

PUBLIC DISCLOSURE

April 13, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Houston
Certificate Number: 13960

404 South Grand Avenue
Houston, Missouri 65775

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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 this 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 RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The bank's Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans reviewed were made within the institution's assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, considering pertinent demographic data, performance context information, and other relevant factors.
- The distribution of borrowers reflects an excellent penetration among farms and businesses of different sizes and individuals of different income levels and in the assessment area, considering pertinent performance context information and other relevant factors.
- The institution has not received any CRA-related complaints since the previous CRA evaluation performed as of April 7, 2014; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

The Bank of Houston is a full-service commercial bank headquartered in Houston, Missouri, with \$31.3 million in total assets as of December 31, 2019. Summit Bancshares, Inc., Chesterfield, Missouri, wholly owns The Bank of Houston. Summit Bancshares acquired the bank in July of 2019 and installed a new management team. The bank had previously been owned by Ozark Bancshares, Inc. Houston, Missouri. The bank has no lending affiliates. A “Satisfactory” rating was assigned at the April 7, 2014, FDIC Performance Evaluation, which utilized Small Bank Evaluation Procedures.

In addition to the main office in Houston, Missouri, the bank operates a loan production office in Chesterfield, Missouri. The loan production office was opened for business in October of 2019. No branches have opened or closed since the previous CRA evaluation. A deposit-taking automated teller machine is located at main office.

Examiners used 2015 American Community Survey (ACS) data to determine the income designations for each census tract where the bank has office locations. The main office in Houston is located in middle-income census tract.

The bank offers lending products that tie to its business focus of agricultural, commercial, and home mortgage lending. In addition, the bank offers consumer loans. Home loan products include balloon mortgage loans, mobile home loans, and construction loans. Deposit products include checking accounts, savings accounts, money market accounts, certificates of deposit, and individual retirement accounts. The bank offers alternative banking products and services such as debit cards, online banking, and electronic statements. Banking hours are convenient for the assessment area.

As of December 31, 2019, the Call Report shows total assets of \$31.3 million, total loans of \$12.5 million, and total deposits of \$27.3 million. The following table details the loan portfolio.

Loan Portfolio Distribution as of 12/31/2019		
Loan Category	\$(000s)	%
Construction and Land Development	0	0.0
Secured by Farmland	5,345	42.8
Secured by 1-4 Family Residential Properties	1,988	15.9
Secured by Multifamily (5 or more) Residential Properties	132	1.1
Secured by Nonfarm Nonresidential Properties	2,678	21.4
Total Real Estate Loans	10,143	81.2
Commercial and Industrial Loans	1,636	13.1
Agricultural Loans	516	4.1
Consumer Loans	186	1.5
Other Loans	14	0.1
Less: Unearned Income	0	0.0
Total Loans	12,495	100.0
<i>Source: Reports of Condition and Income, Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments affecting the bank’s ability to meet the assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The Bank of Houston has established one assessment area that consists of the entirety of Texas County; this area includes a total of four census tracts (4801 through 4804). The bank’s main office is located in middle-income CT 4803.

Economic and Demographic Data

Based on 2015 ACS data, the assessment area consists of three middle-income census tracts and one moderate-income census tract. This assessment area has not changed since the previous evaluation; however, the income designations for two census tracts have changed. Specifically, census tract 4802 changed from moderate-income to middle-income, while census tract 4804 changed from middle-income to moderate-income. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	25.0	75.0	0.0	0.0
Population by Geography	25,735	0.0	24.5	75.5	0.0	0.0
Housing Units by Geography	11,609	0.0	25.2	74.8	0.0	0.0
Owner-Occupied Units by Geography	6,822	0.0	26.0	74.0	0.0	0.0
Occupied Rental Units by Geography	2,312	0.0	27.2	72.8	0.0	0.0
Vacant Units by Geography	2,475	0.0	21.1	78.9	0.0	0.0
Businesses by Geography	1,347	0.0	26.2	73.8	0.0	0.0
Farms by Geography	132	0.0	27.3	72.7	0.0	0.0
Family Distribution by Income Level	6,029	21.9	18.9	23.2	36.0	0.0
Household Distribution by Income Level	9,134	28.4	16.3	17.1	38.2	0.0
Median Family Income - Nonmetropolitan MO		\$48,341	Median Housing Value			\$98,653
			Median Gross Rent			\$539
			Families Below Poverty Level			13.2%

*Source: 2015 ACS Census and 2019 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.*

Services Industries represents the largest portion of businesses and farms in the assessment area at 33.0 percent; followed by Non-Classifiable Establishments at 15.2 percent; Retail Trade at 13.4 percent; Agriculture, Forestry, and Fishing at 8.9 percent; and Finance, Insurance, and Real Estate at 5.4 percent. In addition, 65.9 percent of area businesses have four or fewer employees and 87.9

percent operate from a single location. Management indicated the largest employers in the assessment area include Texas County Memorial Hospital, The Durham Company, Missouri Department of Corrections, Walmart, and the Houston School District.

The 2019 FFIEC-updated median family income figure for the nonmetropolitan portion of Missouri (\$52,400) was used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Nonmetropolitan MO Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$52,400)	<\$26,200	\$26,200 to <\$41,920	\$41,920 to <\$62,880	≥\$62,880
<i>Source: FFIEC</i>				

According to the U.S. Bureau of Labor Statistics, the unemployment rate for Missouri, as of December 2019, was 3.4 percent. Further, the unemployment rates for Texas County was 5.1 percent as of the same time frame.

Competition

The assessment area is a relatively competitive market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2019, there were seven financial institutions operating ten offices within Texas County. Of these institutions, The Bank of Houston ranked 5th with 10.1 percent of the deposit market share.

The bank is not required to collect and report information regarding its home mortgage, small business, or small farm loans, and it has not elected to do so. However, this data provides an indicator of loan demand and is considered in the performance context. The 2018 home mortgage aggregate lending data shows 80 institutions reported 650 home mortgage loans in the assessment area, which indicates moderate demand for this product. Additionally, the 2018 small business aggregate lending data shows 29 institutions reported 559 small business loans in the assessment area, which indicates moderate demand for this product. Lastly, the 2018 small farm aggregate lending data shows 12 institutions reported 197 small farm loans in the assessment area, which indicates moderate demand for this product.

Management indicated the bank’s primary competitors include the local financial institutions operating in Houston and the greater Texas County area. These competing institutions include Progressive Ozark Bank, Security Bank of the Ozarks, Simmons Bank, Town and Country Bank, Peoples Community Bank, and Legacy Bank and Trust.

Community Contact

Examiners conducted a community contact with a representative from an entity that promotes economic development in the assessment area. Community contact interviews are used to obtain a profile of the local communities, identify community development opportunities and general credit needs, and assess opportunities for participation by local financial institutions.

The community contact focused on Houston, Missouri, and the greater Texas County area. The individual indicated the local economy has been growing in the past few years primarily due to major expansion of the Texas County Memorial Hospital in Houston; however, this expansion and

the related influx of employees have created somewhat of a housing shortage. The contact also stated that the Houston area is in need of new business to support additional population. The contact stated that financial institutions are meeting area banking and credit needs. The contact expressed a favorable opinion regarding the new management team at The Bank of Houston, indicating the institution has been increasing its lending efforts and community involvement. No adverse information was shared regarding the lending performance of any local financial institutions.

Credit Needs

According to management, the overall economic conditions in the assessment area are stable. Development opportunities include the aforementioned hospital expansion that has created several new jobs. The residential market has seen an increase in demand due to these jobs, and this could create opportunities in the area of home and multi-family construction. The agricultural and commercial loan demand has been stable. The bank continues to finance farm and business loans with existing customers but is also seeking input from city and county officials regarding community development and other economic opportunities that might foster more growth. The agricultural market is mainly comprised of beef cattle farmers and the timber industry. Management reiterated the assessment area includes a competitive banking environment of local and regional banks.

Considering economic and demographic data along with information from bank management and the community contact, the primary credit needs in the assessment area are agricultural, home mortgage, and small business lending.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated April 7, 2014, to the current evaluation dated April 13, 2020. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Please refer to the *Small Bank Performance Criteria* section in the Appendices for a summary of the Lending Test.

Activities Reviewed

Based on the December 31, 2019, Call Report, the bank's primary loan products by dollar volume are agricultural, commercial, and residential real estate loans, which represent 46.9 percent, 34.5 percent, and 15.9 percent of loans, respectively. These are the loan products emphasized by the bank's business strategy. As a result, examiners reviewed small farm, small business, and home mortgage loans to evaluate the bank's CRA performance. Construction and land development and consumer lending do not constitute a significant portion of the overall lending efforts, so these loan products were not reviewed.

Examiners reviewed small farm, small business, and home mortgage loans originated or renewed from January 1, 2019, to December 31, 2019. Management indicated that a review of lending activity from this time frame should be representative of the bank's performance since the previous evaluation. For the Assessment Area Concentration analysis, examiners reviewed all 2019 small farm, small business, and home mortgage loan originations and renewals. Specifically, 34 small

farm loans totaling \$5,082,000; 19 small business loans totaling \$4,146,000; and 26 home mortgage loans totaling \$1,963,000 were reviewed. For the Geographic Distribution analysis and the Borrower Profile analysis, examiners reviewed all of the aforementioned 2019 small farm, small business, and home mortgage loans that were located within the bank's assessment area. Specifically, the Geographic Distribution and Borrower Profile review included 30 small farm loans totaling \$4,262,000; 14 small business loans totaling \$2,236,000; and 23 home mortgage loans totaling \$1,659,000. Examiners utilized 2019 D&B data to evaluate small farm and small business lending performance and 2015 ACS data to evaluate home mortgage lending performance.

Examiners analyzed lending performance by both the number and dollar volume of loans. However, the performance by number of loans is emphasized in the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the efforts to serve small farms, small businesses, and lower-income individuals throughout the assessment area. Small farm, small business, and home mortgage lending were weighted evenly in drawing conclusions as all three types of loans represent the lending focus of the bank.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, The Bank of Houston demonstrated satisfactory performance under the Lending Test. While performance under the Borrower Profile criterion is excellent, the lending performance under Loan-to-Deposit Ratio, Assessment Area Concentration, and Geographic distribution supports this conclusion.

Loan-to-Deposit Ratio

Overall, the loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and other relevant factors discussed below. The bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 46.1 percent over the previous 23 calendar quarters from June 30, 2014, to December 31, 2019. The ratio ranged from a low of 38.9 percent, as of June 30, 2019, to a high of 49.7 percent, as of September 30, 2015. It should be noted the bank's loan-to-deposit ratio has been trending upward for the three most recent quarters. From September 30, 2019 through March 31, 2020 the LTD ratio has increased from 39.3 percent to 45.7 percent to 52.0 percent, respectively. These increases correspond with the time frame representing loan activity under the bank's new ownership and management team.

Management detailed several factors that have impacted the LTD ratio during the evaluation period, including the following:

- 1) The bank is operating in a competitive lending market.
- 2) The institution does not have an extensive marketing program and has primarily relied upon referrals to obtain new loans.
- 3) The bank had a limited number of loan officers during the majority of the evaluation period and these officers did not proactively seek to establish new lending relationships on a regular basis.
- 4) The bank does not offer long-term fixed-rate home mortgage loans, which has resulted in home mortgage customers obtaining loans with competing lenders.

When available and relevant, the lending performance of similarly-situated lenders serves as an additional method of assessing the adequacy of the net LTD ratio. Similarly-situated lenders are defined as financial institutions that are located in or near the assessment area and are comparable to the bank based on asset size, market served, product offerings, loan portfolio composition, and branching structure. Examiners were unable to identify any similarly-situated lenders for comparison purposes.

Bank management is monitoring the institution’s net LTD ratio and is seeking to improve the bank’s overall loan growth. As noted earlier, the ratio has been trending upward for the three most recent quarters. Lastly, comments from the community contact were positive regarding the new management team’s efforts to make loans in the assessment area. The performance of the bank under this criterion is considered reasonable in light of the factors discussed.

Assessment Area Concentration

As shown in the following table, the bank originated a majority of small farm, small business, and home mortgage loans within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	30	88.2	4	11.8	34	4,262	83.9	820	16.1	5,082
Small Business	14	73.7	5	11.7	19	2,236	53.9	1,910	46.1	4,146
Home Mortgage	23	88.5	3	11.5	26	1,659	84.5	304	31.1	1,963
Total	67	84.8	12	15.2	79	8,157	72.9	3,034	27.1	11,191
<i>Evaluation Period: 1/1/2019 - 12/31/2019 Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Consideration was given to local competition and other relevant factors, and particular focus was given to the dispersion of these loans relative to the moderate-income census tract. There are no low-income census tracts in the assessment area. The performance of the bank relative to small farm, small business, and home mortgage lending is reasonable. As a result, the bank’s overall performance under this criterion is reasonable.

Small Farm Loans

Overall, the geographic distribution of small farm lending reflects a reasonable dispersion of lending, including lending in the moderate-income census tract. The lending percentage is considered reasonable in comparison to demographic data. The following table reflects the geographic distribution of the small farm loans reviewed by tract income level.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	27.3	6	20.0	1,119	26.3
Middle	72.7	24	80.0	3,143	73.7
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	30	100.0	4,262	100.0

*Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data.
Due to rounding, totals may not equal 100.0*

Small Business Loans

Overall, the geographic distribution of small business lending reflects a reasonable dispersion of lending in relation to the moderate-income census tract. The lending percentage is considered reasonable in comparison to demographic data. The following table reflects the geographic distribution of the small business loans reviewed by tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	26.2	4	28.6	390	17.4
Middle	73.8	10	71.4	1,846	82.6
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	14	100.0	2,236	100.0

*Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

Overall, the geographic distribution of home mortgage lending reflects a reasonable dispersion of lending, including lending in the moderate-income census tract. The bank's lending percentage in the moderate-income census tract, based on the number of loans, compares reasonably to demographic data. The following table reflects the geographic distribution of the home mortgage loans reviewed by tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	26.0	6	26.1	454	27.4
Middle	74.0	17	73.9	1,205	72.6
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	23	100.0	1,659	100.0

Source: 2015 ACS Census, 1/1/2019 - 12/31/2019 Bank Data.
Due to rounding, totals may not equal 100.0

Borrower Profile

Overall, the distribution of borrowers reflects an excellent penetration among individuals of different income levels and businesses and farms of different sizes. Particular focus was given to the dispersion of small farm and small business loans to farms and businesses with gross annual revenues (GARs) of \$1 million or less and home mortgage loans to low- and moderate-income borrowers. The performance of the bank relative to small farm, small business, and home mortgage lending is excellent. As a result, the bank's overall performance under this criterion is excellent.

Small Farm Loans

Overall, the distribution of borrowers reflects excellent penetration among farms of different sizes. As shown in the following table, all 30 loans totaling \$4,262,000 were made to farms with GARs of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.7	30	100.0	4,262	100.0
>1,000,000	0.8	0	0.0	0	0.0
Revenue Not Available	1.5	0	0.0	0	0.0
Total	100.0	30	100.0	4,262	100.0

Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data
Due to rounding, totals may not equal 100.0

Small Business Loans

Overall, the distribution of borrowers reflects excellent penetration among businesses of different sizes. As shown in the following table, all 14 loans totaling \$2,236,000 were made to businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	81.3	14	100.0	2,236	100.0
>1,000,000	5.2	0	0.0	0	0.0
Revenue Not Available	13.5	0	0.0	0	0.0
Total	100.0	14	100.0	2,236	100.0
<i>Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data Due to rounding, totals may not equal 100.0</i>					

Home Mortgage Loans

Overall, the distribution of home mortgage loans reflects excellent penetration to individuals of different income levels, including low- and moderate-income individuals. The bank's home mortgage lending percentages to both low-income and moderate-income borrowers, is excellent in comparison to the demographic data. Most notably, the bank's lending to low-income borrowers significantly exceeds the demographic information. The following table reflects the distribution of the home mortgage loans reviewed by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	21.9	10	43.5	695	41.9
Moderate	18.9	5	21.7	373	22.5
Middle	23.2	5	21.7	310	18.7
Upper	36.0	3	13.1	281	16.9
Not Available	0.0	0	0.0	0	0.0
Total	100.0	23	100.0	1,659	100.0
<i>Source: 2015 ACS Census ; 1/1/2019 - 12/31/2019 Bank Data, Due to rounding, totals may not equal 100.0</i>					

Response to Complaints

The Bank of Houston has not received any CRA-related complaints since the previous CRA evaluation dated April 7, 2014; therefore, this criterion did not affect the institution's overall CRA rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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 Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

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.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.