

# **PUBLIC DISCLOSURE**

July 26, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Kearney Trust Company  
Certificate Number: 9794

310 West 92 Highway  
Kearney, Missouri 64060

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	1
DESCRIPTION OF ASSESSMENT AREA .....	2
SCOPE OF EVALUATION .....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
APPENDICES .....	10
SMALL BANK PERFORMANCE CRITERIA.....	10
GLOSSARY .....	11

## 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 loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the small business, home mortgage, and small farm loans are within the institution's assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among small businesses and small farms of different revenue sizes and individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## DESCRIPTION OF INSTITUTION

Kearney Trust Company operates from two locations in Kearney, Missouri. Trustco Bankshares, Inc., Kearney, Missouri, owns 100 percent of the bank's stock. Affiliate lending activity was not considered during this evaluation. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated July 13, 2015, based on Interagency Small Institution Examination Procedures.

Kearney Trust Company provides traditional deposit and loan products. Deposit products include checking, saving, money market, certificates of deposit, NOW accounts, and individual retirement accounts. Lending products include commercial, home mortgage, agricultural, and consumer loans with a focus on commercial lending. Alternative banking services include online and mobile banking, bill pay, and automated teller machines.

According to the March 31, 2021, Reports of Condition and Income, the institution reported total assets of \$269.3 million, total loans of \$123.2 million, and total deposits of \$245.9 million. The largest categories of loans by dollar volume include commercial (43.9 percent), home mortgage (25.3 percent), and agricultural (12.3 percent). The following table shows the distribution for each loan category by dollar volume.

<b>Loan Portfolio Distribution as of 3/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	14,166	11.5
Secured by Farmland	11,719	9.5
Secured by 1-4 Family Residential Properties	31,193	25.3
Secured by Multifamily (5 or more) Residential Properties	121	0.1
Secured by Nonfarm Nonresidential Properties	37,738	30.6
<b>Total Real Estate Loans</b>	<b>94,937</b>	<b>77.1</b>
Commercial and Industrial Loans	16,283	13.2
Agricultural Production and Other Loans to Farmers	3,463	2.8
Consumer Loans	6,095	4.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	7	0.0
Lease Financing Receivable (net of unearned income)	2,705	2.2
Less: Unearned Income	336	0.3
<b>Total Loans</b>	<b>123,154</b>	<b>100.0</b>

*Source: Reports of Condition and Income*

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Kearney Trust Company designated one assessment area which includes all of Clay and Clinton counties in the State of Missouri located within the Kansas City, Missouri-Kansas, Metropolitan Statistical Area (Kansas City MSA). The assessment area was expanded since the previous evaluation to include entire counties. Previously only census tracts located in close proximity to the bank's locations were included.

### **Economic and Demographic Data**

According to the 2015 American Community Survey (ACS), the assessment area contains 48 census tracts including 15 moderate-, 21 middle-, and 12 upper-income tracts. The following table provides select demographic information on the assessment area.

<b>Demographic Information of the Assessment Area</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	48	0.0	31.3	43.8	25.0
Population by Geography	250,859	0.0	26.7	42.6	30.7
Housing Units by Geography	103,430	0.0	29.8	43.7	26.5
Owner-Occupied Units by Geography	67,280	0.0	22.1	43.9	34.0
Occupied Rental Units by Geography	28,472	0.0	45.7	42.4	11.9
Vacant Units by Geography	7,678	0.0	38.8	46.8	14.4
Businesses by Geography	16,473	0.0	34.3	37.7	28.0
Farms by Geography	602	0.0	21.1	45.7	33.2
Family Distribution by Income Level	65,037	18.4	18.7	22.6	40.3
Household Distribution by Income Level	95,752	19.1	17.4	19.0	44.6
Median Family Income Kansas City MSA	\$72,623	Median Housing Value			\$153,874
Families Below Poverty Level	6.3%	Median Gross Rent			\$829
<i>Source: 2015 ACS; 2020 D&amp;B Data. Due to rounding, totals may not equal 100.0%</i>					

The 2020 D&B data indicates that services represent the largest portion of businesses and farms within the assessment area at 39.9 percent; followed by non-classified establishments at 16.3 percent; retail trade at 11.9 percent; and finance and insurance at 8.8 percent.

The Federal Financial Institutions Examination Council (FFIEC) updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Kansas City MSA are presented in the following table.

<b>Median Family Income Ranges Kansas City MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2019 (\$82,400)	<\$41,200	\$41,200 to <\$65,920	\$65,920 to <\$98,880	≥\$98,880
2020 (\$85,900)	<\$42,950	\$42,950 to <\$68,720	\$68,720 to <\$103,080	≥\$103,080
<i>Source: FFIEC</i>				

### **Competition**

Kearney Trust Company operates in a highly competitive environment. According to the FDIC Deposit Market Share data as of June 30, 2020, there are 29 financial institutions operating 80 locations in the assessment area. Kearney Trust Company ranked 9<sup>th</sup> with 4.3 percent of the deposit market share.

Additionally, competition is high for home mortgage loans among banks, credit unions, and non-depository lenders within the assessment area. The 2020 Home Mortgage Market Share report based on the updated 2015 ACS census data indicates that there are 399 lenders that originated 17,200 home mortgage loans within the bank's assessment area. Kearney Trust Company ranked 62<sup>nd</sup> with 0.3 percent of the market share.

### **Community Contact(s)**

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify credit needs. This information assists examiners in determining whether local financial institutions are responsive to these needs. Examiners contacted an individual from the business sector within the bank's assessment area to ascertain the economic conditions, credit needs, and the impact of COVID-19 pandemic, as applicable.

The contact indicated current economic conditions in Clay County are good, have been relatively stable, and is one of the largest economic areas in the Kansas City MSA. The contact indicated that the pandemic had little to no impact on Clay County or the towns located within the county. The contact stated that general banking and credit needs are being met by local financial institutions, which have been involved in the community. The contact indicated that local banks being acquired by larger institutions has impacted customer retention, in part, because customer's believe credit decisions are no longer being made locally. The contact stated that multi-family and 1-4 family inventory is limited in Clay County. However, the agricultural needs are being met by a locally owned bank within the county. Finally, the contact indicated the main credit needs in the area are small business and home mortgage loans.

Bank management concurred with the economic conditions being stable with little or no impact from the pandemic. Management indicated that due to the consolidation of banks in the northern portions of Clay County, the bank has received additional deposits. Loan demand declined during the pandemic. Small business borrowers participated in the Small Business Administration's (SBA's) Paycheck Protection Program (PPP), and many borrowers used the loan funds to pay down outstanding business debts. Recipients of stimulus checks saved the majority of the funds, which also increased deposits. Management indicated economic uncertainty has increased saving habits and decreased loan demand. Lastly, management indicated that the housing stock is limited and homes are selling fast, often well over asking price.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans are the primary credit needs of the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated July 13, 2015, to the current evaluation dated July 26, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate the performance of Kearney Trust Company. These procedures include the Lending Test. A full-scope review of the bank's designated assessment area was performed during this evaluation.

### **Activities Reviewed**

Examiners determined that the bank's primary credit products include commercial, residential real estate, and agricultural loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated or renewed during the evaluation period. The bank's

lending focus and product mix remained consistent throughout the evaluation period. Based on the bank's business focus and loan portfolio composition, more weight was placed on small business lending performance when arriving at overall conclusions.

The Assessment Area Concentration criterion considered small business, home mortgage, and small farm loans originated or renewed in 2020, as well as home mortgage loans originated or renewed in 2019. The Geographic Distribution criterion included all reviewed loans originated within the bank's assessment area. Lastly, the Borrower Profile criterion included a sample of small business loans and the universe of reviewed home mortgage and small farm loans located inside the assessment area.

In 2020, the bank originated or renewed 155 small business loans totaling \$21.8 million. A sample of 47 small business loans totaling \$6.8 million were used to analyze the Borrower Profile criterion. The 2020 D&B data provided a standard of comparison.

This evaluation considered all home mortgage loans reported on the bank's 2019 and 2020 Home Mortgage Disclosure Act (HMDA) loan application registers. For 2019, the bank reported 59 home mortgage loans totaling \$8.9 million. For 2020, the bank reported 73 home mortgage loans totaling \$9.4 million. Examiners presented data for both 2019 and 2020. The 2015 American Community Survey (ACS) data and 2019 HMDA Aggregate data provided a standard of comparison.

In 2020, the bank originated or renewed 52 small farm loans totaling \$3.9 million. The universe of loans within the assessment area were used for the Borrower Profile criterion, instead of a sampling, given the limited volume. The 2020 D&B data provided a standard of comparison.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Kearney Trust Company demonstrated satisfactory performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile support this conclusion.

#### **Loan-to-Deposit Ratio**

The Kearney Trust Company's net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Examiners selected the similarly-situated institution based lending focus, geographic location, and asset size. The bank's net loan-to-deposit ratio remained generally consistent throughout the evaluation period. The ratio, calculated from Reports of Condition and Income data over the previous 23 calendar quarters from September 30, 2015, to March 31, 2021, is presented in the following table.

Consolidation of local banks has been a driving factor for the increase in deposits and, as previously mentioned, the loan demand over the previous 18-months has been limited. Kearney Trust Company's ratio at the prior evaluation was 66.8 percent with total assets of \$165,127 as of the March 31, 2015, Reports of Condition and Income. Examiners considered these factors for analyzing the bank's performance.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2021 (\$000s)	Average Net LTD Ratio (%)
<i>Kearney Trust Company, Kearney, Missouri</i>	269,315	63.47
Pony Express Bank, Braymer, Missouri	273,134	89.95

*Source: Reports of Condition and Income 9/30/15 through 3/31/21*

### **Assessment Area Concentration**

Kearney Trust Company made a majority of its small business, home mortgage, and small farm loans within the assessment area by number and dollar amount, as illustrated in the following table.

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 Business	123	79.4	32	20.6	155	18,929	86.9	2,863	13.1	21,792
2019 Home Mortgage	48	81.4	11	18.6	59	6,583	74.2	2,289	25.8	8,873
2020 Home Mortgage	56	76.7	17	23.3	73	6,598	70.3	2,789	29.7	9,387
<b>Subtotal</b>	<b>104</b>	<b>78.8</b>	<b>28</b>	<b>21.2</b>	<b>132</b>	<b>13,181</b>	<b>72.2</b>	<b>5,079</b>	<b>27.8</b>	<b>18,260</b>
Small Farm	31	59.6	21	40.4	52	2,720	70.1	1,159	29.9	3,879

*Source: Bank Data. Due to rounding, totals may not equal 100.0%*

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable small business and home mortgage lending performance supports this conclusion.

Examiners considered the proximity of Kearney Trust Company to the moderate-income census tracts within the designated assessment area in addition to the demographic data when arriving at overall conclusions. Specifically, the majority (88 percent) of the moderate-income census tracts in the assessment area are in the southern portion of Clay County, approximately 20 miles from the bank. In addition, the one moderate-income census tract in northeastern portion of Clay County (mainly encompassing the township of Excelsior Springs) is roughly 10 miles from the bank. Lastly, the one moderate-income census tract in Clinton County (mainly encompassing the township of Cameron) is approximately 28 miles from the bank.

### **Small Business Loans**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Kearney Trust Company’s level of lending to small business operations within the 15 moderate-income geographies is below the demographic data. Examiners considered various factors related to the bank’s small business lending performance, including the demographic data for the one moderate-income census tract closest to the bank in Excelsior Springs. According to the 2020 D&B data, of all of the businesses located in moderate-income census tracts within the assessment area, only 6.3 percent are in the moderate-income census tract in Excelsior Springs,. Therefore, the bank’s performance of 14.6 percent is reasonable. Additionally, as previously indicated the assessment area is highly competitive for small business lending.



Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	34.3	18	14.6	3,108	16.4
Middle	37.7	47	38.2	6,816	36.0
Upper	28.0	58	47.2	9,005	47.6
<b>Totals</b>	<b>100.0</b>	<b>123</b>	<b>100.0</b>	<b>18,929</b>	<b>100.0</b>

*Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although Kearney Trust Company's 2019 home mortgage lending in moderate-income census tracts is below Aggregate performance, 2020 performance indicates a positive trend for lending in moderate-income census tracts. In addition, as previously indicated, the proximity of Kearney Trust Company's locations to moderate-income census tracts and the highly competitive market were factors considered in drawing overall conclusions in this area.

Geographic Distribution of Home Mortgage Loans							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate							
	2019	22.1	18.9	1	2.1	41	0.6
	2020	22.1	--	8	14.3	846	12.8
Middle							
	2019	43.9	38.8	29	60.4	4,276	65.0
	2020	43.9	--	16	28.6	1,351	20.5
Upper							
	2019	34.0	42.3	18	37.5	2,266	34.4
	2020	34.0	--	32	57.1	4,401	66.7
<b>Totals</b>							
	<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>6,583</b>	<b>100.0</b>
	<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>56</b>	<b>100.0</b>	<b>6,598</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The geographic distribution of loans reflects poor dispersion throughout the assessment area. No loans were originated or renewed in the moderate-income census tracts. D&B data for the one moderate-income census tract in Excelsior Springs indicates a relatively small percentage (3.8 percent) of total farm operations in the assessment area.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	21.1	0	0.0	0	0.0
Middle	45.7	14	45.2	949	34.9
Upper	33.2	17	54.8	1,771	65.1
<b>Totals</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>2,720</b>	<b>100.0</b>

*Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

Overall, the distribution of borrowers reflects a reasonable penetration among businesses and farms of different sizes and borrowers of different income levels. The bank's small business, home mortgage, small farm lending performance supports this conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. Kearney Trust Company's lending performance is comparable to demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	84.3	37	78.7	4,107	60.0
>\$1,000,000	4.8	10	21.3	2,742	40.0
Revenue Not Available	10.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>6,849</b>	<b>100.0</b>

*Source: 2020 D&B Data, Bank Data.*

### ***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income. The bank's performance to low-income borrowers in 2019 and 2020 exceeded the Aggregate performance. Although lending to moderate-income borrowers is below the Aggregate performance for both years, the bank's loan volume has increased and is showing a positive trend.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	18.4	8.9	9	18.8	633	9.6
2020	18.4	--	8	14.3	367	5.6
Moderate						
2019	18.7	21.5	5	10.4	460	7.0
2020	18.7	--	9	16.1	987	15.0
Middle						
2019	22.6	23.4	9	18.8	1,371	20.8
2020	22.6	--	11	19.6	1,153	17.5
Upper						
2019	40.3	30.2	16	33.3	2,826	42.9
2020	40.3	--	21	37.5	3,244	49.2
Not Available						
2019	0.0	16.0	9	18.8	1,293	19.6
2020	0.0	--	7	12.5	847	12.8
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>6,583</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>56</b>	<b>100.0</b>	<b>6,598</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The distribution of borrowers reflects reasonable penetration among farms with gross annual revenues of \$1 million or less. Kearney Trust Company's lending performance is comparable to demographic data.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	96.7	30	96.8	2,570	94.5
>\$1,000,000	1.8	1	3.2	150	5.5
Revenue Not Available	1.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>2,720</b>	<b>100.0</b>

*Source: 2020 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test 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 geographic distribution of the bank's loans;
- 4) 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; 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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.