



PUBLIC DISCLOSURE

May 22, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank
RSSD# 2304636

5431 Southwest 29th Street
Topeka, Kansas 66614

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

Community 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 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 (2019, 2020, and 2021) was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's single AA. Examiners reviewed the following data:

- The bank's 17-quarter average NLTD ratio;
- A statistical sample of 61 small business loans, selected from a universe of 88 loans, originated between January 1, 2022, and December 31, 2022;
- A universe of 197 Home Mortgage Disclosure Act (HMDA) loans, originated between January 1, 2022, and December 31, 2022.

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

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 Community Financial Corporation.
- The bank has total assets of \$164.9 million as of December 31, 2022.
- The bank operates one full-service location in Topeka, Kansas.
- One full-service automated teller machine is located at the bank’s main office.
- In November 2022, the bank closed its Northern Topeka branch location and the onsite ATM.
- As shown in the table below, the bank’s primary business focus is commercial and residential real estate lending.

Table 1

Composition of Loan Portfolio as of December 31, 2022		
Loan Type	\$(000)	%
Construction and Land Development	7,948	6.6
Farmland	1,865	1.5
1- to 4-Family Residential Real Estate	50,717	42.0
Multifamily Residential Real Estate	3,229	2.7
Nonfarm Nonresidential Real Estate	40,811	33.8
Agricultural	0	0.0
Commercial and Industrial	13,588	11.2
Consumer	2,051	1.7
Other	629	0.5
Gross Loans	120,838	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 March 18, 2019, 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 Shawnee County AA consists of Shawnee County in its entirety, which lies within the Topeka, Kansas Metropolitan Statistical Area (see Appendix A for an AA map and Appendix B for additional demographic data).

- The delineation of the AA has not changed since the prior evaluation.
- The AA is comprised of 4 low-, 11 moderate-, 22 middle-, and 9 upper-income census tracts. Since the last evaluation, conducted in March 2019, three additional middle-income census tracts were added to Shawnee County. Two upper-income census tracts were changed to middle-income census tracts, and one low-income census tract was changed to a moderate-income census tract.

- Based on the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 10th out of 19 FDIC-insured depository institutions operating in the AA, with a 2.4 percent deposit market share.
- To further augment the CRA performance evaluation, two interviews were conducted with members of the communities within the bank’s AA to ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and current demographic characteristics. The community members represent organizations focused on housing and education.

Table 2

Population Change			
Assessment Area: Shawnee County			
Area	2015 Population	2020 Population	Percent Change
Shawnee County	178,792	178,909	0.1
Topeka, KS MSA	234,167	233,152	(0.4)
Kansas	2,892,987	2,937,880	1.6
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011 – 2015 U.S. Census Bureau: American Community Survey</i>			

- Topeka is the capital of the state of Kansas and the county seat of Shawnee County. Topeka is situated along the Kansas River in the central part of Shawnee County in northeast Kansas. As of the 2020 U.S. Census, Topeka is home to 126,269 residents and is the largest city in the AA.

Table 3

Median Family Income Change			
Assessment Area: Shawnee County			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Shawnee County	70,874	75,612	6.7
Topeka, KS MSA	71,000	75,758	6.7
Kansas	72,535	77,620	7.0
<i>Source: 2011 – 2015 U.S. Census Bureau: American Community Survey 2016 – 2020 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The percentage of families below poverty in the AA at 7.5 percent, is comparable to the state of Kansas at 7.6 percent and the Topeka, KS MSA figure at 7.1 percent.

Table 4

Housing Cost Burden						
Assessment Area: Shawnee County						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Shawnee County	76.8	32.2	42.0	59.1	25.4	14.6
Topeka, KS MSA	74.0	29.5	40.4	60.6	25.7	15.5
Kansas	73.0	26.6	38.4	57.7	24.8	15.6

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

- The median housing value of \$135,054 in the AA is lower than the state of Kansas figure of \$157,600 and the Topeka, KS MSA figure of \$137,915.
- The median age of housing stock in the AA is 56 years, which is older compared to the state of Kansas and the Topeka, KS MSA, at 46 and 49 years, respectively.
- The percentage of AA housing units that are rental units is 30.7 percent, which is above the statewide and MSA figures of 30.1 percent and 27.7 percent, respectively.
- A community contact indicated that affordable housing inventory remains low in Topeka, and development of affordable housing is virtually non-existent at this time.

Table 5

Unemployment Rates					
Assessment Area: Shawnee County					
Area	2017	2018	2019	2020	2021
Shawnee County	3.6	3.4	3.3	5.7	3.1
Topeka, KS MSA	3.6	3.4	3.3	5.5	3.0
Kansas	3.6	3.3	3.1	5.7	3.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- As of May 2022, the unemployment rate for Shawnee County was 2.5 percent.
- Major industries in the AA include government, healthcare, retail trade, and manufacturing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending test performance is Satisfactory.

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, portfolio makeup, and geographic proximity.

The bank’s NLTD ratio is reasonable. The bank’s 17-quarter average NLTD ratio at 91.0 percent is within the range of the four similarly situated institutions.

Table 8

Comparative NLTD Ratios December 31, 2018 – December 31, 2022			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			17 Quarter Average
Community Bank	Topeka, Kansas	164,890	91.0
Similarly Situated Institutions			
TriCentury Bank	De Soto, Kansas	142,448	119.5
New Century Bank	Belleville, Kansas	54,829	97.4
Heritage Bank	Topeka, Kansas	89,067	86.3
Alliance Bank	Topeka, Kansas	170,912	77.0

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 volume, inside the AA.

Table 9

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Home Purchase – Conventional	87	85.3	14,594	84.7	15	14.7	2,634	15.3
Home Improvement	9	100.0	632	100.0	0	0.0	0	0.0
Multi-Family Housing	5	100.0	1,538	100.0	0	0.0	0	0.0
Other Purpose Closed-End	5	100.0	321	100.0	0	0.0	0	0.0
Refinancing	67	88.2	13,409	89.5	9	11.8	1,567	10.5
Total HMDA Related	173	87.8	30,494	87.9	24	12.2	4,201	12.1
Small Business	54	88.5	11,497	95.8	7	11.5	503	4.2
TOTAL LOANS	227	88.0	41,991	89.9	31	12.0	4,704	10.1

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.

An evaluation of the bank’s dispersion of HMDA lending revealed gaps within the AA in low- and moderate-income census tracts. Two community contacts emphasized the lack of sufficient income from LMI families to qualify for home mortgage loans, which continues to pose barriers to home ownership. In addition, low-income census tracts in the AA are comprised of 49.0 percent rental homes and 17.9 percent vacant housing units. Further, moderate-income census tracts in the AA are comprised of 43.3 percent rental units and 13.4 percent vacant housing units. Additionally, a community contact stated many of the homes are in disrepair and unsuitable for collateral. The median age of housing stock is 61 years in low- and moderate-income census tracts in the AA. Financial underwriting guidelines and a lack of government funding for affordable housing programs also continue to pose barriers to home ownership.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. Lending for total home mortgage loans in the low-income census tracts is comparable to the percentage of owner-occupied units in the AA (demographic) by number volume. However, lending in the moderate-income census tracts is below the demographic by number and dollar volume. Further, the geographic distribution for home purchase loans and refinance loans are both below the demographic for low- and moderate-income census tracts. Due to insufficient data, home improvement loans and multifamily loans were not analyzed and would not provide a meaningful analysis.

The bank faces a substantial amount of competition from area banks in the AA. Based on the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, there are an additional 18 financial institutions, operating with 64 offices in the AA, with the presence of several national and regional lenders, as well as local banks and credit unions.

Based on the additional context obtained, the bank's home mortgage lending performance is considered reasonable.

Table 10

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Shawnee County					
Geographic Income Level	Bank Loans*				Owner Occupied Units %
	#	%	\$(000)	%	
Home Purchase Loans					
Low	2	2.3	184	1.3	4.1
Moderate	8	9.2	892	6.1	16.2
Middle	46	52.9	7,186	49.2	47.4
Upper	31	35.6	6,332	43.4	32.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	87	100.0	14,594	100.0	100.0
Refinance Loans					
Low	1	1.5	148	1.1	4.1
Moderate	5	7.5	581	4.3	16.2
Middle	26	38.8	4,899	36.5	47.4
Upper	35	52.2	7,781	58.0	32.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	67	100.0	13,409	100.0	100.0
Home Improvement Loans					
Low	0	0.0	0	0.0	4.1
Moderate	3	33.3	184	29.1	16.2
Middle	3	33.3	215	34.0	47.4
Upper	3	33.3	233	36.9	32.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	9	100.0	632	100.0	100.0
Multifamily Loans					Multi-family Units %
Low	2	40.0	310	20.2	12.5
Moderate	1	20.0	250	16.3	26.2
Middle	2	40.0	978	63.6	45.4
Upper	0	0.0	0	0.0	15.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	5	100.0	1,538	100.0	100.0
Total Home Mortgage Loans					Owner Occupied Units %
Low	5	2.9	642	2.1	4.1
Moderate	18	10.4	1,954	6.4	16.2
Middle	81	46.8	13,552	44.4	47.4
Upper	69	39.9	14,346	47.0	32.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	173	100.0	30,494	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available. Due to limited volume in the Other Purpose LOC, Other Purpose Closed/Exempt, and Purpose Not Applicable product categories, these categories are not displayed individually but are included in the total HMDA section of the table.					

Small Business Lending

The geographic distribution of small business lending is reasonable. The distribution of small business lending in the low-income census tracts is below the percentage of total businesses operating in those tracts (demographic) by number, but is above the demographic by dollar volume, while the distribution of small business lending in the moderate-income census tracts is above the demographic by number.

An evaluation of the bank’s dispersion of small business lending revealed some gaps within the AA in low- and moderate-income census tracts. Eastern Topeka, Kansas, has been subject to industrial decline with many historically important employers, such as Hallmark, exiting the area. Lower borrower incomes also continue to pose barriers to redevelopment and growth in the identified census tracts.

Table 11

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Shawnee County					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	1	1.9	952	8.3	6.7
Moderate	20	37.0	2,331	20.3	26.5
Middle	20	37.0	6,318	55.0	42.2
Upper	13	24.1	1,897	16.5	24.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	54	100.0	11,497	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 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 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 lending has a reasonable distribution among individuals of different income levels and businesses of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is poor. For total home mortgage loans, the bank’s lending performance is below the percentage of families by family income (demographic figure) in lending to low-income borrowers, and comparable in lending to moderate-income borrowers. The bank’s lending performance for home purchase loans is also below the demographic figure in lending to low-income borrowers

and comparable in lending to moderate-income borrowers, while refinance loans are also below the demographic figure in lending to low- and moderate-income borrowers. Due to insufficient data, home improvement loans and multifamily loans were not analyzed and would not provide a meaningful analysis.

The three-year aggregate figures from 2019-2021 showed lending was 9.3 percent to low-income borrowers, and 21.1 percent to moderate-income borrowers for total home mortgage loans. Since the bank's figures were below both figures, this further supported the poor rating.

Table 12

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Shawnee County					
Borrower Income Level	Bank Loans*				Families by Family Income %
	#	%	\$(000)	%	
Home Purchase Loans					
Low	5	5.7	468	3.2	18.6
Moderate	15	17.2	1,991	13.6	18.4
Middle	10	11.5	1,803	12.4	23.7
Upper	31	35.6	7,547	51.7	39.3
Unknown	26	29.9	2,785	19.1	0.0
Total	87	100.0	14,594	100.0	100.0
Refinance Loans					
Low	1	1.5	269	2.0	18.6
Moderate	5	7.5	492	3.7	18.4
Middle	11	16.4	1,892	14.1	23.7
Upper	39	58.2	9,477	70.7	39.3
Unknown	11	16.4	1,279	9.5	0.0
Total	67	100.0	13,409	100.0	100.0
Home Improvement Loans					
Low	0	0.0	0	0.0	18.6
Moderate	1	11.1	25	4.0	18.4
Middle	1	11.1	73	11.6	23.7
Upper	3	33.3	284	44.9	39.3
Unknown	4	44.4	250	39.6	0.0
Total	9	100.0	632	100.0	100.0
Total Home Mortgage Loans					
Low	6	3.6	737	2.5	18.6
Moderate	21	12.5	2,508	8.7	18.4
Middle	22	13.1	3,768	13.0	23.7
Upper	78	46.4	17,629	60.9	39.3
Unknown	41	24.4	4,314	14.9	0.0
Total	168	100.0	28,956	100.0	100.0
<p>Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available. Multifamily loans are not included in the borrower distribution analysis. Due to limited volume in the Other Purpose LOC, Other Purpose Closed/Exempt, and Purpose Not Applicable product categories, these categories are not displayed individually but are included in the total HMDA section of the table.</p>					

Small Business Lending

The borrower distribution of small business lending is reasonable. While lending to businesses with revenues of \$1 million or less is below the percentage of total businesses in the AA with revenues of \$1 million or less, additional performance context was considered in relation to the bank’s lending performance.

In consideration of loan size, 77.8 percent of small business loans are originated in loan amounts of \$250,000 or less, which is indicative of the bank’s willingness to meet the credit needs of small businesses. Typically, smaller businesses do not have the need or capacity to borrower large amounts; as such, smaller loan amounts are used as a proxy to estimate the support small business entities need.

While the bank does not report CRA data, a review of the most recent three-year average aggregate lending data filed by all CRA data reporters in the AA indicated lending levels at 41.9 percent by number volume. While aggregate CRA data is not a direct comparator in evaluating the bank’s performance, this data reflects an overall limited demand for small business lending in the AA and further supports a reasonable rating.

Table 13

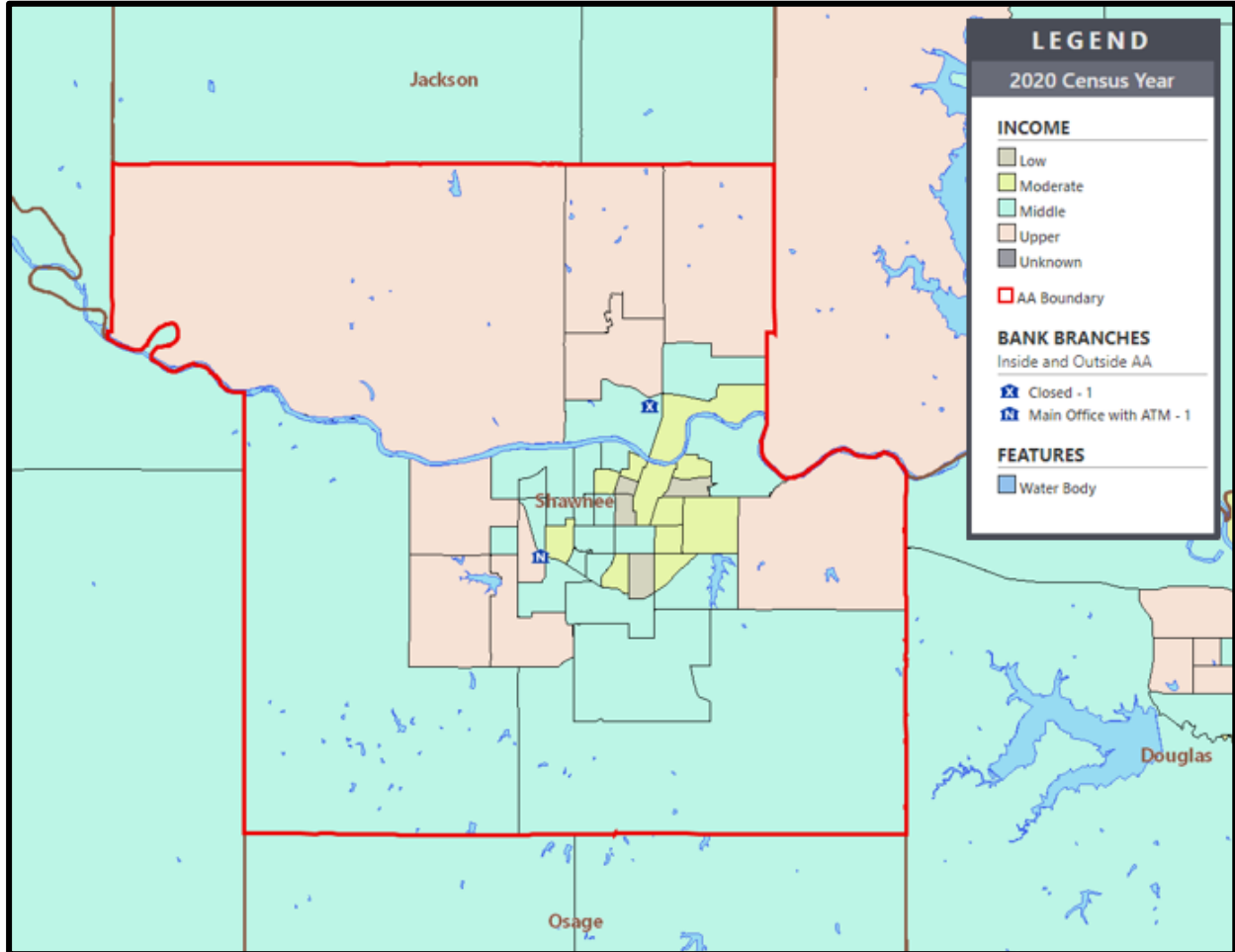
Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Shawnee County					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	26	48.1	6,055	52.7	88.2
Over \$1 Million	17	31.5	3,883	33.8	10.4
Revenue Unknown	11	20.4	1,560	13.6	1.4
Total	54	100.0	11,497	100.0	100.0
By Loan Size					
\$100,000 or Less	27	50.0	1,506	13.1	
\$100,001 - \$250,000	15	27.8	2,717	23.6	
\$250,001 - \$1 Million	12	22.2	7,274	63.3	
Total	54	100.0	11,497	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	13	50.0	539	8.9	
\$100,001 - \$250,000	6	23.1	1,075	17.8	
\$250,001 - \$1 Million	7	26.9	4,441	73.3	
Total	26	100.0	6,055	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

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

Shawnee County AA



**APPENDIX B – DEMOGRAPHIC INFORMATION
Table B-1**

2022 Shawnee County AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	8.7	2,602	5.7	507	19.5	8,430	18.6
Moderate	11	23.9	9,153	20.2	1,165	12.7	8,365	18.4
Middle	22	47.8	20,218	44.6	1,361	6.7	10,748	23.7
Upper	9	19.6	13,366	29.5	358	2.7	17,796	39.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	46	100.0	45,339	100.0	3,391	7.5	45,339	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	6,001	1,988	4.1	33.1	2,938	49.0	1,075	17.9
Moderate	18,071	7,824	16.2	43.3	7,827	43.3	2,420	13.4
Middle	36,614	22,940	47.4	62.7	10,846	29.6	2,828	7.7
Upper	19,440	15,611	32.3	80.3	2,988	15.4	841	4.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	80,126	48,363	100.0	60.4	24,599	30.7	7,164	8.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	418	6.7	354	6.4	62	9.6	2	2.3
Moderate	1,653	26.5	1,372	24.9	224	34.6	57	64.8
Middle	2,633	42.2	2,365	43.0	250	38.6	18	20.5
Upper	1,530	24.5	1,408	25.6	111	17.2	11	12.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6,234	100.0	5,499	100.0	647	100.0	88	100.0
Percentage of Total Businesses:				88.2		10.4		1.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1	1.0	1	1.0	0	0.0	0	0.0
Moderate	6	5.8	6	5.8	0	0.0	0	0.0
Middle	48	46.2	48	46.2	0	0.0	0	0.0
Upper	49	47.1	49	47.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	104	100.0	104	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 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.