneurs starting small businesses. Of note, the bank extended a \$270,000 loan to a small retail business that employs adults with disabilities.

The bank made one new investment of \$3.2 million in the assessment area, which was for a municipal bond supporting a school district with a majority of students receiving free and reduced lunch. Additionally, the bank made 29 donations totaling \$149,831 in this assessment area, which significantly exceeds donations made since the last examination and by peers. Of note, the bank donated \$18,201 to an organization that provides shelter and care to abused and neglected young women. Finally, bank personnel provided 19 services to 11 different community development organizations (approximately 3,235 total hours) in this assessment area. One employee spent 1000 hours over three years serving as the secretary for an economic district board that aims to revitalize Fulton's downtown center by supporting small businesses.

### ASSESSMENT AREA DETAIL

The Callaway Bank - Fulton, 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).

**Appendix B (continued)**

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

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

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

**Small loan(s) to business(es):** That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured either by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved middle-income geography:** A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.