



PUBLIC DISCLOSURE

November 30, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Union State Bank
RSSD# 227151**

**127 South Summit Street
Arkansas City, Kansas 67005**

**Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of 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'S COMMUNITY REINVESTMENT ACT RATING

Union State Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment areas' (AAs) credit needs.
- A majority of the bank's loans are originated inside the AAs.
- A reasonable distribution and dispersion of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Performance was assessed using the full review procedures for each of the bank's three AAs, including the Cowley County AA and Wichita Metropolitan AA in Kansas; and the Northeast Oklahoma AA in Oklahoma. Predominant weight in the overall institution's CRA rating was placed on the bank's performance in the Cowley County AA, as a significant number of loans and percentage of deposits originate from this AA, and the majority of the bank's branches are located in this AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio.
- A statistical sample of 63 small business loans from a universe of 91 loans originated between January 1, 2019 and December 31, 2019.
- The universe of 129 home mortgage loans reported on the bank's 2019 Home Mortgage Disclosure Act Loan/Application Register.

DESCRIPTION OF INSTITUTION

The bank is an interstate community bank headquartered in Arkansas City, Kansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Docking Bancshares, Inc.
- The bank reported total assets of \$537.3 million (MM) as of June 30, 2020.
- In addition to its main office in Arkansas City, the bank has 12 additional branches located in the state of Kansas and Oklahoma and a loan production office (LPO)/deposit production office (DPO) located in Edmond, Oklahoma.

- Since the previous evaluation, the bank expanded its operations through the acquisition of Midland National Bank in Newton, Kansas, on January 1, 2020. Given the recent acquisition of Midland National Bank, activities from the three new branches acquired were not considered in this evaluation.
- The bank’s primary business focus is commercial lending and residential real estate lending.

**TABLE 1
COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2020**

Loan Type	\$(000)	%
Commercial	179,249	54.8
Residential Real Estate	85,708	26.2
Agricultural	34,039	10.4
Consumer	24,063	7.4
Other	3,970	1.2
Gross Loans	327,029	100.0

Note: Percentages may not total 100.0 percent due to rounding.

The bank was rated Satisfactory under the CRA at its July 11, 2016 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall performance under CRA is Satisfactory. The overall rating and conclusions are based on the bank’s performance in each AA. Performance was weighted according to relative loan and deposit volumes, market share in the AAs, the number of branch locations, and relative materiality of residential real estate and small business lending. In the following sections, the evaluation first discusses the bank’s overall performance based on the NLTD ratio and level of lending within its delineated AAs. This information is followed by a more in-depth discussion of the bank’s record of lending in each of the three full review AAs.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on their asset size, product offerings, and location. The bank’s NLTD ratio is reasonable. Although the bank’s ratio is below that of three similarly situated banks, it is reasonable based on economic and competitive factors in the bank’s AAs.

TABLE 2 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			17-Quarter Average
Union State Bank	Arkansas City, KS	537,307	78.3
Chisholm Trail State Bank	Wichita, KS	129,579	57.4
Halstead Bank	Halstead, KS	146,978	88.9
Legacy Bank	Colwich, KS	537,109	95.4
Southwest National Bank	Wichita, KS	540,680	94.5

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. A majority of the bank’s loans, by number and dollar, are originated inside its three AAs.

TABLE 3 LENDING INSIDE AND OUTSIDE THE AAs								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Home Mortgage Loans	108	14,442	83.7	80.7	21	3,447	16.3	19.3
Small Business Loans	51	5,310	81.0	74.4	12	1,828	19.0	25.6
Total Loans	159	19,752	82.8	78.9	33	5,275	17.2	21.1

Note: Percentages may not add to 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts. The bank’s overall geographic distribution of loans reflects reasonable distribution in each AA. Thus, the distribution by income level of census tracts in both the states of Kansas and Oklahoma is reasonable.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s performance reflects overall reasonable distribution in each AA, and performance is also consistent for the states of Kansas and Oklahoma.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

STATE OF KANSAS

COMMUNITY REINVESTMENT ACT RATING FOR KANSAS: *Satisfactory*

This rating is based on the following conclusions with respect to the performance criteria:

- A reasonable distribution and dispersion of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable penetration among individuals of different income levels, including LMI, and businesses of different sizes.

SCOPE OF EXAMINATION

The scope of the review for the state of Kansas was consistent with the overall scope for the entire institution. Full reviews were conducted for the Cowley County AA and the Wichita Metropolitan AA, as they both have significant volume of loan and deposit originations and contain a significant number of the bank's branch locations. Predominant weight was afforded to the bank's lending performance in the Cowley County AA.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN KANSAS

The bank delineates two of its three AAs and operates 12 of its 13 branches in the state of Kansas. Loan and deposit products and services offered in the state mirror those discussed in the overall institution section of this report, with a primary emphasis on residential real estate and commercial lending. Detailed descriptions of the bank's operations in each AA are provided in each AA analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN KANSAS

Geographic Distribution of Loans

The bank's overall geographic distribution of lending within the state of Kansas reflects reasonable penetration throughout the AAs. Both the Cowley County and Wichita Metropolitan AAs are rated reasonable.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank's lending within the Kansas AAs has an overall reasonable penetration among individuals of different income levels and businesses of different sizes. Both the Cowley County and Wichita Metropolitan AAs are rated reasonable.

**COWLEY COUNTY ASSESSMENT AREA
NONMETROPOLITAN AREA
(Full Review)**

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN COWLEY COUNTY AA

The bank's AA is comprised of Cowley County in its entirety. (See Appendix A for an AA map.)

- The composition of the AA includes 11 census tracts of which two are moderate-income, eight are middle-income, and one is an upper-income census tract.
- The AA has changed since the previous evaluation in which three census tracts were moderate-income; six were middle-income, and two were upper-income census tracts.
- The bank operates seven branches in the Cowley County AA. Three offices are located in Arkansas City, three in the city of Winfield, and one office is in the city of Udall; all of which are located in middle-income census tracts.
- According to the June 30, 2020 FDIC Deposit Market Share Report, the bank's deposit market share of 31.6 percent ranked second out of seven FDIC-insured institutions operating within the AA.
- To augment the evaluation and ascertain the credit needs of the community, the responsiveness of the area banks in meeting those credit needs, and to obtain perspectives on the local economic conditions, two previously conducted interviews as part of a CRA evaluation for another financial institution were referenced. The community contacts represent housing and economic development organizations.

TABLE 4 POPULATION CHANGE			
Area	2010 Population	2015 Population	Percent Change
Cowley County, KS	36,311	36,079	(0.6)
State of Kansas	2,853,118	2,892,987	1.4

Source: 2010 U.S. Census Bureau Decennial Census
2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The cities of Winfield and Arkansas City, where six of the bank's branches are located, make up 67.2 percent of the Cowley County AA total population.

**TABLE 5
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Cowley County, KS	51,655	54,501	5.5
State of Kansas	62,424	66,389	6.4

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- Per the 2015 U.S. Census Bureau: American Community Survey (ACS) data, 40.4 percent of AA families are LMI, which is above the statewide figure of 36.5 percent.
- The percentage of AA families living below the poverty line, at 12.0 percent, is also above the statewide figure of 9.1 percent.

**TABLE 6
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Cowley County, KS	76,900	83,200	8.2	573	639	11.5
State of Kansas	122,600	132,000	7.7	671	757	12.8

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The AA's affordability¹ ratio at 52.7 percent was significantly more affordable than the statewide ratio of 39.6 percent.
- The median age of housing stock in the AA is 57 years, which is significantly higher than the age of housing stock in the state of Kansas at 43 years. Older housing stock may be indicative of more home improvement loan needs, but also lower-quality housing.
- A community contact indicated that the AA is in need of more affordable housing options and described the area as having very few quality rental properties available.

**TABLE 7
UNEMPLOYMENT RATES**

Region	2015	2016	2017	2018	2019
Cowley County, KS	4.6	4.6	3.8	3.3	3.4
State of Kansas	4.2	4.2	3.6	3.3	3.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- A community contact indicated that economic conditions in the AA remain relatively stable.
- The primary industries in the AA are aerospace, manufacturing, education, and service.
- The primary employers include GE Aviation, Jet AirWerks, Creekstone Farms, Newell Rubbermaid, Kan-Pak, and school systems, including multiple colleges.

¹ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. As noted in Table 8, the bank’s lending in moderate-income census tracts is comparable to aggregate lending data and comparable to the percentage of owner-occupied units. The bank’s loan dispersion of home mortgage lending revealed no significant gaps or lapses in the AA.

TABLE 8 DISTRIBUTION OF 2019 HOME MORTGAGE LENDING BY INCOME LEVEL OF GEOGRAPHY							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner- Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	5	217	7.5	3.3	4.7	2.6	7.9
Middle	53	4,993	79.1	74.9	84.6	84.2	82.2
Upper	9	1,454	13.4	21.8	10.6	13.2	9.9
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. As noted in Table 9, the bank’s lending was comparable to the percentage of businesses operating within the moderate-income census tracts. The dispersion of small business lending revealed no significant gaps or lapses in the AA.

**TABLE 9
DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	3	107	18.8	5.3	15.1
Middle	13	1,926	81.3	94.8	76.5
Upper	0	0	0.0	0.0	8.5
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank's lending reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. Both the bank's lending to LMI borrowers and the aggregate lending data are below the percentage of families. In addition, the bank's performance to LMI borrowers is comparable to the aggregate lending data. A community contact indicated there is a need for more affordable housing in the AA. Additionally, the contact indicated that housing in the AA, especially the more affordable housing, may be old or dilapidated and in need of repairs. Thus, lower income borrowers may face challenges qualifying for residential real estate loans if affordable housing is limited and additional expenses are required to improve the home.

**TABLE 10
DISTRIBUTION OF 2019 HOME MORTGAGE LENDING
BY BORROWER INCOME LEVEL**

Borrower Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$(000)	#%	\$%	#%	\$%	
Low	4	138	6.0	2.1	8.2	4.7	21.2
Moderate	7	467	10.4	7.0	15.9	11.9	19.2
Middle	19	1,616	28.4	24.2	19.8	18.5	21.8
Upper	24	2,888	35.8	43.3	32.0	39.8	37.8
Unknown	13	1,555	19.4	23.3	24.1	25.1	0.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with gross annual revenues of \$1MM or less was below the percentage of small businesses in the AA. However, a majority of the bank’s lending, (13 out of the 16 loans) were in amounts of \$100,000 or less. Typically, small businesses do not have the need or the capacity to borrow large amounts, and as such, smaller loan amounts are used as a proxy to estimate the support of smaller businesses. In addition, the bank has historically served this AA as an agricultural lender, but with its recent merger and acquisition activity, bank management indicated the bank’s lending focus is shifting to include more of focus on commercial lending.

TABLE 11 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES					
	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	7	169	43.8	8.3	89.9
Over \$1 Million	4	1,321	25.0	65.0	8.5
Not Known	5	543	31.3	26.7	1.6
Total	16	2,032	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	13	349	81.3	17.2	
\$100,001 – \$250,000	0	0	0.0	0.0	
\$250,001 – \$1 Million	3	1,683	18.8	82.8	
Total	16	2,032	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	7	169	100.0	100.0	
\$100,001 – \$250,000	0	0	0.0	0.0	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	7	169	100.0	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

**WICHITA METROPOLITAN ASSESSMENT AREA
METROPOLITAN AREA
(Full Review)**

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN WICHITA METROPOLITAN AA

The bank's AA is comprised of Sedgwick County in its entirety, which is part of the Wichita, Kansas Metropolitan Statistical Area (MSA). (See Appendix A for an AA map.)

- The composition of the AA includes 15 low-income, 36 moderate-income, 34 middle-income, and 39 upper-income census tracts.
- The AA composition has changed since the previous evaluation in which 12 were low-income, 42 were moderate-income, 32 were middle-income, and 38 were upper-income census tracts.
- The bank operates five branches in the Wichita Metropolitan AA. Two branches are located in Wichita in upper-income census tracts. The other three branches are new branches as of January 1, 2020, acquired through the Midland National Bank acquisition. Of these three branches, one is located in a moderate-income census tract, and the other two are located in middle-income census tracts. Lending activities for these three branches were not considered in this evaluation.
- According to the June 30, 2020 FDIC Deposit Market Share Report, the bank's deposit market share of 0.4 percent ranked 26th out of 37 FDIC-insured institutions operating within the AA.
- Two previously conducted interviews as part of CRA evaluations of other financial institutions were referenced. The community contacts represented housing and economic development organizations.

**TABLE 12
POPULATION CHANGE**

Area	2010 Population	2015 Population	Percent Change
Sedgwick County, KS	498,365	506,529	1.6
Wichita KS MSA	630,919	638,884	1.3
State of Kansas	2,853,118	2,892,987	1.4

*Source: 2010 U.S. Census Bureau Decennial Census
2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- Sedgwick County contains the majority of the population of the MSA, at 79.1 percent.

**TABLE 13
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Sedgwick County, KS	61,137	63,779	4.3
Wichita KS MSA	61,402	64,897	5.7
State of Kansas	62,424	66,389	6.4

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- LMI families make up 39.0 percent of the AA, which is similar to the LMI makeup of the MSA at 38.0 percent. Both are higher than the statewide average of 36.5 percent.
- Families living below the poverty line in the AA at 11.0 percent is higher than the MSA and state of Kansas at 10.3 percent and 9.1 percent, respectively.

**TABLE 14
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Sedgwick County, KS	117,300	126,500	7.8	639	731	14.4
Wichita KS MSA	114,382	124,445	8.8	635	727	14.5
State of Kansas	122,600	132,000	7.7	671	757	12.8

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The AA affordability ratio of 40.1 percent is comparable to both the MSA and state affordability ratios at 41.2 percent and 39.6 percent, respectively.
- Per the 2015 ACS data, rental units make up 31.0 percent of the housing units in the MSA and make up 32.5 percent of the units in the AA.

**TABLE 15
UNEMPLOYMENT RATES**

Region	2015	2016	2017	2018	2019
Sedgwick County, KS	4.8	4.8	4.3	3.7	3.5
Wichita KS MSA	4.7	4.7	4.2	3.7	3.4
State of Kansas	4.2	4.2	3.6	3.3	3.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Wichita has a strong military presence resulting from McConnell Air Force Base, which has a total workforce of about 6,500.
- The primary non-military industries in the Wichita MSA are aerospace, manufacturing, agriculture, oil and gas, and service sectors, including healthcare and education.
- Other major, non-military employers include, Spirit AeroSystems Inc., Textron Aviation, Koch Industries Inc., public school districts, and the U.S. Postal Service.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

The bank’s overall geographic distribution of loans reflects reasonable distribution among the different census tracts within the AA based on the bank’s home mortgage lending performance.

Home Mortgage Lending

The geographic distribution of home mortgage lending is excellent. The bank’s lending in low-income census tracts was significantly above aggregate lending data and the percentage of owner-occupied units. In comparison, the bank’s lending in moderate-income census tracts was comparable to aggregate lending data as well as the demographic figure. The bank’s loan dispersion of home mortgage lending revealed no significant gaps or lapses in the AA.

TABLE 16 DISTRIBUTION OF 2019 HOME MORTGAGE LENDING BY INCOME LEVEL OF GEOGRAPHY							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner- Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	5	573	13.9	8.0	3.2	1.9	5.8
Moderate	7	581	19.4	8.1	15.6	12.4	19.6
Middle	6	890	16.7	12.4	27.8	22.5	29.0
Upper	18	5,140	50.0	71.5	53.4	63.2	45.6
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The geographic distribution of small business lending is poor. The bank’s lending in low-income census tracts was comparable to the percentage of businesses, while the bank’s lending in moderate-income census tracts was significantly below the demographic figure. The bank’s loan dispersion noted gaps in lending within both low- and moderate-income census tracts given the low overall lending volumes in these tracts.

**TABLE 17
 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
 BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	1	68	3.1	2.2	6.4
Moderate	1	463	3.1	14.8	29.1
Middle	6	1,614	18.8	51.5	27.4
Upper	24	991	75.0	31.6	37.1
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank’s lending reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. The bank’s lending to low-income borrowers was significantly above the aggregate lending data, but below the percentage of families. Lending to moderate-income borrowers was below both the aggregate lending data and the demographic figure.

A community contact indicated the AA continues to be a seller’s market, which typically results in increased home prices; and that banks in the area are willing to lend to qualified borrowers. Additionally, it should be noted that the analysis is skewed, as there were 11 loans in the sample that had unknown borrower incomes reported.

**TABLE 18
 DISTRIBUTION OF 2019 HOME MORTGAGE LENDING
 BY BORROWER INCOME LEVEL**

Borrower Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$(000)	#%	\$%	#%	\$%	
Low	6	591	16.7	8.2	7.2	3.3	21.4
Moderate	2	278	5.6	3.9	18.3	12.2	17.6
Middle	1	34	2.8	0.5	21.4	17.8	20.8
Upper	16	4,555	44.4	63.4	33.3	40.3	40.2
Unknown	11	1,726	30.6	24.0	19.7	26.4	0.0

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending was below the percentage of small businesses in the area. However, after further analysis, it appears the bank has a strong relationship with one large business that obtains frequent small dollar loans (representing 16 of 21 loans to business with gross annual revenue over \$1MM). In addition, 27 of the 32 loans evaluated were in the amount of \$100,000 or less. Typically, small businesses do not have the need or the capacity to borrow large amounts, and as such, smaller loan amounts are used as a proxy to estimate the support of smaller businesses.

**TABLE 19
DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	10	488	31.3	15.6	88.7
Over \$1 Million	21	2,425	65.6	77.4	10.6
Not Known	1	222	3.1	7.1	0.7
Total	32	3,135	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	27	1,159	84.4	37.0	
\$100,001 – \$250,000	2	373	6.3	11.9	
\$250,001 – \$1 Million	3	1,603	9.4	51.1	
Total	32	3,135	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	9	337	90.0	69.1	
\$100,001 – \$250,000	1	151	10.0	30.9	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	10	488	100.0	100.0	

Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

**STATE OF OKLAHOMA/NORTHEAST OKLAHOMA AA
NONMETROPOLITAN AREA
(Full Review)**

COMMUNITY REINVESTMENT ACT RATING FOR OKLAHOMA: *Satisfactory*

This rating is based on the following conclusions with respect to the performance criteria:

- A reasonable distribution and dispersion of loans occurred throughout the bank's AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including LMI, and businesses of different sizes.
- The rating also considers the low volume of residential real estate and small business loans as a whole, which tends to skew the analysis.

SCOPE OF EXAMINATION

The scope of the review for the state of Oklahoma was consistent with the overall scope for the institution. A full review was conducted for the Northeast Oklahoma AA. The bank's statewide performance is discussed concurrently with the assessment of its lending record for the Northeast Oklahoma AA, as this is the sole AA for the state. Given the small scale of operations in the state of Oklahoma, newly established branch and AA in 2019, and the limited loan volume, the bank's performance in the state of Oklahoma received less weight in the overall rating.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN OKLAHOMA

The bank delineates one of its three AAs and operates one of its 13 branches in the state of Oklahoma. In addition, the bank established an LPO/DPO in October 2019 in Edmond, Oklahoma, which is not part of the Northeast Oklahoma AA. Loan and deposit products and services offered in the state mirror those discussed in the overall institution section of this report, with a primary emphasis on commercial and residential real estate lending. A detailed description of the bank's operations in the Northeast Oklahoma AA is provided in the section that follows.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN NORTHEAST OKLAHOMA AA

The bank's AA is comprised of Washington and Nowata Counties in their entirety. (See Appendix A for an AA map.)

- The AA consists of one low-, two moderate-, nine middle- and five upper-income census tracts.
- The branch was converted to a full-service branch from an LPO in February 2019. The branch is located in an upper-income census tract in the city of Bartlesville in Washington County.

- According to the June 30, 2020 FDIC Deposit Market Share Report, the bank's deposit market share of 0.8 percent ranked 11th out of 12 FDIC-insured institutions operating within the AA.

TABLE 20 POPULATION CHANGE			
Area	2010 Population	2015 Population	Percent Change
Nowata County, OK	10,536	10,555	0.2
Washington County, OK	50,976	51,760	1.5
State of Oklahoma	3,751,351	3,849,733	2.6

*Source: 2010 U.S. Census Bureau Decennial Census
2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- The city of Bartlesville has a population of 36,535 and is located 47 miles north of Tulsa and 18 miles south of the Kansas border.

TABLE 21 MEDIAN FAMILY INCOME CHANGE			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Nowata County, OK	48,710	47,993	(1.5)
Washington County, OK	55,272	59,841	8.3
State of Oklahoma	53,607	58,029	8.2

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- LMI families make up 34.6 percent of the AA population, compared to 39.2 percent LMI families in the state of Oklahoma.
- Families below the poverty level in the AA make up 11.6 percent of the families in the AA, which is lower than the percent of families below poverty in the state of Oklahoma at 12.4 percent.

TABLE 22 HOUSING COSTS CHANGE						
Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Nowata County, OK	76,800	76,300	(0.7)	530	618	16.6
Washington County, OK	99,700	111,300	11.6	597	683	14.4
State of Oklahoma	104,300	117,900	13.0	633	727	14.8

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- 38.6 percent of the AA’s rental population incurs rent costs greater than 30.0 percent of their annual income, while the state of Oklahoma is greater at 41.1 percent of renters incurring rent costs exceeding 30.0 percent of their annual income.
- The affordability ratio in the AA is 45.0 percent, which is considered more affordable than the entire state, with a ratio of 39.8 percent.

TABLE 23 UNEMPLOYMENT RATES					
Region	2015	2016	2017	2018	2019
Nowata County, OK	5.7	6.2	5.4	4.2	3.5
Washington County, OK	4.3	4.9	4.5	3.9	3.4
State of Oklahoma	4.4	4.9	4.2	3.4	3.3

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The primary industries in the AA include government, manufacturing, oil and gas extraction, healthcare, and education.
- Primary employers are Phillips 66, Conoco, ABB TotalFlow, Arvest Bank, Bartlesville Public Schools, Central States Manufacturing, and Chevron Phillips.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. While no loans were originated in the LMI census tracts, the bank’s performance was comparable to the aggregate lending data and to the percentages of owner-occupied units. This indicates a limited opportunity for home mortgage lending, as well as a limited demand for these types of loans in these geographies. The evaluation of the dispersion of home mortgage lending noted gaps in lending given the lack of lending in LMI tracts in the AA. However, this also is considered reasonable. This conclusion takes into consideration the bank’s relatively new operations in this AA, and the low volume of home mortgage loans in the AA overall.

**TABLE 24
DISTRIBUTION OF 2019 HOME MORTGAGE LENDING
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner- Occupied Units
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	0	0.0	0.0	0.7	0.6	1.9
Moderate	0	0	0.0	0.0	3.8	2.7	5.0
Middle	2	156	40.0	26.3	49.0	45.0	55.0
Upper	3	438	60.0	73.7	46.3	51.7	38.1
Unknown	0	0	0.0	0.0	0.1	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. While no lending occurred in the LMI tracts, the bank's performance is comparable to the demographic figures or percentages of small businesses operating in these tracts. Similarly, the lack of lending in LMI tracts revealed a gap in lending in these tracts when evaluating loan dispersion. However, this is considered reasonable given the bank's recent entry into this market, and the low volume of small business loans in the AA overall.

**TABLE 25
DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	4.0
Moderate	0	0	0.0	0.0	1.6
Middle	2	125	66.7	88.0	62.0
Upper	1	17	33.3	12.0	32.4
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses and of Different Sizes

The bank's lending reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. The bank’s lending to LMI borrowers was below both the aggregate lending data and the percentage of families; however, as mentioned previously, given the new AA, new branch, and limited overall loan volume, this is reasonable lending performance.

**TABLE 26
DISTRIBUTION OF 2019 HOME MORTGAGE LENDING
BY BORROWER INCOME LEVEL**

Borrower Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income %
	#	\$(000)	#%	\$%	#%	\$%	
Low	0	0	0.0	0.0	6.0	2.7	18.1
Moderate	0	0	0.0	0.0	16.1	11.2	16.4
Middle	0	0	0.0	0.0	16.4	14.3	18.3
Upper	5	594	100.0	100.0	39.3	50.3	47.1
Unknown	0	0	0.0	0.0	22.2	21.5	0.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. While the bank’s lending to small businesses was below the percentage of businesses of gross annual revenues of less than \$1MM, given the new AA, new branch, and limited overall loan volume, this is reasonable lending performance.

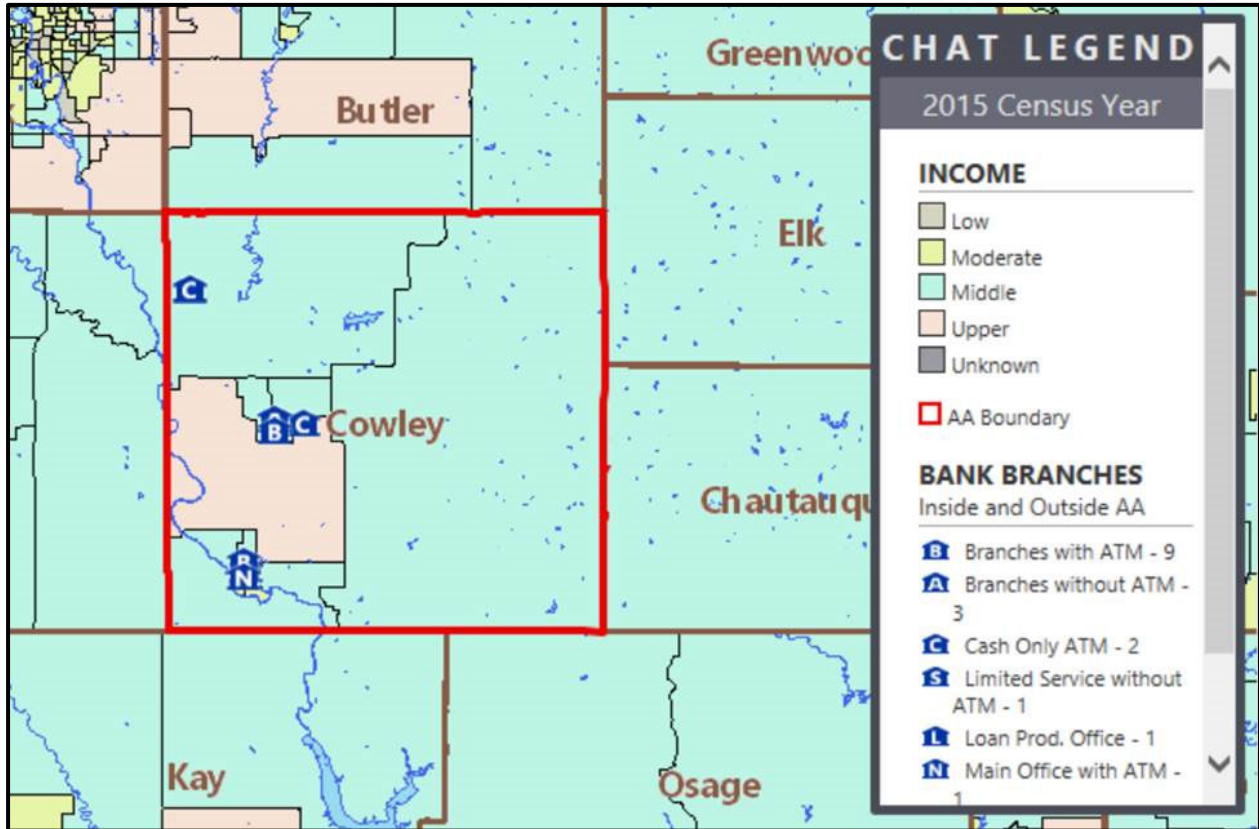
**TABLE 27
 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
 BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	1	25	33.3	17.6	92.1
Over \$1 Million	0	0	0.0	0.0	6.9
Not Known	2	117	66.7	82.4	1.0
Total	3	142	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	2	42	66.7	29.6	
\$100,001 – \$250,000	1	100	33.3	70.4	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	3	142	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	1	25	100.0	100.0	
\$100,001 – \$250,000	0	0	0.0	0.0	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	1	25	100.0	100.0	

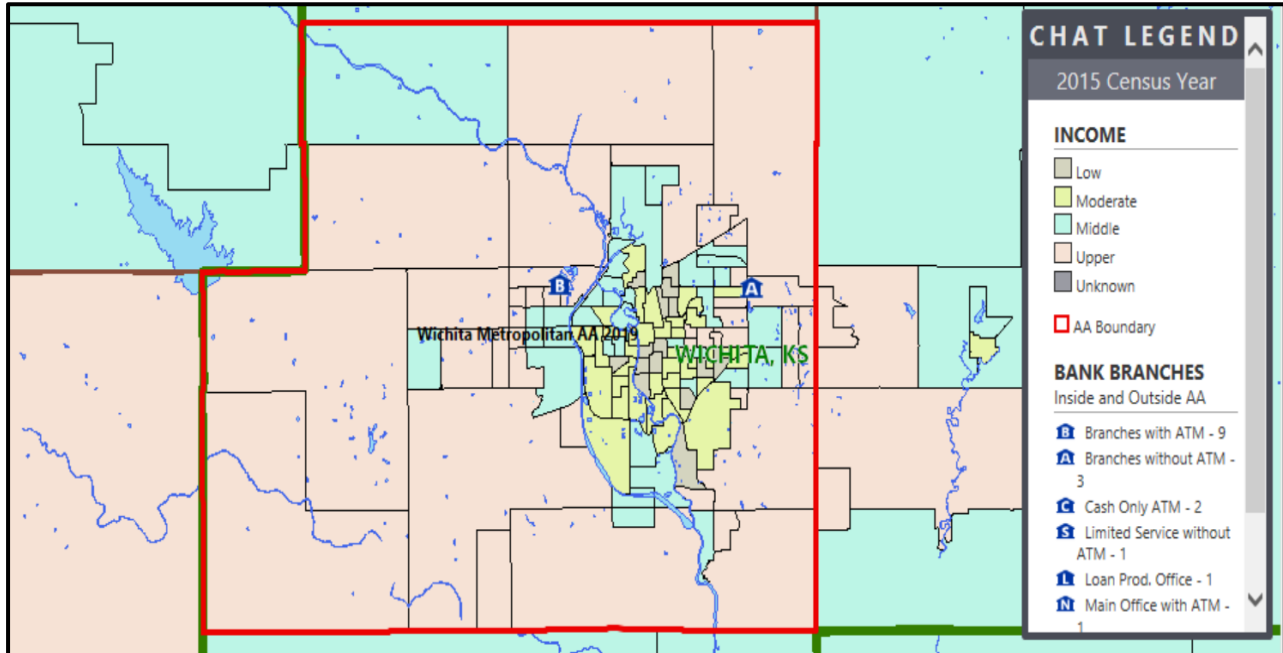
Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

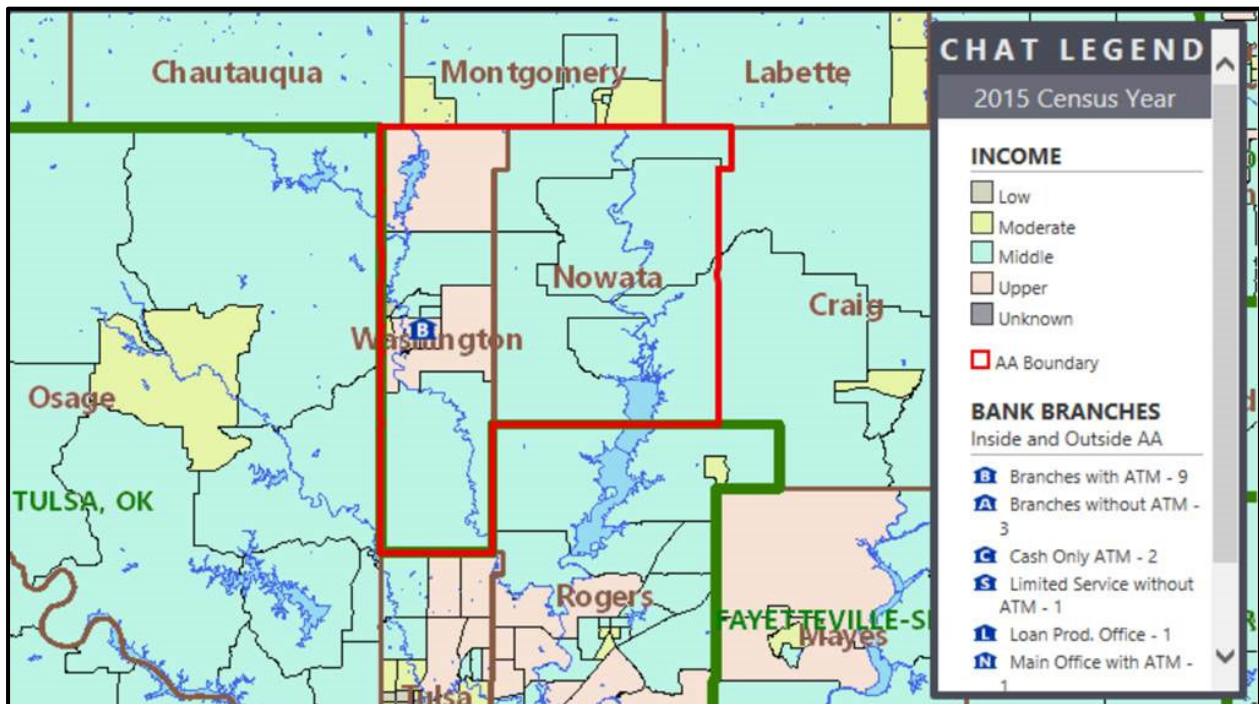
A. Cowley County AA



B. Wichita Metropolitan AA



C. Northeast Oklahoma AA



APPENDIX B – DEMOGRAPHIC INFORMATION

TABLE B-1 2019 COWLEY COUNTY AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,932	21.2
Moderate	2	18.2	906	9.9	150	16.6	1,752	19.2
Middle	8	72.7	7,403	81.1	874	11.8	1,992	21.8
Upper	1	9.1	822	9.0	71	8.6	3,455	37.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	9,131	100.0	1,095	12.0	9,131	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,768	728	7.9	41.2	665	37.6	375	21.2
Middle	13,002	7,604	82.2	58.5	3,670	28.2	1,728	13.3
Upper	1,225	913	9.9	74.5	108	8.8	204	16.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	15,995	9,245	100.0	57.8	4,443	27.8	2,307	14.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	167	15.1	143	14.3	21	22.3	3	16.7
Middle	848	76.5	772	77.4	62	66.0	14	77.8
Upper	94	8.5	82	8.2	11	11.7	1	5.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,109	100.0	997	100.0	94	100.0	18	100.0
Percentage of Total Businesses:			89.9	8.5	1.6			
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	105	86.8	105	87.5	0	0.0	0	0.0
Upper	16	13.2	15	12.5	1	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	121	100.0	120	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.2	0.8	0.0			
<p>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

**TABLE B-2
 2019 WICHITA METROPOLITAN AA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	15	12.1	10,259	8.2	3,615	35.2	26,674	21.4
Moderate	36	29.0	28,087	22.5	5,899	21.0	21,878	17.6
Middle	34	27.4	34,841	28.0	2,634	7.6	25,983	20.8
Upper	39	31.5	51,458	41.3	1,522	3.0	50,110	40.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	124	100.0	124,645	100.0	13,670	11.0	124,645	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	22,180	7,163	5.8	32.3	11,145	50.2	3,872	17.5
Moderate	57,323	24,171	19.6	42.2	25,028	43.7	8,124	14.2
Middle	62,756	35,857	29.0	57.1	21,916	34.9	4,983	7.9
Upper	71,441	56,433	45.6	79.0	11,248	15.7	3,760	5.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	213,700	123,624	100.0	57.8	69,337	32.4	20,739	9.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,222	6.4	1,054	6.2	167	8.2	1	0.9
Moderate	5,536	29.1	4,697	27.8	813	39.7	26	23.6
Middle	5,219	27.4	4,637	27.5	556	27.1	26	23.6
Upper	7,059	37.1	6,490	38.5	512	25.0	57	51.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	19,036	100.0	16,878	100.0	2,048	100.0	110	100.0
Percentage of Total Businesses:				88.7	10.8	0.6		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	5	1.4	5	1.4	0	0.0	0	0.0
Moderate	28	7.8	28	7.9	0	0.0	0	0.0
Middle	54	15.0	54	15.2	0	0.0	0	0.0
Upper	272	75.8	269	75.6	3	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	359	100.0	356	100.0	3	100.0	0	0.0
Percentage of Total Farms:				99.2	0.8	0.0		

Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

**TABLE B-3
 2019 NORTHEAST OKLAHOMA AA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	5.9	450	2.6	167	37.1	3,082	18.1
Moderate	2	11.8	1,148	6.7	333	29.0	2,794	16.4
Middle	9	52.9	9,334	54.9	1,146	12.3	3,121	18.3
Upper	5	29.4	6,078	35.7	324	5.3	8,013	47.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	17	100.0	17,010	100.0	1,970	11.6	17,010	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	981	353	1.9	36.0	351	35.8	277	28.2
Moderate	1,826	918	5.0	50.3	654	35.8	254	13.9
Middle	15,928	10,084	55.0	63.3	3,735	23.4	2,109	13.2
Upper	9,698	6,987	38.1	72.0	1,965	20.3	746	7.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	28,433	18,342	100.0	64.5	6,705	23.6	3,386	11.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	86	4.0	69	3.5	17	11.4	0	0.0
Moderate	35	1.6	34	1.7	1	0.7	0	0.0
Middle	1,347	62.0	1,242	62.1	85	57.0	20	90.9
Upper	703	32.4	655	32.8	46	30.9	2	9.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,171	100.0	2,000	100.0	149	100.0	22	100.0
Percentage of Total Businesses:			92.1		6.9		1.0	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1	1.3	1	1.3	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	58	73.4	58	73.4	0	0.0	0	0.0
Upper	20	25.3	20	25.3	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	79	100.0	79	100.0	0	0.0	0	0.0
Percentage of Total Farms:			100.0		0.0		0.0	

Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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

applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.