



PUBLIC DISCLOSURE

November 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Valley State Bank
RSSD# 420653

110 West Avenue B
Syracuse, Kansas 67878

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

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

The Valley 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 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 distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms 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

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* 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. In addition, available aggregate data for the most recent three years (2018, 2019, and 2020) was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's only AA. Examiners reviewed the following data:

- The bank's 20-quarter average NLTD ratio.
- Loans originated between January 1, 2021 and December 31, 2021, as follows:
 - A statistical sample of 123 home mortgage loans from a universe of 315 loans;
 - A statistical sample of 157 small business loans from a universe of 687 loans, and
 - A statistical sample of 55 small farm loans from a universe of 75 loans.

More weight was placed on small business loans in this analysis due to the volume of originations and composition of the bank's loan portfolio.

DESCRIPTION OF INSTITUTION

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

- The bank is wholly owned by Valley Bancorp, Inc., Syracuse, Kansas, a shell bank holding company. The bank does not have any affiliates or subsidiaries.
- The bank had total assets of \$206.8 million as of June 30, 2022.
- In addition to its main office in Syracuse, the bank has one full-service branch located in Garden City, Kansas.
- The bank operates two full-service automated teller machines, one at each location.
- As shown in the table below, the bank's primary business focus is commercial, agricultural, and residential lending.

Table 1

Composition of Loan Portfolio as of June 30, 2022		
Loan Type	\$(000)	%
Construction and Land Development	6,723	4.4
Farmland	26,347	17.2
1-4 Family Residential Real Estate	42,191	27.5
Multifamily Residential Real Estate	2,141	1.4
Non-Farm Non-Residential Real Estate	17,945	11.7
Agricultural	14,951	9.7
Commercial and Industrial	27,337	17.8
Consumer	15,419	10.0
Other	441	0.3
Gross Loans	153,495	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 February 5, 2018 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.

DESCRIPTION OF ASSESSMENT AREA

The bank’s Western Kansas AA consists of Finney, Grant, Gray, Greeley, Hamilton, Haskell, Kearny, Scott, Stanton, and Wichita counties in southwest Kansas and Prowers County in Colorado (see Appendix A for an AA map and Appendix B for additional demographic data).

- The AA is comprised of 28 total census tracts: 7 moderate-, 17 middle-, and 4 upper-income census tracts.
- The AA was previously comprised of 27 total census tracts: 1 low-, 2 moderate-, 18 middle-, and 6 upper-income census tracts.
- Based on the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 8th out of 23 FDIC-insured depository institutions operating in its AA, with a 5.1 percent deposit market share.
- To further augment the CRA performance evaluation, one recently conducted interview with a member of the community within the bank’s AA was reviewed to ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and current demographic characteristics. The community member represented an organization focused on economic development.

Table 2

Population Change			
Assessment Area: Western Kansas			
Area	2010 Population	2015 Population	Percent Change
Western Kansas	84,737	84,422	(0.4)
Prowers County, CO	12,551	12,235	(2.5)
Finney County, KS	36,776	37,133	1.0
Grant County, KS	7,829	7,816	(0.2)
Gray County, KS	6,006	6,065	1.0
Greeley County, KS	1,247	1,224	(1.8)
Hamilton County, KS	2,690	2,586	(3.9)
Haskell County, KS	4,256	4,130	(3.0)
Kearny County, KS	3,977	3,952	(0.6)
Scott County, KS	4,936	4,928	(0.2)
Stanton County, KS	2,235	2,149	(3.8)
Wichita County, KS	2,234	2,204	(1.3)
NonMSA Colorado	687,293	688,010	0.1
NonMSA Kansas	929,981	922,403	(0.8)
Colorado	5,029,196	5,278,906	5.0
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*

- According to the 2020 United States Census, the population of cities where the bank operates include Garden City at 28,151 residents and Syracuse at 1,826 residents. Garden City is the most populous city in the AA.

Table 3

Median Family Income Change			
Assessment Area: Western Kansas			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Western Kansas	60,075	57,017	(5.1)
Prowers County, CO	51,237	47,641	(7.0)
Finney County, KS	61,795	56,287	(8.9)
Grant County, KS	66,232	63,141	(4.7)
Gray County, KS	65,192	66,154	1.5
Greeley County, KS	69,657	52,750	(24.3)
Hamilton County, KS	41,177	49,524	20.3
Haskell County, KS	65,572	64,141	(2.2)
Kearny County, KS	54,479	61,403	12.7
Scott County, KS	70,782	59,096	(16.5)
Stanton County, KS	56,103	54,352	(3.1)
Wichita County, KS	54,983	58,977	7.3
NonMSA Colorado	62,960	60,701	(3.6)
NonMSA Kansas	57,322	57,229	(0.2)
Colorado	76,277	74,826	(1.9)
Kansas	67,977	66,389	(2.3)
<i>Source: 2006 – 2010 U.S. Census Bureau: American Community Survey 2011 – 2015 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- The percentage of families living below the poverty level in the AA, at 10.8 percent, is comparable to nonmetropolitan areas in Colorado and Kansas, at 10.0 percent and 10.2 percent, respectively.
- Prowers County, Colorado and Finney County, Kansas had the highest percentage of families below the poverty line at 14.6 percent and 13.3 percent, respectively.

Table 4

Housing Cost Burden						
Assessment Area: Western Kansas						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Western Kansas	63.9	31.4	29.0	52.4	31.1	16.8
Prowers County, CO	68.2	31.3	44.8	53.2	25.7	19.4
Finney County, KS	74.0	25.3	26.3	48.8	46.4	19.8
Grant County, KS	18.6	47.4	22.8	69.8	15.7	15.6
Gray County, KS	64.3	17.4	17.6	48.6	21.0	12.0
Greeley County, KS	44.6	0.0	17.8	70.6	37.5	14.1
Hamilton County, KS	16.0	6.7	8.5	32.9	20.7	12.7
Haskell County, KS	46.7	0.0	15.3	52.7	24.3	15.0
Kearny County, KS	77.8	29.4	31.7	58.6	41.4	22.3
Scott County, KS	42.1	83.3	35.6	46.7	14.0	7.3
Stanton County, KS	61.8	66.7	37.5	55.2	0.0	15.0
Wichita County, KS	70.0	53.8	29.8	32.0	18.1	9.5
NonMSA Colorado	72.8	42.2	41.0	58.2	34.5	23.4
NonMSA Kansas	67.5	29.3	34.1	56.8	24.9	15.6
Colorado	80.3	56.4	46.4	65.8	43.6	21.5
Kansas	74.7	35.9	38.8	61.9	29.8	16.3

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

- The AA’s median housing value of \$105,370 is between the nonmetropolitan Colorado figure of \$217,300 and the nonmetropolitan Kansas figure of \$88,625.
- Finney County has the AA’s largest percentage of rental units at 35.9 percent, and Stanton County has the largest percentage of vacant units at 19.1 percent. Overall, 28.8 percent and 10.1 percent of total housing units are comprised of rental and vacant units, respectively.
- The median age of housing stock in the AA is 49 years; housing stock in Prowers County is the oldest at 53 years. Housing stock in Finney County is relatively newer, at 39 years.
- A community member noted that Finney County has newer housing stock relative to surrounding areas, but still contains numerous homes built in the 1970’s and 1980’s.

Table 5

Unemployment Rates					
Assessment Area: Western Kansas					
Area	2017	2018	2019	2020	2021
Western Kansas	2.6	2.4	2.3	3.0	2.4
Prowers County, CO	2.4	3.1	2.5	4.2	4.5
Finney County, KS	2.7	2.4	2.3	3.2	2.1
Grant County, KS	3.2	2.7	2.8	3.9	3.0
Gray County, KS	2.0	2.0	2.0	2.1	1.7
Greeley County, KS	1.8	2.0	2.2	1.6	1.2
Hamilton County, KS	2.4	1.9	1.8	1.5	1.4
Haskell County, KS	2.2	2.1	2.2	2.2	1.8
Kearny County, KS	2.5	2.2	2.3	2.5	1.6
Scott County, KS	2.2	1.9	1.9	2.3	1.6
Stanton County, KS	2.8	2.5	2.5	2.1	1.9
Wichita County, KS	2.5	2.0	1.9	1.9	2.0
NonMSA Colorado	2.6	3.1	2.7	6.7	4.8
NonMSA Kansas	3.5	3.1	3.0	4.4	2.7
Colorado	2.6	3.0	2.6	6.9	5.4
Kansas	3.6	3.3	3.1	5.7	3.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The community member stated that unemployment is low in Finney County and there is a demand for more workers.
- Within the AA, there are 3,322 businesses and 864 farms in operation.
- Major industries in the AA include manufacturing, health care and social assistance, accommodation and food services, wholesale trade, and construction.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending test performance is Satisfactory. All applicable performance criteria were equally weighted in the evaluation.

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, and 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, portfolio composition, number of branches, and similar operating areas.

The bank’s NLTD ratio is reasonable. The bank’s 20-quarter NLTD ratio, at 89.2 percent, is above four and comparable to one similarly situated bank.

Table 6

Comparative NLTD Ratios September 30, 2017 – June 30, 2022			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			20 Quarter Average
The Valley State Bank	Syracuse, Kansas	206,809	89.2
Similarly Situated Institutions			
Kearny County Bank	Lakin, Kansas	261,158	81.0
Plains State Bank	Plains, Kansas	270,662	74.7
Grant County Bank	Ulysses, Kansas	280,541	71.8
First National Bank in Cimarron	Cimarron, Kansas	137,175	49.4
Johnson State Bank	Johnson, Kansas	97,776	45.2

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by number and dollar, inside the AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Residential Loans	107	87.0	21,139	83.8	16	13.0	4,077	16.2
Small Business	134	85.4	5,395	85.9	23	14.6	884	14.1
Small Farm	51	92.7	6,426	97.0	4	7.3	202	3.0
Total Loans	292	87.2	32,960	86.5	43	12.8	5,164	13.5

Note: Percentages may not total 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 with consideration given to the dispersion of loans throughout the AA. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. Lending in moderate-income census tracts is comparable to the percentage of owner-occupied units.

Loan dispersion analysis revealed lending gaps, particularly within moderate-income census tracts located in Prowers County, Colorado. However, loan dispersion is acceptable given the presence of financial institutions serving the credit needs of those areas, and the distance to the nearest bank’s branch, which is approximately 50 miles away in Hamilton County, Kansas.

Table 8

Distribution of 2021 Residential Lending By Income Level of Geography					
Assessment Area: Western Kansas					
Geographic Income Level	Bank Loans				Owner Occupied Units
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	18	16.8	3,838	18.2	13.9
Middle	61	57.0	10,635	50.3	72.7
Upper	28	26.2	6,666	31.5	13.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	107	100.0	21,139	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. The percentage of small business loans originated in moderate-income census tracts is comparable to the percentage of businesses operating in the AA's moderate-income census tracts. When evaluating the dispersion of loans, no gaps in lending were identified.

Table 9

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Western Kansas					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	26	19.4	962	17.8	19.1
Middle	85	63.4	2,875	53.3	71.9
Upper	23	17.2	1,558	28.9	8.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	134	100.0	5,395	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Small Farm Lending

The geographic distribution of small farm lending is excellent. The percentage of small farm loans originated in moderate-income census tracts is above the percentage of farms located in the AA’s moderate-income census tracts.

When evaluating the dispersion of loans, some gaps in lending were identified, particularly in moderate-income census tracts in Finney County. These moderate-income census tracts are located within the city limits of Garden City where opportunity for small farm lending is reduced given there are fewer farms in these more populated areas.

Table 10

Distribution of 2021 Small Farm Lending By Income Level of Geography					
Assessment Area: Western Kansas					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	7	13.7	1,152	17.9	6.3
Middle	32	62.7	4,355	67.8	81.3
Upper	12	23.5	919	14.3	12.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	51	100.0	6,426	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

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

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses and farms of different revenue sizes. The bank’s lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. While lending to low-income borrowers is below the percentage of families by family income (demographic figure), lending to moderate-income borrowers is comparable to the demographic figure. Demand for home mortgage loans by low-income borrowers is depressed in the AA, as 63.9 percent of low-income renters are considered cost burdened.

Table 11

Distribution of 2021 Residential Lending By Borrower Income Level					
Assessment Area: Western Kansas					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	4	3.7	200	0.9	18.4
Moderate	21	19.6	2,479	11.7	20.1
Middle	18	16.8	2,786	13.2	20.9
Upper	64	59.8	15,673	74.1	40.6
Unknown	0	0.0	0	0.0	0.0
Total	107	100.0	21,139	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent 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 \$1 million or less is comparable to the demographic figure. Additionally, 98.5 percent of business loans were made in amounts of \$250,000 or less, which demonstrates a willingness to meet smaller credit demands typically associated with small businesses.

Table 12

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Western Kansas					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	107	79.9	3,620	67.1	88.2
Over \$1 Million	24	17.9	1,721	31.9	9.7
Revenue Unknown	3	2.2	54	1.0	2.1
Total	134	100.0	5,395	100.0	100.0
By Loan Size					
\$100,000 or Less	124	92.5	3,195	59.2	
\$100,001 - \$250,000	8	6.0	1,079	20.0	
\$250,001 - \$1 Million	2	1.5	1,121	20.8	
Total	134	100.0	5,395	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	101	94.4	2,368	65.4	
\$100,001 - \$250,000	5	4.7	652	18.0	
\$250,001 - \$1 Million	1	0.9	600	16.6	
Total	107	100.0	3,620	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau; American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank’s lending to small farms with gross annual revenues of \$1 million or less is comparable to the demographic figure. Additionally, 84.3 percent of farm loans were made in amounts of \$250,000 or less, which reflects the bank’s willingness to meet the credit needs of small farms in the AA.

Table 13

Distribution of 2021 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Western Kansas					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	42	82.4	4,443	69.1	94.3
Over \$1 Million	9	17.6	1,982	30.8	5.7
Revenue Unknown	0	0.0	0	0.0	0.0
Total	51	100.0	6,426	100.0	100.0
By Loan Size					
\$100,000 or Less	31	60.8	1,449	22.5	
\$100,001 - \$250,000	12	23.5	2,039	31.7	
\$250,001 - \$500,000	8	15.7	2,937	45.7	
Total	51	100.0	6,426	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	28	66.7	1,255	28.2	
\$100,001 - \$250,000	9	21.4	1,472	33.1	
\$250,001 - \$500,000	5	11.9	1,716	38.6	
Total	42	100.0	4,443	100.0	

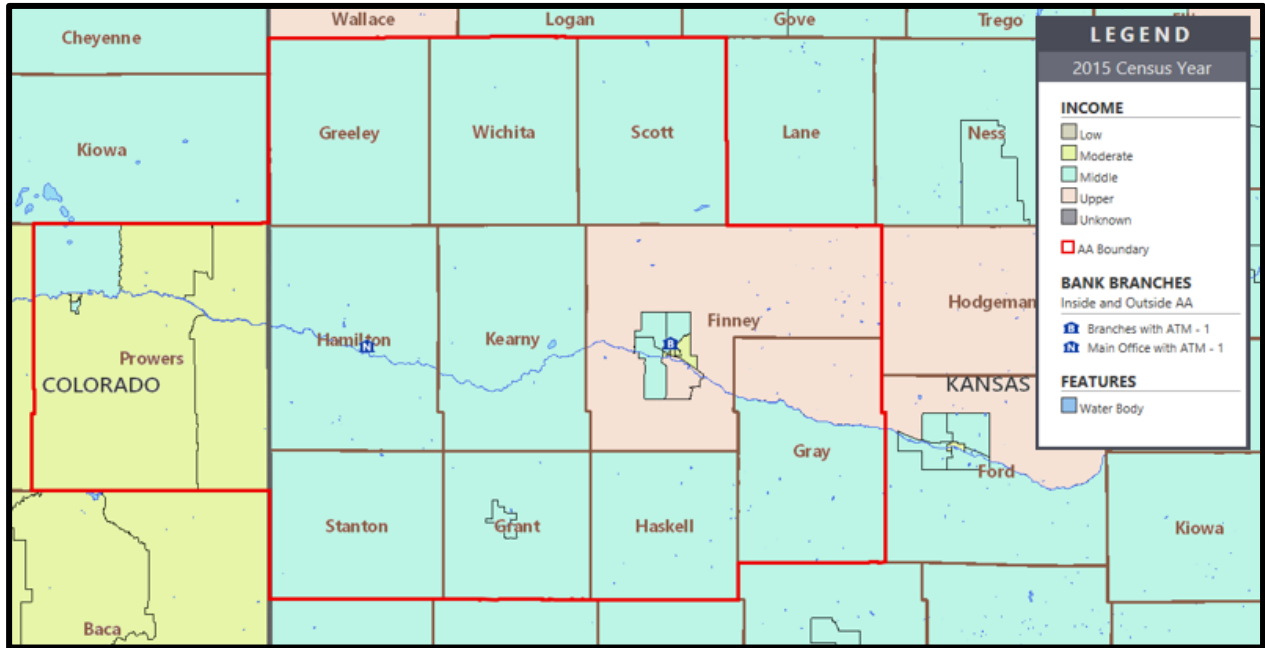
Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of 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

2021 Western Kansas 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	4,031	18.4
Moderate	7	25.0	3,369	15.4	686	20.4	4,405	20.1
Middle	17	60.7	15,725	71.7	1,426	9.1	4,593	20.9
Upper	4	14.3	2,847	13.0	247	8.7	8,912	40.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	28	100.0	21,941	100.0	2,359	10.8	21,941	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	5,445	2,881	13.9	52.9	1,766	32.4	798	14.7
Middle	24,427	15,011	72.7	61.5	7,068	28.9	2,348	9.6
Upper	3,893	2,765	13.4	71.0	878	22.6	250	6.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	33,765	20,657	100.0	61.2	9,712	28.8	3,396	10.1
	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	636	19.1	551	18.8	76	23.7	9	12.9
Middle	2,390	71.9	2,121	72.4	216	67.3	53	75.7
Upper	296	8.9	259	8.8	29	9.0	8	11.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,322	100.0	2,931	100.0	321	100.0	70	100.0
Percentage of Total Businesses:				88.2		9.7		2.1
	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	54	6.3	52	6.4	2	4.1	0	0.0
Middle	702	81.3	665	81.6	37	75.5	0	0.0
Upper	108	12.5	98	12.0	10	20.4	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	864	100.0	815	100.0	49	100.0	0	0.0
Percentage of Total Farms:				94.3		5.7		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 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, 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.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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 Consolidated Reports of Condition and Income (Call Report) instructions. 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.