



## **PUBLIC DISCLOSURE**

November 16, 2020

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Heritage Bank  
RSSD# 3120897**

**3024 Southwest Wanamaker Road  
Topeka, Kansas 66614**

**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 the 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**

Heritage 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 (NLTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) 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. Lending performance was assessed within the bank's Topeka Metropolitan AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio,
- The universe of 56 small business loans originated from January 1, 2017, through December 31, 2019.

## **DESCRIPTION OF INSTITUTION**

The bank is a community bank headquartered in Topeka, Kansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Heritage Bancshares, Inc., Topeka, Kansas.
- The bank had total assets of \$75.3 million (MM) as of June 30, 2020.
- The bank operates from a single location in Topeka, Kansas. The location also has an automated teller machine.
- The bank's primary business focus is commercial lending.

<b>TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2020</b>		
<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Commercial	44,515	75.2
Residential Real Estate	12,671	21.5
Agricultural	1,136	1.9
Consumer	809	1.4
Other	1	0.0
Gross Loans	59,032	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its prior October 3, 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. Since the prior CRA evaluation, the Written Agreement with the Reserve Bank was terminated.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s Topeka Metropolitan AA is comprised of Shawnee County in its entirety, which is one of five counties that comprise the Topeka, Kansas Metropolitan Statistical Area (MSA). Refer to Appendix A for a map of the AA.

- The AA consists of 43 census tracts, which includes 5 low-, 10 moderate-, 17 middle-, and 11 upper-income census tracts. Two census tracts changed since the prior performance evaluation, with one low-income tract and one moderate-income tract now designated as middle-income tracts.
- Based on the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank reported a deposit market share of 1.3 percent, which ranked 13<sup>th</sup> out of 19 FDIC-insured institutions operating a total of 68 offices in the AA.
- For this performance evaluation, a community contact was interviewed to help ascertain the credit needs of the community, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. An additional community contact that was recently conducted as part of the public evaluation of another financial institution in the area also was reviewed to help augment this performance evaluation. The community members represented a local economic development organization and a housing counseling service.

<b>TABLE 2 POPULATION CHANGE</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Shawnee County, KS	177,934	178,792	0.5
Topeka, Kansas MSA	233,870	234,167	0.1
State of Kansas	2,853,118	2,892,987	1.4

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

- The AA is primarily urban in nature with the city of Topeka, Kansas at its center. Less populated rural areas are located north, west, and south of the city.
- According to a community contact, the low percentage of population growth may be attributed to competitive pressures from other nearby cities (Lawrence, Kansas and Kansas City, Missouri) that offer newer employment opportunities and higher wages.

<b>TABLE 3 MEDIAN FAMILY INCOME CHANGE</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Shawnee County, KS	61,250	64,869	5.9
Topeka, Kansas MSA	61,110	64,984	6.3
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*

- The AA has a slightly higher percentage of low- and moderate-income (LMI) families at 38.0 percent, as compared to the 36.5 percent of LMI families in the state of Kansas. Similarly, the percentage of AA families below the poverty level, at 10.5 percent, is higher than the statewide rate of 9.1 percent.

<b>TABLE 4 HOUSING COSTS CHANGE</b>						
<b>Area</b>	<b>Median Housing Value</b>		<b>Percent Change</b>	<b>Median Gross Rent</b>		<b>Percent Change</b>
	<b>2010</b>	<b>2015</b>		<b>2010</b>	<b>2015</b>	
Shawnee County, KS	115,300	122,200	6.0	642	738	15.0
Topeka, Kansas MSA	114,920	120,445	4.8	638	728	14.1
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*

- According to 2015 American Community Survey data, approximately 57.8 percent of housing units in the AA are owner-occupied and 32.1 percent are rental units, which is comparable to the statewide composition of 59.7 percent owner-occupied and 29.8 percent rental units.

- The median age of housing stock in the AA is 45 years, which is slightly older than the statewide median age of 43 years. However, within LMI areas of the AA, the median age of housing stock increases to 61 years.

<b>TABLE 5 UNEMPLOYMENT RATES</b>					
<b>Region</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Shawnee County, KS	4.3	4.1	3.7	3.4	3.3
Topeka, Kansas MSA	4.3	4.1	3.6	3.4	3.3
State of Kansas	4.2	4.2	3.6	3.3	3.2

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

- Major employers in the AA include Advisors Excel, AT&T, Blue Cross Blue Shield of Kansas, and BNSF Railway. Within Shawnee County, Kansas, the most common industries are health care and social assistance, retail trade, and manufacturing. Additionally, the city of Topeka, Kansas, is home to Washburn University and the Washburn University School of Law.
- A community contact noted the economy in the AA has remained stable due to high numbers of state and federal jobs. Further, the contact stated there continues to be available employment, but little movement in expanding the workforce.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**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 AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and proximity to the AA. The bank’s NLTD ratio is reasonable, as it is comparable to the highest of the NLTD ratios reported by other similarly situated institutions.

<b>TABLE 6 COMPARATIVE NLTD RATIOS</b>			
<b>Institution</b>	<b>Location</b>	<b>Asset Size (\$000s)</b>	<b>NLTD Ratio (%)</b>
			<b>17- Quarter Average</b>
Heritage Bank	Topeka, Kansas	75,348	93.0
Kendall State Bank	Valley Falls, Kansas	45,538	71.2
Community Bank	Topeka, Kansas	132,478	89.3
Alliance Bank	Topeka, Kansas	127,982	82.8

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. For this analysis, a majority of the bank’s loans, by number and dollar volume, were originated inside the AA.

<b>TABLE 7 LENDING INSIDE AND OUTSIDE THE AA</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>
Small Business Loans	37	8,824	66.1	59.9	19	5,907	33.9	40.1
<b>Total Loans</b>	<b>37</b>	<b>8,824</b>	<b>66.1</b>	<b>59.9</b>	<b>19</b>	<b>5,907</b>	<b>33.9</b>	<b>40.1</b>

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

Small Business Lending

The geographic distribution of small business lending is reasonable. As illustrated in Table 8, the bank’s lending was below the percentage of businesses located in low-income census tracts. The distance between the bank’s office and the low-income census tracts in the AA, coupled with the amount of competition in the Topeka area for small business lending, attributed to the bank’s low lending levels. In comparison, the bank reported a larger volume of loans in moderate-income census tracts which was comparable to the demographic figure.

The bank’s loan dispersion among geographies of different income levels revealed lending gaps within the AA’s LMI census tracts. The geographical and competitive market factors previously discussed, as well as the relatively small universe of small business loans originated by the bank, attributed to the lending gaps.

**TABLE 8  
DISTRIBUTION OF 2017-2019 SMALL BUSINESS LENDING  
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				% of Businesses
	#	\$(000)	#%	\$%	
<b>Low</b>	2	570	5.4	6.5	15.0
<b>Moderate</b>	8	2,456	21.6	27.8	19.7
<b>Middle</b>	23	5,267	62.2	59.7	39.9
<b>Upper</b>	4	532	10.8	6.0	25.4
<b>Unknown</b>	0	0	0.0	0.0	0.0
<b>Not Reported</b>	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 percent due to rounding.*

**Lending to Businesses of Different Sizes**

This performance criterion evaluates the bank’s lending to businesses of different revenue sizes. The bank’s lending reflects reasonable penetration among businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. As illustrated in Table 9, the bank’s distribution of lending to small businesses was below the percentage of businesses with revenues of \$1MM or less located in the AA. However, 2019 small business loans extended by all CRA reporters in the AA, at 48.3 percent by number and 33.3 percent by dollar volume, similarly fell below the demographic figure, indicating less overall loan demand for small business loans in the AA.

The reasonable rating is further supported by the bank’s origination of small dollar loans. Approximately 65.0 percent of the bank’s small business loans were originated in amounts of \$250,000 or less, which is considered beneficial to the small businesses operating in the AA. This level of lending helps support the credit needs of small businesses, as smaller businesses typically do not have the need or capacity to borrow larger amounts. As such, smaller loan amounts are used as a proxy to estimate the support of small businesses. Furthermore, the bank originated four business loans to start-up companies, which typically experience greater challenges in obtaining financing. While these loans were originated both within and outside of the bank’s AA, the loans to start-up companies reflect the bank’s commitment to meeting its communities’ small business lending needs.



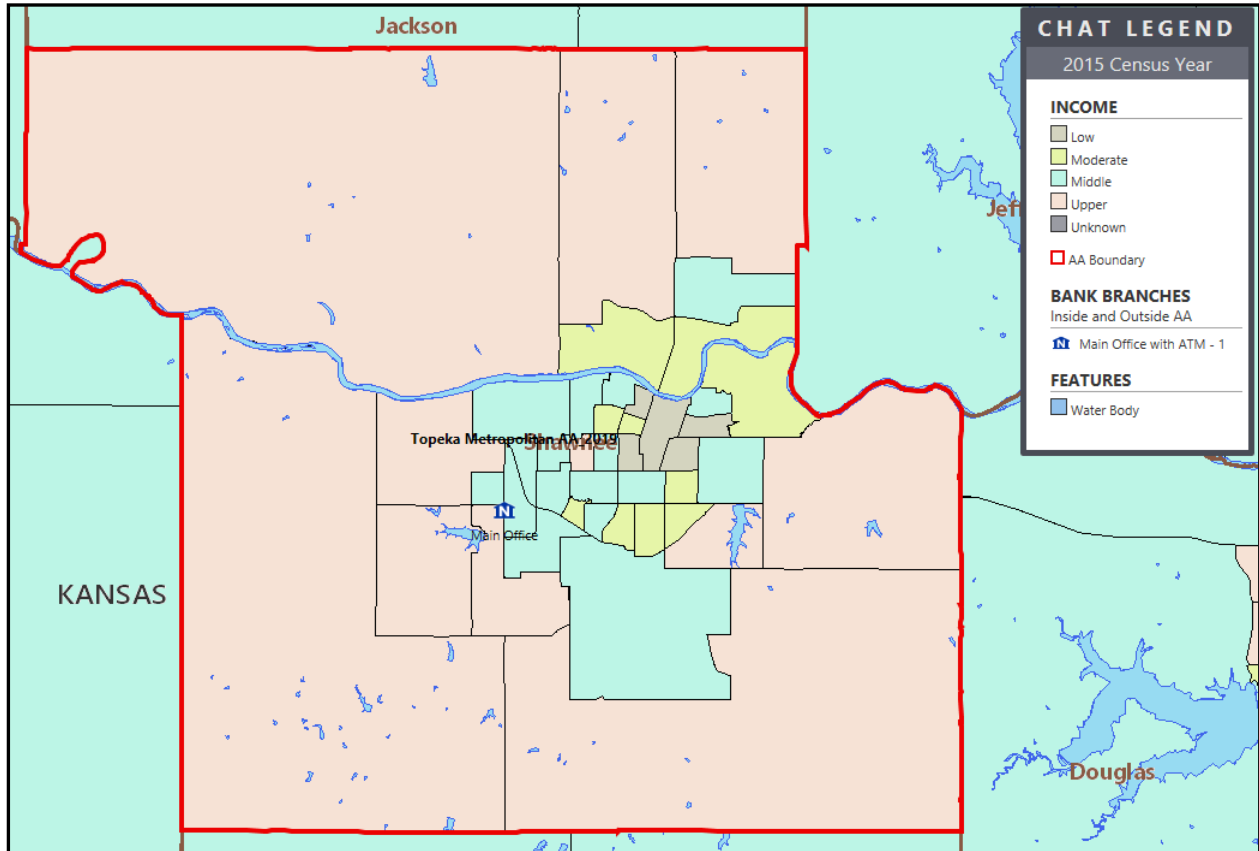
**TABLE 9  
DISTRIBUTION OF 2017-2019 SMALL BUSINESS LENDING  
BY REVENUE SIZE OF BUSINESSES**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	18	3,885	48.6	44.0	88.2
Over \$1 Million	18	4,814	48.6	54.6	10.4
Not Known	1	125	2.7	1.4	1.4
<b>Total</b>	<b>37</b>	<b>8,824</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	14	747	37.8	8.5	
\$100,001 – \$250,000	10	1,700	27.0	19.3	
\$250,001 – \$1 Million	13	6,377	35.1	72.3	
<b>Total</b>	<b>37</b>	<b>8,824</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	8	433	44.4	11.2	
\$100,001 – \$250,000	5	819	27.8	21.1	
\$250,001 – \$1 Million	5	2,632	27.8	67.8	
<b>Total</b>	<b>18</b>	<b>3,885</b>	<b>100.0</b>	<b>100.0</b>	
<i>Source: 2019 FFIEC Census Data 2019 Dun &amp; Bradstreet Data 2011 - 2015 U.S. Census Bureau: American Community Survey</i>					
<i>NOTE: Percentages may not add up to 100.0 percent due to rounding.</i>					

**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.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

TABLE B-1  
TOPEKA METROPOLITAN AA  
2019 DEMOGRAPHICS

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	11.6	2,843	6.4	1,082	38.1	9,270	20.8
Moderate	10	23.3	7,609	17.0	1,658	21.8	7,684	17.2
Middle	17	39.5	17,221	38.6	1,626	9.4	9,724	21.8
Upper	11	25.6	16,981	38.0	322	1.9	17,976	40.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>43</b>	<b>100.0</b>	<b>44,654</b>	<b>100.0</b>	<b>4,688</b>	<b>10.5</b>	<b>44,654</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,169	2,100	4.6	29.3	3,619	50.5	1,450	20.2
Moderate	16,341	7,040	15.3	43.1	6,793	41.6	2,508	15.3
Middle	32,638	17,947	39.1	55.0	11,695	35.8	2,996	9.2
Upper	23,277	18,786	41.0	80.7	3,388	14.6	1,103	4.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>79,425</b>	<b>45,873</b>	<b>100.0</b>	<b>57.8</b>	<b>25,495</b>	<b>32.1</b>	<b>8,057</b>	<b>10.1</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	992	15.0	790	13.5	151	21.8	51	56.0
Moderate	1,304	19.7	1,122	19.2	175	25.3	7	7.7
Middle	2,646	39.9	2,358	40.3	273	39.5	15	16.5
Upper	1,686	25.4	1,575	26.9	93	13.4	18	19.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>6,628</b>	<b>100.0</b>	<b>5,845</b>	<b>100.0</b>	<b>692</b>	<b>100.0</b>	<b>91</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>88.2</b>		<b>10.4</b>		<b>1.4</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	2	1.7	2	1.7	0	0.0	0	0.0
Moderate	9	7.5	9	7.5	0	0.0	0	0.0
Middle	20	16.7	20	16.7	0	0.0	0	0.0
Upper	89	74.2	89	74.2	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>120</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>0.0</b>		<b>0.0</b>

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 percent due to rounding.

**TABLE B-2  
TOPEKA METROPOLITAN AA  
2018 DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	11.6	2,843	6.4	1,082	38.1	9,270	20.8
Moderate	10	23.3	7,609	17.0	1,658	21.8	7,684	17.2
Middle	17	39.5	17,221	38.6	1,626	9.4	9,724	21.8
Upper	11	25.6	16,981	38.0	322	1.9	17,976	40.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>43</b>	<b>100.0</b>	<b>44,654</b>	<b>100.0</b>	<b>4,688</b>	<b>10.5</b>	<b>44,654</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,169	2,100	4.6	29.3	3,619	50.5	1,450	20.2
Moderate	16,341	7,040	15.3	43.1	6,793	41.6	2,508	15.3
Middle	32,638	17,947	39.1	55.0	11,695	35.8	2,996	9.2
Upper	23,277	18,786	41.0	80.7	3,388	14.6	1,103	4.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>79,425</b>	<b>45,873</b>	<b>100.0</b>	<b>57.8</b>	<b>25,495</b>	<b>32.1</b>	<b>8,057</b>	<b>10.1</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	999	15.1	782	13.5	165	22.6	52	59.8
Moderate	1,275	19.2	1,092	18.8	178	24.4	5	5.7
Middle	2,643	39.9	2,339	40.3	293	40.1	11	12.6
Upper	1,709	25.8	1,595	27.5	95	13.0	19	21.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>6,626</b>	<b>100.0</b>	<b>5,808</b>	<b>100.0</b>	<b>731</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>87.7</b>		<b>11.0</b>		<b>1.3</b>	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	1.6	2	1.6	0	0.0	0	0.0
Moderate	11	8.5	11	8.5	0	0.0	0	0.0
Middle	22	17.1	22	17.1	0	0.0	0	0.0
Upper	94	72.9	94	72.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>120</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>0.0</b>		<b>0.0</b>	

Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet Data  
2011 - 2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 percent due to rounding.

**TABLE B-3  
TOPEKA METROPOLITAN AA  
2017 DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	11.6	2,843	6.4	1,082	38.1	9,270	20.8
Moderate	10	23.3	7,609	17.0	1,658	21.8	7,684	17.2
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Upper	11	25.6	16,981	38.0	322	1.9	17,976	40.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>43</b>	<b>100.0</b>	<b>44,654</b>	<b>100.0</b>	<b>4,688</b>	<b>10.5</b>	<b>44,654</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,169	2,100	4.6	29.3	3,619	50.5	1,450	20.2
Moderate	16,341	7,040	15.3	43.1	6,793	41.6	2,508	15.3
Middle	32,638	17,947	39.1	55.0	11,695	35.8	2,996	9.2
Upper	23,277	18,786	41.0	80.7	3,388	14.6	1,103	4.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>79,425</b>	<b>45,873</b>	<b>100.0</b>	<b>57.8</b>	<b>25,495</b>	<b>32.1</b>	<b>8,057</b>	<b>10.1</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	925	15.9	702	14.0	169	23.9	54	67.5
Moderate	1,098	18.9	925	18.5	171	24.2	2	2.5
Middle	2,240	38.6	1,956	39.0	277	39.1	7	8.8
Upper	1,538	26.5	1,430	28.5	91	12.9	17	21.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>5,801</b>	<b>100.0</b>	<b>5,013</b>	<b>100.0</b>	<b>731</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>86.4</b>		<b>12.2</b>		<b>1.4</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	1.7	2	1.7	0	0.0	0	0.0
Moderate	7	6.0	7	6.0	0	0.0	0	0.0
Middle	19	16.2	19	16.2	0	0.0	0	0.0
Upper	89	76.1	89	76.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>117</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>0.0</b>		<b>0.0</b>

Source: 2017 FFIEC Census Data  
2017 Dun & Bradstreet Data  
2011 - 2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 percent 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-scope 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 refinancings 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-scope 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.