



## **PUBLIC DISCLOSURE**

February 01, 2021

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

**Impact Bank  
RSSD #369453**

**206 East Harvey Street  
Wellington, Kansas 67152**

**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**

Impact 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.
- The geographic distribution of loans throughout the AA was not evaluated as the AA consists entirely of middle-income census tracts, and an analysis would not be meaningful.
- Lending reflects a reasonable penetration among businesses and farms 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. Lending performance was assessed within the bank's Wichita Metropolitan AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio,
- A statistical sample of 64 small business loans selected from a universe of 93 loans originated between October 31, 2016 and December 31, 2019, and a statistical sample of 45 small farm loans selected from a universe of 58 loans originated between January 1, 2019 and December 31, 2019.
- Small business and small farm loans were given equal weight in the evaluation due to the bank's focus on both commercial and agricultural lending.

**DESCRIPTION OF INSTITUTION**

The bank is a community bank headquartered in Wellington, Kansas. The bank’s characteristics include:

- The bank is a wholly owned subsidiary of First Financial Corporation.
- The bank has total assets of \$149.4 million (MM) as of September 30, 2020.
- In addition to its main office in Wellington, Kansas, the bank has one additional office located in Caldwell, Kansas.
- The bank operates a full-service automated teller machine (ATM) at its main office in Wellington, Kansas, and a cash-only ATM at its office in Caldwell, Kansas. Additionally, the bank operates two cash-only ATMs in Wellington and sponsors two ATMs in Casey’s General Stores.
- The bank’s primary business focus is agricultural and commercial lending.

<b>TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF SEPTEMBER 30, 2020</b>		
<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Agricultural	36,255	46.9
Commercial	33,131	42.9
Residential Real Estate	4,384	5.7
Consumer	2,840	3.7
Other	675	0.9
Gross Loans	77,255	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 October 31, 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.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s Wichita Metropolitan AA is comprised of Sumner County, Kansas, which is part of the four county Wichita, Kansas Metropolitan Statistical Area (MSA), and one census tract in Grant County, Oklahoma (see Appendix A for an AA map).

- The AA is comprised of seven middle-income census tracts.
- According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 1st out of 14 FDIC-insured institutions operating in the AA, with a deposit market share of 16.1 percent.
- To augment the CRA evaluation and ascertain the specific credit needs of the AA, one member of the community was interviewed. The community member represented a local economic development organization.

**TABLE 2  
POPULATION CHANGE**

Area	2010 Population	2015 Population	Percent Change
Sumner County, KS	24,132	23,638	(2.0)
Grant County, OK	4,527	4,517	(0.2)
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  
2011-2015 U.S. Census Bureau: American Community Survey

- The AA has experienced a steady decline in population over the past five years. A community member stated the negative net migration in Sumner County is due to the retirement-aged population leaving the area.

**TABLE 3  
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Sumner County, KS	62,429	64,934	4.0
Grant County, OK	52,153	60,682	16.4
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

- According to 2015 American Community Survey data, 35.7 percent of AA families were designated as low- and moderate-income, which is comparable to the Kansas statewide figure of 36.5 percent and the Wichita MSA figure of 37.9 percent.
- Approximately 9.2 percent of AA families live below the poverty level, which is comparable to the Kansas statewide figure of 9.1 percent and the Wichita MSA figure of 10.3 percent.

**TABLE 4  
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Sumner County, KS	82,400	83,900	1.8	539	630	16.9
Grant County, OK	60,900	73,200	20.2	500	606	21.2
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 median housing value within the AA at \$82,778 is significantly less than that of the state of Kansas at \$132,000. Additionally, the median age of housing stock in the AA at 61 years is greater than that of the state of Kansas at 43 years.

**TABLE 5  
UNEMPLOYMENT RATES**

Region	2015	2016	2017	2018	2019
Sumner County, KS	4.5	4.4	3.8	3.5	3.4
Grant County, OK	2.9	3.3	2.6	2.1	2.1
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

- A community member revealed that Sumner County relies heavily on the casino, aircraft manufacturing, local county government, and school districts for employment.
- Grant County is heavily reliant on the agricultural industry for employment.

**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 geographic location. The bank’s NLTD ratio is reasonable as the ratio is within the range of NLTD ratios of the four similarly situated banks.

**TABLE 6  
COMPARATIVE NLTD RATIOS**

Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			17-Quarter Average
Impact Bank	Wellington, KS	149,386	70.0
Vintage Bank Kansas	Leon, KS	162,219	81.4
The State Exchange Bank	Lamont, OK	71,780	96.7
Conway Bank	Conway Springs, KS	102,844	86.2
The Bank of Commerce & Trust Company	Wellington, KS	88,039	56.9

**Assessment Area Concentration**

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

**TABLE 7  
LENDING INSIDE AND OUTSIDE THE AA**

Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
<b>Small Business Loans</b>	42	2,728	65.6	62.2	22	1,656	34.4	37.8
<b>Small Farm Loans</b>	31	2,294	68.9	70.8	14	947	31.1	29.2
<b>Total Loans</b>	73	5,022	67.0	65.9	36	2,603	33.0	34.1

*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 AA by income level of census tracts. However, the bank’s performance under this criterion was not assessed because the AA is comprised of only middle-income census tracts. Thus, a meaningful analysis could not be conducted.

**Lending to Businesses and Farms of Different Revenue Sizes**

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

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to small businesses with gross annual revenues of \$1MM or less is comparable to the demographic figure.

<b>TABLE 8 DISTRIBUTION OF 2016-2019 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES</b>					
	<b>Bank Loans</b>				<b>Total Businesses</b>
	<b>#</b>	<b>\$(000)</b>	<b>#%</b>	<b>\$%</b>	<b>%</b>
<b>By Revenue</b>					
\$1 Million or Less	39	2,468	92.9	90.5	87.9
Over \$1 Million	3	261	7.1	9.5	9.0
Not Known	0	0	0.0	0.0	3.1
<b>Total</b>	<b>42</b>	<b>2,728</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	36	1,384	85.7	50.7	
\$100,001 – \$250,000	5	989	11.9	36.3	
\$250,001 – \$1 Million	1	355	2.4	13.0	
<b>Total</b>	<b>42</b>	<b>2,728</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	34	1,258	87.2	51.0	
\$100,001 – \$250,000	4	854	10.3	34.6	
\$250,001 – \$1 Million	1	355	2.6	14.4	
<b>Total</b>	<b>39</b>	<b>2,468</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> <b>NOTE:</b> Percentages may not add up to 100.0 due to rounding.					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to small farms with gross annual revenues of \$1MM or less is comparable to the demographic figure.



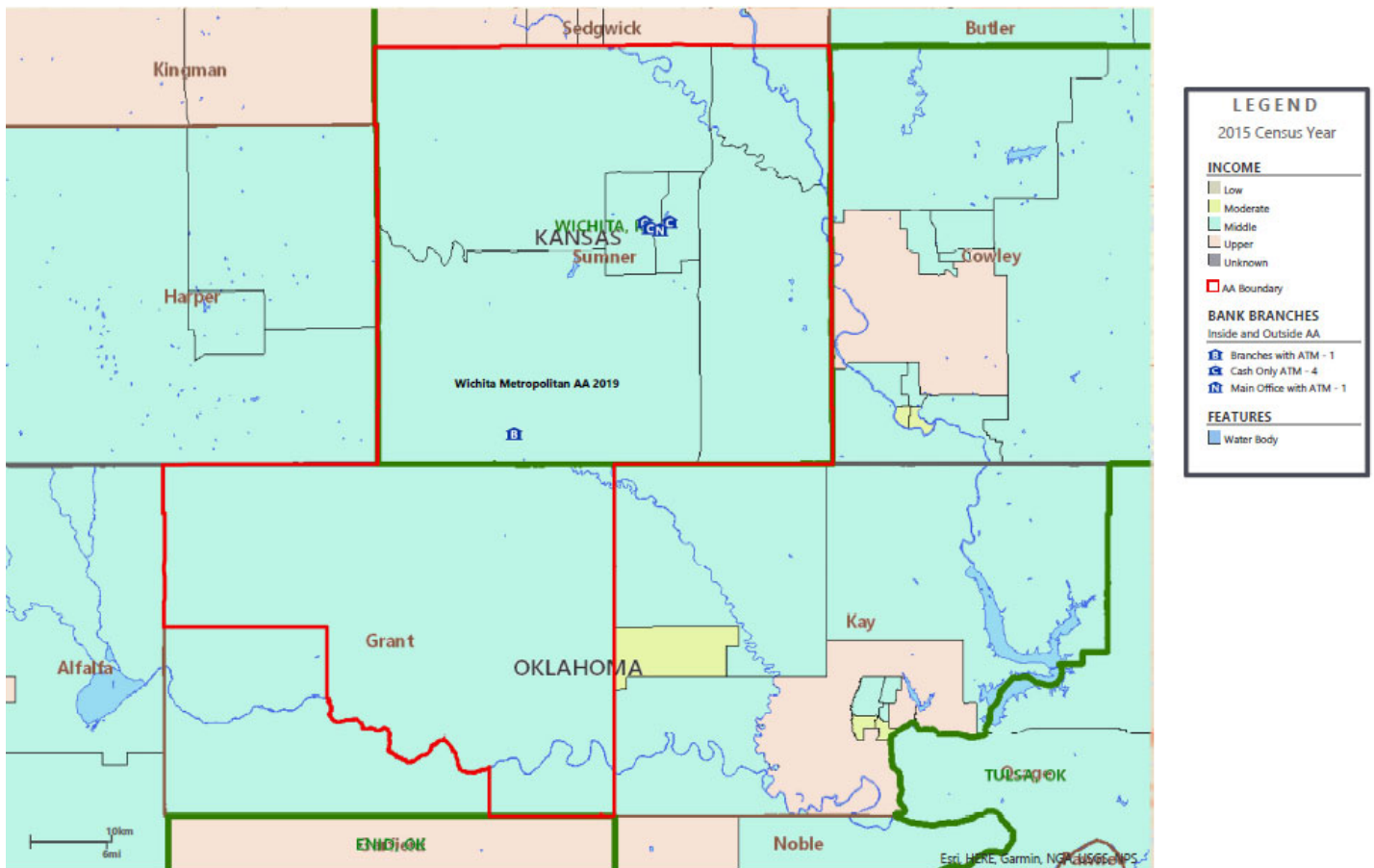
**TABLE 9  
DISTRIBUTION OF 2019 SMALL FARM LENDING  
BY REVENUE SIZE OF FARMS**

	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
<b>By Revenue</b>					
\$1 Million or Less	31	2,294	100.0	100.0	99.1
Over \$1 Million	0	0	0.0	0.0	0.0
Not Known	0	0	0.0	0.0	0.9
<b>Total</b>	<b>31</b>	<b>2,294</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	24	734	77.4	32.0	
\$100,001 – \$250,000	4	642	12.9	28.0	
\$250,001 – \$500,000	3	918	9.7	40.0	
<b>Total</b>	<b>31</b>	<b>2,294</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	24	734	77.4	32.0	
\$100,001 – \$250,000	4	642	12.9	28.0	
\$250,001 – \$500,000	3	918	9.7	40.0	
<b>Total</b>	<b>31</b>	<b>2,294</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> <b>NOTE:</b> Percentages may not add up to 100.0 due to rounding.					

**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 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	0	0	0	0.0	0	0.0	1,185	17.0
Moderate	0	0	0	0.0	0	0.0	1,296	18.6
Middle	7	100	6,954	100.0	638	9.2	1,635	23.5
Upper	0	0	0	0.0	0	0.0	2,838	40.8
Unknown	0	0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>7</b>	<b>100.0</b>	<b>6,954</b>	<b>100.0</b>	<b>638</b>	<b>9.2</b>	<b>6,954</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	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	12,502	8,026	100.0	64.2	2,321	18.6	2,155	17.2
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>12,502</b>	<b>8,026</b>	<b>100.0</b>	<b>64.2</b>	<b>2,321</b>	<b>18.6</b>	<b>2,155</b>	<b>17.2</b>
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,003	100.0	882	100.0	90	100.0	31	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,003</b>	<b>100.0</b>	<b>882</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>87.9</b>	<b>9.0</b>	<b>3.1</b>		
	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	215	100.0	213	100.0	0	0.0	2	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>215</b>	<b>100.0</b>	<b>213</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>2</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>99.1</b>	<b>0.0</b>	<b>0.9</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 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.