

## **COMMUNITY REINVESTMENT ACT NOTICE**

Under the Federal Community Reinvestment Act (CRA), the Federal Reserve Board (Board) evaluates our record of helping to meet the credit needs of this community, consistent with safe and sound operations. The Board also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared by the Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166, and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us: (1) a map showing the assessment area containing this branch, which is the area in which the Board evaluates our CRA performance in this community; (2) information about our branches in this assessment area; (3) a list of services we provide at those locations; (4) data on our lending performance in this assessment area; and (5) copies of all written comments received by us that specifically relate to our CRA performance in this assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

At least 30 days before the beginning of each quarter, the Federal Reserve System publishes a list of the banks that are scheduled for CRA examination by the Reserve Bank that quarter. This list is available from Allen North, Vice President, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166. You may send written comments about our performance in helping to meet community credit needs to Matt Puchbauer, President, Peoples Bank Co., P.O. Box 550, Jackson, MO 63755 and Allen North, Vice President, Federal Reserve Bank of St. Louis, MO 63166. Your letter, together with any response by us, will be considered by the Federal Reserve System in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Reserve Bank. You may also request from the Reserve Bank an announcement of our applications covered by the CRA filed with the Reserve Bank. We are an affiliate of Lincoln County Bancorp, Inc., a bank holding company. You may request from Allen North, Vice President, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166 an announcement of applications covered by the CRA filed by bank holding companies.

## **HMDA Data**

Beginning with the reporting year 2017, Peoples Bank Co.'s HMDA Disclosure Statement may be obtained on the Consumer Financial Protection Bureau's (Brureau's) Web site at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

## **PEOPLES BANK CO.**

### **LIST OF OFFICES, SERVICES AND HOURS OF OPERATION**

**MAIN OFFICE: 8537 MAIN ST, ALTENBURG, MO 63732**

<b>HOURS:</b>	<b>LOBBY</b>	<b>DRIVE-UP</b>
	9:00 A.M. to 3:00 P.M. Mon - Fri	8:00 A.M. to 5:00 P.M. Mon – Fri
		8:00 A.M. to 12:00 P.M. Saturday

**BRANCH OFFICE: 1503 N HIGH ST, JACKSON, MO 63755**

<b>HOURS:</b>	<b>LOBBY</b>	<b>DRIVE-UP</b>
	9:00 A.M. to 3:00 P.M. Mon – Thurs	8:00 A.M. to 5:00 P.M. Mon – Fri
	9:00 A.M. to 4:00 P.M. Friday	8:00 A.M. to 12:00 P.M. Saturday

**BRANCH OFFICE: 750 S PERRYVILLE BLVD, PERRYVILLE, MO 63755**

<b>HOURS:</b>	<b>LOBBY</b>	<b>DRIVE-UP</b>
	9:00 A.M. to 3:00 P.M. Mon – Thurs	8:00 A.M. to 5:00 P.M. Mon – Fri
	9:00 A.M. to 4:00 P.M. Friday	8:00 A.M. to 12:00 P.M. Saturday

### **SERVICES OFFERED AT BOTH LOCATIONS**

Checking Accounts  
Savings Accounts  
Certificates of Deposit  
Money Market Deposit Accounts  
Christmas Club Accounts  
Individual Retirement Accounts  
Safe Deposit Box Rental  
Night Depository  
Debit/ATM Cards  
Automated Teller Machine

Commercial Loans  
Consumer Loans  
Home Mortgage Loans  
Agricultural Loans  
Home Equity Loans  
On-Line Banking  
Mobile Check Deposit  
24 Hour Account Information  
Voice Line



# **PUBLIC DISCLOSURE**

**November 29, 2021**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Peoples Bank of Altenburg  
RSSD #941541**

**8537 Main Street  
Altenburg, Missouri 63732**

**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.**

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

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The borrower's profile analysis reveals reasonable penetration among farms of different revenue sizes and 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<sup>1</sup> and small farm loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. While both products play a significant role in the bank's loan portfolio, greater significance was placed on 1–4 family residential real estate loans when making overall performance conclusions, as this loan category has the highest concentration in the bank's loan portfolio. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2017 – September 30, 2021
Assessment Area Concentration	January 1, 2018 – December 31, 2020
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	April 17, 2017 – November 28, 2021

<sup>1</sup> The bank was a HMDA reporter for 2018 and 2019 but did not meet volume thresholds to be required to report HMDA in 2020.

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; certain farm demographics are based on Dun & Bradstreet data, which are applicable to the years of loan data being evaluated. 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 \$30.7 million to \$205.5 million as of September 30, 2021.

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 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.

## **DESCRIPTION OF INSTITUTION**

Peoples Bank of Altenburg is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Lincoln County Bancorp, Inc., a five-bank holding company headquartered in Troy, Missouri. The bank's branch network consists of two offices (including the main office), both of which have cash-dispensing only automated teller machines (ATMs) on site. In addition to being a full-service facility, the main office in Altenburg, Missouri, and the branch in Jackson, Missouri, also have drive-up accessibility. The Altenburg office is located in Perry County and the Jackson office is located in Cape Girardeau County. The bank did not open or close any branch offices during this review period. 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 September 30, 2021, the bank reported total assets of \$74.9 million. As of the same date, loans and leases outstanding were \$42.0 million (56.1 percent of total assets), and deposits totaled \$64.5 million. The bank's loan portfolio composition by credit category is displayed in the following table.



Distribution of Total Loans as of September 30, 2021		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and Development	\$1,085	2.6%
Commercial Real Estate	\$1,879	4.5%
Multifamily Residential	\$1,141	2.7%
1–4 Family Residential	\$21,278	50.7%
Farmland	\$8,226	19.6%
Farm Loans	\$3,926	9.3%
Commercial and Industrial	\$3,483	8.3%
Loans to Individuals	\$957	2.3%
Total Other Loans	\$27	0.1%
<b>TOTAL</b>	<b>\$42,002</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, loans secured by farmland, and farm loans.

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

## DESCRIPTION OF ASSESSMENT AREA

### General Demographics

The bank's assessment area, which has a population of 36,782, is located in southeastern Missouri, and consists of five census tracts in Cape Girardeau County and one census tract in Perry County. The six census tracts in the assessment area consist of five middle-income tracts and one upper-income tract. Cape Girardeau County is one of three counties in the Cape Girardeau, Missouri-Illinois metropolitan statistical area (Cape Girardeau MSA), while Perry County is part of nonMSA Missouri. The bank's main office is located in an upper-income census tract, and its branch facility is located in a middle-income census tract.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2021, there are 17 FDIC-insured depository institutions in Cape Girardeau and Perry Counties that operate 48 offices. Peoples Bank of Altenburg (operating two offices in the market [4.2 percent]) ranked fifteenth in terms of deposit market share, with 1.84 percent of deposit dollars.

A significant portion of the assessment area is rural. According to community contacts, there are no significant unmet credit needs; however, one contact noted that farmland loans and operating loans to purchase farm equipment and livestock were typically in demand.

### 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	0	5	1	0	6
	0.0%	0.0%	83.3%	16.7%	0.0%	100%
Family Population	0	0	8,867	1,085	0	9,952
	0.0%	0.0%	89.1%	10.9%	0.0%	100%

The table above shows that the bank's assessment area contains no LMI census tracts, and a substantial majority of assessment area families (83.3 percent) live in a middle-income census tract.

Based on 2015 ACS data, the median family income for the assessment area was \$62,198. At the same time, the median family income for the Cape Girardeau MSA was \$56,012 and \$48,341 for nonMSA Missouri. More recently, the FFIEC estimates the 2018, 2019, and 2020 median family income for the Cape Girardeau MSA and nonMSA Missouri to be the following:

Median Family Income		
Year	Cape Girardeau MSA	NonMSA Missouri
2018	\$64,600	\$53,100
2019	\$63,600	\$52,400
2020	\$67,000	\$54,400

The following table displays population percentages of assessment area families by income level compared to the Cape Girardeau MSA and nonMSA Missouri family population as a whole.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	1,631	1,477	2,148	4,696	<b>9,952</b>
	16.4%	14.8%	21.6%	47.2%	<b>100%</b>
Cape Girardeau MSA	5,220	4,024	5,114	9,637	<b>23,995</b>
	21.8%	16.8%	21.3%	40.2%	<b>100%</b>
NonMSA Missouri	81,150	72,084	84,064	159,212	<b>396,510</b>
	20.5%	18.2%	21.2%	40.2%	<b>100%</b>

As shown in the table above, 31.2 percent of families within the assessment area were considered LMI, which is lower than the LMI family percentage of 38.5 percent in the Cape Girardeau MSA and 38.7 percent in nonMSA Missouri. The percentage of families living below the poverty threshold in the assessment area, 8.2 percent, is below the 13.1 percent level in the Cape Girardeau MSA and the 14.2 percent level in nonMSA Missouri. Considering these factors, the assessment area appears more affluent than both the Cape Girardeau MSA and nonMSA Missouri as a whole.

### **Housing Demographics**

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in the Cape Girardeau MSA and nonMSA Missouri. The median housing value for the assessment area is \$152,107, which is above the figures for the Cape Girardeau MSA (\$128,719) and nonMSA Missouri (\$100,293). While the assessment area housing affordability ratio of 34.7 percent is slightly above the Cape Girardeau MSA figure of 33.4 percent, it is below the nonMSA Missouri figure of 38.0 percent. In addition, the median gross rent for the assessment area of \$760 per month is higher than the \$655 per month for the Cape Girardeau MSA and the \$611 per month for nonMSA Missouri.

Furthermore, rental units appear to be less prominent in the assessment area than in the Cape Girardeau MSA and nonMSA Missouri. Of all housing units in the assessment area, 20.9 percent are rental units compared to 29.0 percent in the Cape Girardeau MSA and 23.8 percent in nonMSA Missouri. In addition, the percentage of vacant units in the assessment area, 7.2 percent, is less than both the Cape Girardeau MSA and nonMSA Missouri, at 12.9 percent and 21.5 percent, respectively. The assessment area's lower percentage of rental and vacant units corresponds with information from community contacts indicating the limited supply of rental and affordable housing units for LMI individuals. Based on housing data and community contact interviews, it appears the LMI population in the assessment area faces additional housing-related challenges compared to elsewhere in the Cape Girardeau MSA and nonMSA Missouri areas.

### **Industry and Employment Demographics**

The assessment area economy is not overly diverse and is primarily supported by service-oriented and manufacturing sectors. County business patterns indicate that there are 42,907 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (24.1 percent), followed by retail trade (15.9 percent), and manufacturing (15.6 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 compared to the Cape Girardeau MSA and nonMSA Missouri as a whole.

Unemployment Levels for the Assessment Area			
Time Period (Annual Average)	Assessment Area	Cape Girardeau MSA	NonMSA Missouri
2018	2.7%	3.1%	3.7%
2019	2.9%	3.2%	4.0%
2020	5.3%	5.4%	6.2%

As shown in the table above, unemployment levels for the assessment area, as well as the Cape Girardeau MSA and nonMSA Missouri, have shown an increasing trend. The increase in 2020 is largely attributed to the COVID-19 pandemic. Overall, unemployment levels in the assessment area are lower than the Cape Girardeau MSA and nonMSA Missouri levels.

### **Community Contact Information**

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of the community contacts interviewed, one specialized in community services in the assessment area, and one was a representative from a farm lending agency covering the larger regional area. The community contacts both categorized the economy as good overall, with relatively low unemployment. The contacts did not identify any major employers who have left the area in recent years, and one contact indicated that the local economy seemed to fare better than surrounding areas during the COVID-19 pandemic.

The contacts indicated that the banking needs of the assessment area are being met. Furthermore, both contacts indicated that area banks are effectively meeting the credit needs of the community, specifically in the areas of mortgage lending and small farm lending. Both contacts characterized the area as rural, and they indicated that there are many small family farms and agricultural loans are in significant demand. One contact indicated that houses are rarely for sale in the Altenburg area and, when they are for sale, they sell quickly. They also shared that rental units are in short supply in Altenburg, and there is likely a shortage of affordable housing units for the LMI population in the area. The farm lending representative indicated that most farmers in the area are able to meet the underwriting criteria for standard bank loans, whereas many farmers in the broader region rely on alternative government-funded farm lenders. Both contacts were aware of the banks operating within the assessment area and spoke positively of local financial institution community involvement.

## 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 an 18-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) as of September 30, 2021	Average LTD Ratio
Peoples Bank of Altenburg	Altenburg, Missouri	\$74,931	80.9%
Regional Banks	Dongola, Illinois	\$30,698	66.6%
	Cape Girardeau, Missouri	\$179,319	94.8%
	Kennett, Missouri	\$205,497	93.9%

Based on data from the previous table, the bank's level of lending is in line with that of other banks in the region. During the review period, the LTD ratio experienced a decreasing trend with an 18-quarter average of 80.9 percent. In comparison, the average LTD ratios for two of the regional peers were higher and also had a decreasing trend. The average LTD ratio for the third peer was lower and had a decreasing trend. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

### Assessment Area Concentration

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

Lending Inside and Outside of Assessment Area January 1, 2018 through December 31, 2020						
Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
Residential Real Estate	59	51.8%	55	48.2%	114	100%
	\$7,456	48.8%	\$7,837	51.2%	\$15,293	100%
Small Farm	65	73.9%	23	26.1%	88	100%
	\$4,627	71.9%	\$1,809	28.1%	\$6,436	100%
TOTAL LOANS	124	61.4%	78	38.6%	202	100%
	\$12,082	55.6%	\$9,647	44.4%	\$21,729	100%

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown in the previous table, 61.4 percent of the total loans were made inside the assessment area, accounting for 55.6 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. While the bank's small farm category is excellent, greater significance is placed on performance in the 1–4 family residential real estate loan category, which is reasonable, given that it accounts for a higher concentration of the bank's lending portfolio.

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 (for reference, see the table on page 5 detailing median family income figures by year and area). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2018, 2019, and 2020 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income Assessment Area: Southeastern Missouri January 1, 2018 through December 31, 2020												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family Residential Real Estate	3	5.1%	12	20.3%	10	16.9%	33	55.9%	1	1.7%	59	100%
Family Population	16.4%		14.8%		21.6%		47.2%		0.0%		100%	
2018 HMDA Aggregate	6.3%		16.8%		22.8%		33.5%		20.6%		100%	
2019 HMDA Aggregate	5.8%		15.0%		20.6%		42.4%		16.2%		100%	
2020 HMDA Aggregate	6.3%		14.6%		21.6%		39.0%		18.4%		100%	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (5.1 percent) is substantially below the low-income family population figure (16.4 percent) and is slightly below the 2018, 2019, and 2020 aggregate lending levels to low-income borrowers (6.3, 5.8, and 6.3 percent, respectively), reflecting poor performance. In contrast, the bank's level of lending to moderate-income borrowers (20.3 percent) is above the moderate-income family population percentage (14.8 percent) and compares favorably to the 2018, 2019, and 2020 aggregate lending levels to moderate-income borrowers (16.8, 15.0, and 14.6 percent, respectively), reflecting excellent performance. Therefore, considering performance in both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Next, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2018, 2019, and 2020 small farm loans by loan amount and farm revenue size. The bank's lending was then compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Farm Revenue January 1, 2018 through December 31, 2020								
Gross Revenue	Loan Amounts in \$000s						TOTAL	
	≤\$100		>\$100 and ≤\$250		>\$250 and ≤\$1 Million			
\$1 Million or Less	53	81.5%	6	9.2%	6	9.2%	65	100%
Over \$1 Million/Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL	53	81.5%	6	9.2%	6	9.2%	65	100%

The bank's level of lending to small farms is excellent. The bank originated all its small farm loans to farms with revenues of \$1 million or less, which compares favorably to Dun & Bradstreet's estimated percentage of small farms in the assessment area for each year: 2018 – 97.4 percent, 2019 – 98.1 percent, and 2020 – 98.0 percent.

### **Geographic Distribution of Loans**

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is composed of five middle-income census tracts and one upper-income census tract. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable.

### **Responses to Complaints**

No CRA-related complaints were filed against the bank during this review period (April 17, 2017 – November 28, 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

### Peoples BK of Altenburg - Altenburg, MO 2021

Cape Girardeau, MO - 2020



## 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.