

PUBLIC DISCLOSURE

February 6, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Zachary
Certificate Number: 306

4743 Main Street
Zachary, Louisiana 70791

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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.

Bank of Zachary's satisfactory Lending Test record supports the overall Community Reinvestment Act (CRA) rating. The bank did not request consideration of its investments and services; therefore, this consideration did not affect the overall rating. The following points summarize conclusions regarding the applicable test, discussed in detail elsewhere.

Lending Test

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are in the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the institution's rating.

DESCRIPTION OF INSTITUTION

Bank of Zachary (BOZ) is a \$361 million bank headquartered in Zachary, Louisiana, which is wholly owned by Zachary Bancshares, Inc., also located in Zachary. BOZ received a Satisfactory rating at its previous FDIC evaluation, dated March 9, 2020, based on Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures.

Including the main office, BOZ operates five full-service branches in Louisiana. The bank operates its main office in Zachary and one branch each in Zachary, Baton Rouge, Saint Francisville, and Denham Springs. BOZ opened the Saint Francisville and Denham Springs offices since the last evaluation. In addition, the bank had a loan production office in Denham Springs, which it closed since the last evaluation.

BOZ functions as a retail bank with a primary business focus, unchanged from the last evaluation, on residential and commercial loans. The institution offers various loan products including commercial, home mortgage, agriculture, and consumer loans. The institution participated in the Small Business Administration's Paycheck Protection Program through the origination of a single loan. The institution offers various checking accounts, savings accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include online banking, mobile banking, telephone banking, bill pay capabilities, and five ATMs. BOZ maintains an ATM at each

branch, with the exception of the Saint Francisville branch, as well as one at Lane Regional Medical Center. The bank did not participate in any merger or acquisition activity since the prior evaluation.

As of the December 31, 2022, Report of Condition, or Call Report, assets totaled \$360.8 million, consisting primarily of net loans and leases of \$201.3 million and securities of \$139.3 million. Total deposits equaled \$340.6 million as of the same date.

As shown in the following table, the loans outstanding as of December 31, 2022, reflect a distribution generally consistent with that of the loans originated and purchased during 2021, as discussed under Scope of Evaluation. Residential real estate and commercial loans constitute the largest percentage of outstanding loans.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	40,743	20.0
Secured by Farmland	2,078	1.0
Secured by 1-4 Family Residential Properties	94,537	46.4
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	53,344	26.2
Total Real Estate Loans	190,702	93.6
Commercial and Industrial Loans	4,161	2.0
Agricultural Production and Other Loans to Farmers	453	0.2
Consumer Loans	3,461	1.7
Obligations of States and Political Subdivisions in the U.S.	0	0.0
Other Loans	5,041	2.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	203,818	100.0
<i>Source: Reports of Condition and Income (12/31/2022)</i>		

Examiners did not identify any financial, legal, or other impediments that limit the institution's ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its performance. BOZ designated one AA from a portion of the Baton Rouge Metropolitan Statistical Area (MSA). The Baton Rouge MSA AA conforms to CRA regulatory requirements. Since the last evaluation, the bank changed the AA to include the whole political subdivisions (entire parishes) of East Baton Rouge, East and West Feliciana, and Livingston Parishes. The following discussion provides information on the area.

The Baton Rouge MSA AA consists of the following 117 contiguous census tracts in the following contiguous parishes. The parishes represent four of the nine parishes that make up the Baton Rouge, LA MSA, located in southeastern Louisiana:

- East Baton Rouge Parish – 92 total census tracts
- East Feliciana Parish – 5 total census tracts
- Livingston Parish – 17 total census tracts
- West Feliciana Parish – 3 total census tracts

The following table shows that the bank operates five full-service offices in this area. It also operates four ATMs.

Office Locations Baton Rouge MSA AA					
Parish/City/Location	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>East Baton Rouge Parish</i>					
Baton Rouge – Hooper Rd	Branch	0044.01	Upper	Yes	No
Zachary – Main St	Main Office	0046.2	Middle	Yes	No
Zachary – Church St	Branch	0046.06	Upper	Yes	No
<i>Livingston Parish</i>					
Denham Springs – Veteran’s Blvd	LPO	0407.00	Middle	No	Closed
Denham Springs – Highway 16	Branch	0403.08	Middle	Yes	Opened
<i>West Feliciana Parish</i>					
St. Francisville – Live Oak Centre Dr.	Branch	9518.03	Upper	No	Opened

Source: Bank records; Census data (2020).

Economic and Demographic Data

The AA’s 117 census tracts reflect the following income designations based on the 2015 ACS Census: 17 low-income, 34 moderate-income, 32 middle-income, 33 upper-income, and 1 census tract with no income designation. The AA received 7 major disaster declarations during the period under review from the Federal Emergency Management Agency (FEMA) as a result of multiple natural disasters and the COVID-19 pandemic.

According to June 2022 D&B data, approximately 90.7 percent of businesses have gross annual revenues (GARs) of \$1 million or less. Approximately 2.5 percent have GARs over \$1 million, and 6.8 percent have revenues not available. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Services represent the largest portion of businesses at 35.9 percent; non-classifiable establishments at 27.6 percent; finance, insurance & real estate 10.1 percent; and retail trade at 9.0 percent. In addition, of area employers, 60.2 percent have four or less employees and 93.4 percent operate from a single location.

The Baton Rouge MSA is the second largest MSA in Louisiana. Some of the largest industries in the area are government, education, petrochemical, and the medical industry. Primary employers in these industries are Louisiana State University, Southern University, Baton Rouge Community

College, the State Capitol, and IBM. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area Baton Rouge MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) 2021	117	14.5	29.1	27.4	28.2	0.9
Geographies (Census Tracts) 2022	153	11.6	17.5	38.6	28.9	3.4
Population by Geography	613,909	9.2	26.2	29.7	34.8	0.0
Housing Units by Geography	256,583	9.8	27.2	27.9	35.1	0.0
Owner-Occupied Units by Geography	147,721	5.1	23.0	33.2	38.8	0.0
Occupied Rental Units by Geography	79,855	16.6	32.4	20.0	31.0	0.0
Vacant Units by Geography	29,007	15.6	33.9	23.1	27.3	0.0
Businesses by Geography 2021	86,749	7.4	24.0	26.2	42.4	0.1
Businesses by Geography 2022	98,866	9.9	18.5	36.8	33.0	1.7
Farms by Geography	1,787	4.4	22.0	31.6	42.0	0.0
Family Distribution by Income Level	145,991	24.8	16.7	17.8	40.8	0.0
Household Distribution by Income Level	227,576	26.9	15.1	16.3	41.7	0.0
Median Family Income MSA - 12940 Baton Rouge, LA MSA		\$65,593	Median Housing Value			\$167,985
			Median Gross Rent			\$855
			Families Below Poverty Level			12.8%

Source: 2015 ACS, 2020 U.S. Census, and 2021-2022 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.

Based on data from the U.S. Bureau of Labor Statistics, the Baton Rouge MSA posted a December 2022 unemployment rate of 3.3 percent. This rate is less than the 3.5 percent national rate and the state of Louisiana’s 3.5 percent unemployment rate for the same period.

Examiners used the applicable FFIEC median family incomes (MFI) to analyze home mortgage loans under the borrower profile performance factor. As an example, the following table shows the applicable income ranges for loans originated in 2021 based on the 2021 MFI of \$75,400 applicable to the area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Baton Rouge, LA MSA Median Family Income (12940)				
2021 (\$75,400)	<\$37,700	\$37,700 to <\$60,320	\$60,320 to <\$90,480	≥\$90,480

Source: FFIEC

Competition

The four parishes in the AA contain a moderate level of competition from other chartered banks based on their population of 613,909, with each of the 145 offices from 34 institutions serving about 4,234 people on average. BOZ ranks 9th in deposit market share by capturing 1.5 percent of the

area's deposits based on the June 30, 2022, FDIC Deposit Market Share Report data. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. Overall, the competition level allows for lending opportunities.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community needs. This information helps determine financial institutions' responsiveness to these needs and indicates available credit opportunities.

Examiners utilized an existing community contact with a representative of an economic development organization located in the AA. The contact described the area's current economic condition as a positive state of recovery from the COVID-19 pandemic. The contact specified a need for small business financing, infrastructure redevelopment, and workforce development. Overall, the contact felt that financial institutions demonstrate community involvement and responsiveness to the credit needs of the area.

Credit Needs

The area presents a variety of credit needs, such as home mortgage and small business loans. Considering information obtained from the community contact, bank management, as well as demographic and economic information, examiners concluded that the primary credit needs of the area include home mortgage and small business loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 9, 2020, to the current evaluation. Examiners evaluated performance based on FFIEC Small Institution CRA Examination Procedures, which includes the Lending Test. Examiners performed full-scope procedures on the bank's Baton Rouge MSA AA, as it is the bank's sole AA.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Together, these loans categories comprise approximately 55.5 percent of BOZ's total loan portfolio.

The following table shows the bank's originations and purchases over calendar year 2022, considering readily available data for the loan categories typically reviewed in CRA evaluations. The activity reflects a generally consistent pattern with the bank's lending emphasis since the last evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	40,413	33.6	148	26.9
Secured by Farmland	640	0.5	1	0.2
Secured by 1-4 Family Residential Properties	33,786	28.1	165	29.9
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	29,375	24.4	43	7.8
Commercial and Industrial Loans	3,572	3.0	49	8.9
Agricultural Loans	385	0.3	2	0.3
Consumer Loans	2,102	1.8	142	25.8
Other Loans	9,950	8.3	1	0.2
Total Loans	120,223	100.0	551	100.0
<i>Source: Bank data (1/1/2022 to 12/31/2022)</i>				

Considering the dollar volume and number of loans originated during 2022, as well as management’s stated business strategy, examiners determined the major product lines consist of home mortgage loans and commercial loans. Based on the portfolio composition and primary lending focus, examiners place more weight on the bank’s performance for home mortgage lending. Since the other typically considered loan categories, small farm and consumer loans, do not represent major product lines and thus would not materially affect any conclusions or ratings, this evaluation does not discuss them.

This evaluation includes a review of all home mortgage loans listed below reported on the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR) for all full calendar years since the prior evaluation, including the year of the prior evaluation since the prior evaluation did not consider partial 2020 data.

- 2020 – 118 such loans totaling \$22.6 million, and
- 2021 – 133 such loans totaling \$30.1 million.

Examiners did not identify any trends between the different years’ data that materially affect conclusions. Therefore, aside from the assessment area concentration performance factor, this evaluation presents home mortgage loan data for 2021, the most recent year for which aggregate data exists as of this evaluation data. Home mortgage loan aggregate data for 2021 provided the primary standard of comparison for home mortgage loans.

In addition, examiners reviewed the universe of 73 small business loans originated in 2022 totaling \$11.3 million for assessment area concentration and geographic distribution. For the borrower profile analysis, examiners selected a sample of 30 small business loans originated in 2022 totaling \$5.7 million. Examiners considered the reviewed loans representative of the bank’s performance during the entire evaluation period. D&B data for 2022 provided a standard of comparison for the small business loans.

Examiners reviewed the number and dollar volume of home mortgage and small business loans. While examiners presented the number and dollar volume of loans, they emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and small businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BOZ demonstrated a satisfactory record regarding the Lending Test. A reasonable loan-to-deposit ratio, reasonable geographic loan distribution, reasonable borrower profile loan distribution, and a majority of loans originated inside the bank's AA supports the overall record. The appendices list the Lending Test's criteria.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and AA credit needs.

The overall level of the bank's average net LTD ratio reflects reasonable performance. For the 12 quarters since the prior evaluation, the bank recorded a 63.8 percent average net LTD ratio, a slight decrease from the 66.4 percent average net LTD ratio noted at the prior evaluation. Over the 12 quarters, the bank's quarterly net LTD ratios ranged from a low of 53.4 percent on June 30, 2022, to a high of 78.4 percent on June 30, 2020. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. As seen in the table, the bank's average net LTD ratio is lower than the comparable banks but still considered reasonable.

LTD Ratio Comparative Level		
Bank	Total Assets as of 12/31/2022 \$(000s)	Average Net LTD Ratio (%)
Bank of Zachary, Zachary, East Baton Rouge Parish, LA	360,790	63.8
Comparable Banks		
Feliciana Bank & Trust Company, Clinton, East Feliciana Parish, LA	135,207	79.5
Landmark Bank, Clinton, East Feliciana Parish, LA	183,373	76.0
<i>Source: Reports of Condition and Income 3/31/2020 to 12/31/2022</i>		

Assessment Area Concentration

A majority of loans are in the institution's AA. As seen in the following table, a majority of home mortgage and small business loans, by number and dollar volume, originated inside the AA supports this conclusion.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2020	102	86.4	16	13.6	118	18,189	80.5	4,409	19.5	22,598
2021	114	85.7	19	14.3	133	22,857	76.0	7,208	24.0	30,065
Subtotal	216	86.1	35	13.9	251	41,046	77.9	11,617	22.1	52,663
Small Business										
2022	49	67.1	24	32.9	73	7,641	67.4	3,691	32.6	11,332

Source: 2020-2021 HMDA Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Reasonable records regarding home mortgage and small business loans supports the overall record.

Examiners considered the bank’s performance relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans in low- and moderate-income (LMI) geographies, if possible, when arriving at conclusions. This factor only considered loans originated inside the bank’s AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects a reasonable record in the Baton Rouge MSA AA. Reasonable performances in LMI income census tracts support this conclusion. Examiners weighed performance in moderate-income tracts significantly heavier given the much greater lending opportunities illustrated by the percent of owner-occupied housing units. Examiners focused on the comparisons to aggregate data when arriving at conclusions.

The following table shows that the bank’s lack of lending in low-income census tracts in the Baton Rouge MSA AA still lands within a reasonable range of the aggregate figure, given the ratios’ overall levels. The bank’s level falls 1.7 percentage points lower, thereby reflecting a reasonable level. The table also shows that, in the moderate-income census tracts, the bank’s lending is 3.3 percentage points higher than aggregate, thereby reflecting a reasonable level.

Geographic Distribution of Home Mortgage Loans Baton Rouge MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.1	1.7	0	0.0	0	0.0
Moderate	23.0	16.9	23	20.2	4,414	19.3
Middle	33.2	33.0	50	43.9	8,564	37.5
Upper	38.8	48.4	41	36.0	9,879	43.2
Totals	100.0	100.0	114	100.0	22,857	100.0

Source: 2015 ACS; 2021 HMDA Data; 2021 HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Small Business Loans

The geographic distribution of small business loans reflects overall reasonable dispersion throughout the Baton Rouge MSA AA. Reasonable performance in LMI census tracts supports this conclusion. The following table shows that that bank’s level of lending in low-income geographies lagged demographic data by 5.8 percentage points, reflective of reasonable performance. Further, the table shows that the bank’s level of lending in moderate-income geographies was 3.9 percentage points higher than the percentage of business in the AA.

Geographic Distribution of Small Business Loans Baton Rouge MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.9	2	4.1	75	1.0
Moderate	18.5	11	22.4	2,693	35.2
Middle	36.8	23	46.9	2,914	38.1
Upper	33.0	13	26.5	1,959	25.6
Not Available	1.7	0	0.0	0	0.0
Totals	100.0	49	100.0	7,641	100.0

Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performance regarding home mortgage loans and reasonable performance regarding small business supports the overall record in the Baton Rouge MSA AA. As previously noted, examiners gave more weight to home mortgage loan performance when arriving at overall conclusions.

Examiners considered the bank’s performance relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans when arriving at conclusions. This factor only considered loans originated inside the bank’s AA.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including LMI). Reasonable performance to low-income borrowers outweighed poor performance regarding moderate-income borrowers to support this conclusion.

Home mortgage lending to low-income borrowers exceeds the aggregate data by 2.4 percentage points, which is indicative of reasonable performance. Home mortgage lending to moderate-income borrowers trails the aggregate data by 8.5 percentage points, which is indicative of poor performance. However, examiners also considered that nearly one-third of the bank's loans were for rental properties, as noted by the 30.7 percent of loans to borrowers without a reported income. In addition, examiners noted that 12.8 percent of families in the AA are below the poverty level. In light of the performance context, the overall lending to LMI borrowers reflects reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Baton Rouge MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	24.8	7.2	11	9.6	1,163	5.1
Moderate	16.7	19.0	12	10.5	1,266	5.5
Middle	17.8	18.6	11	9.6	1,714	7.5
Upper	40.8	34.7	45	39.5	11,398	49.9
Not Available	0.0	20.6	35	30.7	7,316	32.0
Totals	100.0	100.0	114	100.0	22,857	100.0

Source: 2015 ACS; 2021 HMDA Data, 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. Reasonable performance to businesses with gross annual revenues (GAR) of \$1 million or less supports this conclusion. Examiners focused on the bank's overall levels to businesses with GARs of \$1 million or less when arriving at conclusions. The businesses' GARs define the borrowers' profiles for this review.

The following table shows that the bank originated 60.0 percent of loans to businesses with a GAR of \$1 million or less, thereby reflecting a reasonable level. As a result, the distribution of small business loans based on the borrowers' profiles reflects reasonable performance in the Baton Rouge MSA AA.

Detailed Distribution of Small Business Loans by Gross Annual Revenues Baton Rouge MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	68.1	7	23.4	1,253	22.2
\$100,000 - \$249,999	17.3	4	13.3	359	6.3
\$250,000 - \$499,999	3.5	1	3.3	360	6.4
\$500,000 - \$1,000,000	1.9	6	20.0	1,576	27.9
Subtotal <= \$1,000,000	90.7	18	60.0	3,548	62.8
>\$1,000,000	2.5	11	36.7	1,908	33.7
Revenue Not Available	6.8	1	3.3	198	3.5
Total	100.0	30	100.0	5,654	100.0
<i>Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this performance factor did not affect the Lending Test conclusion.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.