

PUBLIC DISCLOSURE

July 27, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Kearny County Bank
Certificate Number: 15194

221 North Main Street
Lakin, Kansas 67860

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	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
APPENDICES	13
SMALL BANK PERFORMANCE CRITERIA.....	13
GLOSSARY	14

INSTITUTION RATING

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

An institution in this group has an outstanding 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. Support for the rating is summarized below.

- The loan-to deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area needs.
- A substantial majority of the small business, small farm, and home mortgage loans reviewed were located in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects overall reasonable penetration among businesses and 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 criterion did not affect the Lending Test rating.
- The level and diversity of qualified investments and services enhances credit availability in its assessment area, boosting the overall CRA rating to Outstanding.

DESCRIPTION OF INSTITUTION

The Kearny County Bank is headquartered in Lakin, Kansas and is wholly-owned by Lakin Bancshares, Inc., Lakin, Kansas, a one-bank holding company, with no other lending affiliates. The bank operates one full-service branch location in Garden City, Kansas. The western Kansas communities of Lakin and Garden City are located in Kearny County and Finney County, respectively. The bank has not opened or closed any offices or had any merger or acquisition activity since the prior evaluation. The bank received an Outstanding rating at its previous FDIC Performance Evaluation dated July 28, 2014, based on Interagency Small Institution Examination Procedures.

The institution offers traditional loan products for commercial, agricultural, home mortgage, and consumer loan purposes. The bank's primary business focus is commercial lending, with commercial loans being the major focus at the Garden City office and agricultural loans the major focus at the Lakin office. Home mortgage loan options include long-term, fixed-rate loans that are sold on the secondary market.

The institution provides deposit services, including checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. Alternative banking services

include online banking, mobile banking, voice (telephone) banking, and a bank-owned ATM at each office location.

According to the March 31, 2020 Reports of Condition and Income, the institution reported total assets of \$214.7 million, total loans of \$147.4 million, and total deposits of \$176.0 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,317	2.2
Secured by Farmland	22,201	15.1
Secured by 1-4 Family Residential Properties	30,747	20.9
Secured by Multi-family (5 or more) Residential Properties	6,869	4.7
Secured by Non-farm Non-Residential Properties	25,514	17.3
Total Real Estate Loans	88,648	60.2
Commercial and Industrial Loans	33,193	22.5
Agricultural Production and Other Loans to Farmers	20,357	13.8
Consumer	3,582	2.4
Other Loans	1,668	1.1
Lease Financing Receivables (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	147,448	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, other than legal lending limits, that affect the bank's ability to meet the assessment areas' credit needs.

DESCRIPTION OF ASSESSMENT AREA

The Kearny County Bank has designated its assessment area to be the following counties in western Kansas: Finney, Grant, Greeley, Hamilton, Haskell, Kearny, Scott, Stanton, and Wichita. The counties included in the assessment area have not changed since the prior evaluation. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

According to the 2015 American Community Survey (ACS), the assessment area contains 21 census tracts that have the following income designations: 4 moderate-income, 14 middle-income and 3 upper-income tracts. The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	21	0.0	19.0	66.7	14.3
Population by Geography	66,122	0.0	12.2	76.5	11.3
Housing Units by Geography	25,478	0.0	10.2	79.0	10.8
Owner-Occupied Units by Geography	15,827	0.0	8.7	78.1	13.2
Occupied Rental Units by Geography	7,536	0.0	14.8	78.4	6.8
Vacant Units by Geography	2,115	0.0	4.9	87.9	7.2
Businesses by Geography	3,883	0.0	13.5	77.9	8.6
Farms by Geography	863	0.0	1.6	84.9	13.4
Family Distribution by Income Level	16,971	17.0	20.1	20.9	41.9
Household Distribution by Income Level	23,363	15.4	16.8	21.0	46.7
Median Family Income Non-metropolitan - KS	\$57,229	Median Housing Value			\$109,104
Families Below Poverty Level	10.4%	Median Gross Rent			\$674

Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%

The two communities with bank offices, Lakin and Garden City, have populations of 2,216 and 26,658, respectively as of the 2010 U.S. Census. The remaining communities in the assessment area all have populations under 10,000.

According to 2019 D&B data, service industries represent the largest portion of businesses at 31.5 percent: followed by agriculture, forestry, and fishing (18.2 percent); retail trade (12.9 percent); finance, insurance, and real estate (7.3 percent); and transportation, communication (6.5 percent). In addition, 67.9 percent of area businesses have four or fewer employees and 81.4 percent operate from a single location.

The 2019 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table. These categories are based on the 2019 FFIEC-updated median family income of \$62,400.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$62,400)	<\$31,200	\$31,200 to <\$49,920	\$49,920 to <\$74,880	≥\$74,880

Source: FFIEC

According to the Kansas Department of Labor, the statewide unemployment rate for Kansas has been gradually trending down from the prior evaluation in July 2014 (4.5 percent) until March 2020

(2.8 percent.) Due to the measures taken throughout the state in reaction to the COVID-19 pandemic, the Kansas unemployment rate suddenly spiked to 11.9 percent in April 2020, but dropped to 7.5 percent by June 2020. The unemployment rates for the counties within the assessment area have trended similarly, however these rates have been generally lower than the rates for the entire state of Kansas. In March 2020, the unemployment rates for the nine counties in the assessment area ranged from 1.6 percent to 2.4 percent. The most recent unemployment rates available for the assessment area counties ranged from 1.8 percent to 5.0 percent for June 2020, still falling below the state unemployment rate.

There are counties within the assessment area that have been designated as distressed and underserved since the prior evaluation. From 2014 to 2020, Haskell, Stanton, and Wichita counties were considered underserved, and Kearny and Wichita counties were considered distressed due to population loss. From 2017 to 2020, Greeley County was considered distressed and underserved, and Hamilton County was considered underserved only.

Competition

According to the FDIC Deposit Market Share data, as of June 30, 2019, there were 16 financial institutions operating 33 offices in the assessment area. The Kearny County Bank ranked 6th with 8.8 percent of the deposit market share and is one of seven institutions operating exclusively within the nine-county assessment area.

There is notable competition for small business loans within the assessment area. In 2018, peer data indicates 46 lenders reported a total of 1,320 small business loans in the assessment area. Although The Kearny County Bank was not one of the reporting lenders since it is not required to report small business loan data, the information reflects the small business loan competition that exists inside the assessment area.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to gain insight on the area's economic conditions, demographic trends, and business environment. This information not only helps in identifying credit and community development needs and opportunities, but also assists in determining whether local financial institutions are responsive to those needs.

In January 2020, the FDIC interviewed a representative from an economic development organization in the assessment area. The contact stated that economic conditions in the area are very strong. There are several primary employers in the area and unemployment is low. The contact stated that there is opportunity for more housing-related credit in the area, but new housing developments are slow to establish. In addition, the contact stated that there is opportunity for lending to start-up businesses. In general, the contact had a favorable impression on local financial institutions in meeting credit needs in the area.

Credit Needs

Based on information from bank management, the community contact, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans are

all considered to be credit needs within the assessment area. Small business loans are the primary credit need in the Garden City area, while small farm loans are the primary credit need for the Lakin area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 28, 2014, to the current evaluation dated July 27, 2020. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance.

Activities Reviewed

Examiners determined that the bank's major product lines include small business, small farm, and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Examiners reviewed the institution's lending from 2019 for all three lending products. Bank management confirmed that 2019 was representative of the institution's overall lending patterns since the previous evaluation. Based on the loan portfolio composition and the bank's business focus, more weight was placed on small business lending performance when arriving at the overall conclusions.

Examiners reviewed all small business, small farm, and home mortgage loans originated in 2019 for the Assessment Area Concentration analysis. This consisted of 229 small business loans totaling \$23.3 million, 48 small farm loans totaling \$7.2 million, and 60 home mortgage loans totaling \$6.3 million. Loans originated within the bank's assessment area were reviewed for the Geographic Distribution analysis and consisted of 217 small business loans totaling \$21.6 million, 47 small farm loans totaling \$7.2 million, and 59 home mortgage loans totaling \$6.2 million. Further, examiners evaluated the Borrower Profile performance based on a sample of small business, small farm, and home mortgage loans originated within the assessment area, which is represented by 55 small business loans totaling \$5.6 million, 36 small farm loans totaling \$5.7 million, and 36 home mortgage loans totaling \$3.8 million. D&B data for 2019 provided a standard of comparison for the small business and small farm loans, and the 2015 ACS data provided a standard of comparison for the home mortgage loans reviewed.

Additionally, as requested by bank management, examiners reviewed the bank's performance in providing qualified investments and services that meet the definition of community development since the previous evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Kearny County Bank demonstrates satisfactory performance under the Lending Test. This conclusion is supported by reasonable performance under the Loan-to-Deposit Ratio and Borrower

Profile criteria and excellent performance under the Assessment Area Concentration and Geographic distribution criteria.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's performance was evaluated based on the average net LTD ratio over the past 23 quarters since the prior evaluation. The bank's quarterly ratios fluctuated during the period between a low of 80.8 percent on December 31, 2014, and a high of 93.2 percent on September 30, 2018. For comparison, examiners selected similarly-situated banks based on asset size, lending focus, and geographic location. The following table shows that the bank's average ratio is situated between the average ratios of the two comparable institutions, indicating it is generally consistent with the performance of the other institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2020 (\$000s)	Average Net LTD Ratio (%)
The Kearny County Bank, Lakin, Kansas	214,748	86.4
Grant County Bank, Ulysses, Kansas	244,480	76.5
The Valley State Bank, Syracuse, Kansas	166,483	92.9

Source: Reports of Condition and Income 9/30/14 through 03/31/20

Assessment Area Concentration

The bank made a substantial majority of small business, small farm, and home mortgage loans within its assessment area, reflecting excellent performance. The following table presents a breakdown of the lending inside and outside the assessment area.

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)
Small Business	217	94.8	12	5.2	229	21,640	92.7	1,701	7.3	23,341
Small Farm	47	97.9	1	2.1	48	7,201	99.5	38	0.5	7,239
Home Mortgage	59	98.3	1	1.7	60	6,184	97.8	140	2.2	6,324

Source: 1/1/2019 to 12/31/2019 Bank Data

Geographic Distribution

The geographic distribution of loans reflects an excellent dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in moderate-income census tracts. Small business lending reflected excellent dispersion, while small farm and home mortgage lending reflected reasonable dispersion. Overall, the geographic distribution of loans is excellent considering the greatest weight was placed on the bank's small business lending performance.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. The bank's performance in moderate-income tracts exceeds the percentage of businesses located within such tracts. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	13.5	42	19.4	5,293	24.6
Middle	77.9	146	67.3	14,205	65.6
Upper	8.6	29	13.4	2,142	9.9
Totals	100.0	217	100.0	21,640	100.0

*Source: 2019 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%*

Small Farm Loans

The geographic distribution of small farm lending reflects reasonable dispersion. Although the bank did not originate any small farm loans in the moderate-income tracts, the bank's performance is still reasonable considering the limited number of farming operations in these tracts. The following table provides details.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	1.6	0	0.0	0	0
Middle	84.9	33	70.2	4,517	62.7
Upper	13.4	14	29.8	2,684	37.3
Not Available	0.0	0	0.0	0	0
Totals	100.0	47	100.0	7,201	100.0

*Source: 2019 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The percentage of the bank's loans originated in moderate-income tracts was directly comparable to the demographic data. The following table provides details.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	8.7	5	8.5	656	10.6
Middle	78.1	47	79.7	5,026	81.3
Upper	13.2	7	11.9	502	8.1
Not Available	0.0	0	0.0	0	0.0
Total	100.0	59	100.0	6,184	100.0
<i>Source: 2015 ACS, Bank Data Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels in the assessment area. Supporting this conclusion is the reasonable performance under small farm and home mortgage lending, while excellent performance was noted under small business lending. Examiners focused on the percentage by number of small business and small farm loans to borrowers with gross annual revenues of \$1 million or less and the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses with gross annual revenues of \$1 million or less. The bank's performance exceeds the percent of businesses in this revenue category. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	72.9	48	87.3	4,693	83.3
>1,000,000	6.8	7	12.7	943	16.7
Revenue Not Available	20.3	0	0.0	0	0.0
Total	100.0	55	100.0	5,636	100.0
<i>Source: 2019 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms with gross annual revenues of \$1 million or less. The bank's performance is generally comparable to the percentage of farms in the revenue category. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	93.4	31	86.1	4,230	73.8
>1,000,000	4.3	5	13.9	1,503	26.2
Revenue Not Available	2.3	0	0.0	0	0.0
Total	100.0	36	100.0	5,733	100.0
<i>Source: 2019 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among low- and moderate-income families. The bank's performance is generally comparable to the percentage of low-income families; however, the bank's lending percentage to moderate-income borrowers lags behind the percent of moderate-income families. Management indicated there is a lack of suitable affordable housing in the area, which is a limiting factor in the ability for low- and moderate-income families to seek homeownership and apply for home mortgage loans. It is noted the bank also originated home mortgage loans to moderate-income borrowers that were sold on the secondary market and not reflected in the table below. The lending to low- and moderate-income families reflected in the table below, combined with secondary market loans originated to moderate-income borrowers indicates the bank's willingness to lend to all income levels. Considering these factors, home mortgage lending penetration is considered reasonable. Details provided in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.0	5	13.9	532	13.9
Moderate	20.1	4	11.1	357	9.3
Middle	20.9	8	22.2	576	15.0
Upper	41.9	19	52.8	2,375	61.9
Total	100.0	36	100.0	3,840	100.0
<i>Source: 2015 ACS; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

QUALIFIED INVESTMENTS AND SERVICES

The qualified investments and services contributed to an Outstanding rating.

Qualified Investments

The Kearny County Bank made 21 qualified investments totaling approximately \$3.8 million. This total is comprised of debt and equity investments, primarily in the assessment area. The total dollar amount of investments since the previous evaluation equates to 1.8 percent of total assets and 7.7 percent of total securities. A larger bank in the area recently evaluated using the Intermediate Small Bank (ISB) CRA Examination procedures had qualified investments of 1.8 percent of total assets and 9.3 percent of total securities. However, when comparing the qualified investments made within each bank’s assessment area, The Kearny County Bank’s ratios (1.1 percent and 4.8 percent, respectively) exceeded those of the larger ISB (0.70 percent and 3.5 percent). The qualified investments demonstrated strong leadership, innovativeness, and responsiveness to community development needs for affordable housing, revitalization/stabilization, and community services targeted to low- and moderate-income individuals.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2014 (Partial)	0	0	0	0	0	0	0	0	0	0
2015-2019	0	0	3	2,160	0	0	1	399	4	2,559
YTD 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	3	2,160	0	0	1	399	4	2,559
Qualified Grants & Donations	1	72	6	38	1	224	9	875	17	1,209
Total	1	72	9	2,198	1	224	10	1,274	21	3,768

Source: Bank Data

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan Kansas	1	72	8	1,198	1	224	9	875	19	2,369
Broader Statewide or Regional Area	0	0	1	1,000	0	0	1	399	2	1,399
Total	1	72	9	2,198	1	224	10	1,274	21	3,768

Source: Bank Data

The following are notable examples of the bank’s qualified investment activities:

- During the review period, the bank made two investments totaling \$1.7 million in bonds that provided school building improvements in school districts where a majority of the students qualify for free or reduced cost lunches.
- During 2015, affiliated entities invested \$600 thousand to assist in the planning and development, including construction and management, of a new hotel, creating new jobs in a distressed part of the assessment area, helping to revitalize and stabilize the area.
- During 2015 and 2016, the bank made two donations totaling \$270 thousand to a local

hospital to provide for specialized equipment and additional space to provide for additional doctors and physician assistants in a community that is distressed, helping to revitalize and stabilize the area.

- In late 2014, an affiliated entity donated \$224 thousand toward infrastructure improvements for an industrial park in order to facilitate economic development by bringing new businesses and residents to the assessment area, helping to create, retain, or improve permanent jobs.
- In 2019, an affiliated entity donated lots to a non-profit organization (valued at \$72 thousand) for the purpose of constructing affordable housing for low- and moderate-income families and individuals.

Community Development Services

During the evaluation period, bank employees provided 35 qualified services to various community development-related organizations within the assessment area. The comparable bank provided 62 community development services. The services provided were responsive to identified community development needs previously discussed. The following table illustrates community development services by purpose and year.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2014 Partial	0	1	0	0	1
2015-2019	0	12	5	11	28
YTD 2020	0	2	1	3	6
Total	0	15	6	14	35
<i>Source: Bank Data</i>					

Below are notable examples of the bank’s community development services:

- Two employees used their financial expertise in economic development (the planning, development, construction, and management of a new hotel) helping to create new permanent jobs for LMI individuals.
- An employee served as a financial advisor for a scholarship fund in a community where a majority of the students receives free or reduced lunches.
- Two employees served on the Board of organizations using their financial expertise to help provide essential community services.
- Two employees provided financial education at a local college with a majority of the students being LMI individuals.

Retail Banking Services

The Kearny County Bank operates two banking offices (Lakin and Garden City), each with an ATM. The bank also offers a variety of retail services that provide credit and deposit products for customers. The products and services are responsive to the needs of low- and moderate-income individuals include free checking and savings accounts, as well as free bill pay, internet banking,

mobile banking, and telephone banking. The bank also offers several types of low-cost consumer loans.

Other Loan Data

The bank originated 248 Paycheck Protection Program loans thus far in 2020, totaling \$13.5 million. These loans helped retain jobs in area businesses impacted by the national pandemic emergency.

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.