



## **PUBLIC DISCLOSURE**

November 4, 2024

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

The Kaw Valley State Bank and Trust  
Company of Wamego, Kansas  
RSSD# 368951

1015 Kaw Valley Park Circle  
Wamego, Kansas 66547

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 Kaw Valley State Bank and Trust Company of Wamego, Kansas (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 credit needs of its assessment areas (AAs).
- A majority of the bank's loans are originated inside the bank's AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- 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**

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 two AAs. The Manhattan Metropolitan AA was assessed using a full-scope review, while North Central Kansas AA was assessed using a limited-scope review. In addition, available CRA aggregate data for the most recent three years (2021, 2022, and 2023) was referenced for additional perspective to gauge small business and small farm credit demand within the bank's AAs. The following data was reviewed during the evaluation:

- The bank's 19-quarter average NLTD ratio;
- The universe of 120 home mortgage loans reported on the bank's 2023 Home Mortgage Disclosure Act (HMDA) Loan/Application Register;
- A statistical sample of 50 small farm loans from a universe of 67 loans originated between January 1, 2023, and December 31, 2023; and,
- A statistical sample of 61 small business loans from a universe of 87 loans originated between January 1, 2023, and December 31, 2023.

Equal weighting was applied to the loan products given similarities between the annual volume of originations and portfolio significance. More consideration was given to the number of loan originations than the dollar amount of loans, as this is more representative

of the number of individuals and entities served. For HMDA lending, more consideration was given to the bank's performance compared to the aggregate HMDA lenders, as this data is also an indicator of credit demand, which is not evident in the demographic data.

## DESCRIPTION OF INSTITUTION

The Kaw Valley State Bank and Trust Company of Wamego, Kansas is a community bank headquartered in Wamego, Kansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Kaw Valley Bancshares, a one-bank holding company located in Wamego, Kansas.
- The bank had total assets of \$247.7 million as of June 30, 2024.
- In addition to the main office in Wamego, the bank operates two additional branches in the Kansas communities of Saint Marys and Clifton.
- Both the main office and the Saint Marys branch offer cash-only automated teller machines (ATMs) and drive-thru banking services.
- The bank also maintains two offsite cash-only ATMs, including one at a grocery store in Wamego and one at a convenience store in Clifton.
- As shown in the table below, the bank's primary business focus is commercial lending followed by home mortgage and agricultural lending. The bank also sells a portion of its home mortgage loans to the secondary market, which are not reflected in its loan portfolio mix detailed below.

**Table 1**

Composition of Loan Portfolio as of June 30, 2024		
Loan Type	\$(000)	%
Construction and Land Development	5,043	3.8
Farmland	18,521	13.8
1- to 4-Family Residential Real Estate	40,605	30.3
Multifamily Residential Real Estate	5,236	3.9
Nonfarm Nonresidential Real Estate	20,642	15.4
Agricultural	18,007	13.4
Commercial and Industrial	21,376	16.0
Consumer	3,831	2.9
Other	735	0.5
Gross Loans	133,996	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

The bank was rated Satisfactory under the CRA at its May 11, 2020 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA<sup>1</sup>

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the Manhattan Metropolitan AA (full-scope review) and a brief discussion of performance in the North Central Kansas AA (limited-scope review).

The bank's overall lending test performance is satisfactory. The bank's performance under each of the performance criterion, including the net loan-to-deposit ratio, lending inside the bank's AA, geographic distribution by income level of census tracts, and the distribution of lending by borrower income level and size of businesses and farms, is reasonable.

### Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison, to similarly situated Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and area where they operate.

The bank's NLTD ratio is reasonable. The bank's 19-quarter average NLTD ratio of 56.1 percent was within the range of the five similarly situated institutions with ratios ranging from 56.0 percent to 87.5 percent.

**Table 2**

Comparative NLTD Ratios December 31, 2019 – June 30, 2024			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			19 Quarter Average
<b>The Kaw Valley State Bank and Trust Company of Wamego, Kansas</b>	Wamego, Kansas	247,690	56.1
<b>Similarly Situated Institutions</b>			
Fidelity State Bank and Trust Company	Topeka, Kansas	157,655	56.0
Kaw Valley Bank	Topeka, Kansas	306,334	87.5
Farmers State Bank	Westmoreland, Kansas	224,489	70.3
Union State Bank	Clay Center, Kansas	188,666	74.7
ESB Financial	Emporia, Kansas	341,394	65.2

<sup>1</sup> The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to assessment areas.

## Assessment Area Concentration

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

**Table 3**

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Home Improvement	0	0.0	0	0.0	3	100.0	279	100.0
Home Purchase - Conventional	42	56.0	6,459	48.9	33	44.0	6,750	51.1
Multi-Family Housing	0	0.0	0	0.0	12	100.0	2,465	100.0
Other Purpose Closed-End	10	100.0	851	100.0	0	0.0	0	0.0
Refinancing	13	65.0	1,498	59.9	7	35.0	1,004	40.1
<b>Total HMDA related</b>	<b>65</b>	<b>54.2</b>	<b>8,808</b>	<b>45.6</b>	<b>55</b>	<b>45.8</b>	<b>10,498</b>	<b>54.4</b>
Small Business	48	78.7	6,860	77.6	13	21.3	1,982	22.4
Small Farm	41	82.0	4,328	84.6	9	18.0	788	15.4
<b>Total Loans</b>	<b>154</b>	<b>66.7</b>	<b>19,996</b>	<b>60.1</b>	<b>77</b>	<b>33.3</b>	<b>13,268</b>	<b>39.9</b>
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 AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank's overall geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AAs.

## 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 an overall reasonable distribution among individuals of different income levels and businesses and farms of different sizes.

## **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.

**MANHATTAN METROPOLITAN ASSESSMENT AREA  
METROPOLITAN AREA  
(Full-Scope Review)**

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE MANHATTAN  
METROPOLITAN AA**

The bank's Manhattan Metropolitan AA consists of Pottawatomie County in its entirety, one census tract in Shawnee County, and one census tract in Wabaunsee County. Pottawatomie County is one of three counties that comprise the Manhattan, Kansas Metropolitan Statistical Area (MSA). Refer to Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the AA delineation since the previous evaluation.
- The Manhattan Metropolitan AA is comprised of four middle- and three upper-income census tracts based on the most current 2016-2020 American Community Survey (ACS) data.
- The 2020 and 2021 AA was previously comprised of five middle- and one upper-income census tract(s) based on 2011-2015 ACS data.
- The bank operates two branches equipped with ATMs and one additional offsite cash-only ATM within the Manhattan Metropolitan AA.
- According to the June 30, 2023 FDIC Deposit Market Share Report, the bank's market share of 3.3 percent ranked 9th out of 29 FDIC-insured institutions operating from 83 offices in the Pottawatomie, Shawnee, and Wabaunsee Counties.
- To further augment the CRA performance evaluation, an interview with a community member that was recently conducted as part of the CRA evaluation of another financial institution with offices in the bank's market area was referenced to ascertain the credit needs of the community, the responsiveness of area banks in meeting those credit needs, and perspective on local economic and demographic characteristics. The community member represented an economic development organization.



**Table 4**

<b>Population Change</b>			
<b>Assessment Area: Manhattan Metropolitan<sup>1</sup></b>			
<b>Area</b>	<b>2015 Population</b>	<b>2020 Population</b>	<b>Percent Change</b>
Manhattan Metropolitan <sup>1</sup>	208,414	211,134	1.3
Pottawatomie County, KS	22,625	25,348	12.0
Shawnee County, KS	178,792	178,909	0.1
Wabaunsee County, KS	6,997	6,877	(1.7)
Manhattan, KS MSA	134,434	134,046	(0.3)
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>			
<i><sup>1</sup>All data presented is at the county level and some values may be different than expected for this AA which includes two partial counties.</i>			

- The AA's population grew from 33,369 residents in 2015 to 36,083 in 2020, representing an 8.1 percent increase.
- The city of Wamego had the largest population in the AA with 4,841 residents in 2020, followed by nearby Saint Marys with a population of 2,759. The remaining AA towns are sparsely populated and include several unincorporated communities that are too small to maintain a local governing body.

**Table 5**

<b>Median Family Income Change</b>			
<b>Assessment Area: Manhattan Metropolitan</b>			
<b>Area</b>	<b>2015 Median Family Income</b>	<b>2020 Median Family Income</b>	<b>Percent Change</b>
Manhattan Metropolitan	71,546	76,325	6.7
Pottawatomie County, KS	76,665	83,170	8.5
Shawnee County, KS	70,874	75,612	6.7
Wabaunsee County, KS	71,117	76,673	7.8
Manhattan, KS MSA	67,004	70,357	5.0
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>			
<i>All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.</i>			

- The percentage of AA families living below the poverty level, at 6.3 percent, was slightly below the Kansas figure of 7.6 percent.
- The AA had a lower percentage of LMI families in 2020 compared to the state of Kansas, at 28.8 percent and 36.0 percent, respectively.

**Table 6**

Housing Cost Burden Assessment Area: Manhattan Metropolitan						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Manhattan Metropolitan	76.9	30.5	40.0	57.1	21.4	13.7
Pottawatomie County, KS	71.7	25.9	35.9	44.8	19.9	12.5
Shawnee County, KS	77.8	31.2	40.7	59.8	21.3	13.8
Wabaunsee County, KS	49.5	10.0	23.7	40.7	27.7	14.5
Manhattan, KS MSA	81.4	42.8	44.5	61.5	28.4	16.5
Kansas	73.6	27.8	38.2	57.4	24.8	15.4

*Cost Burden is housing cost that equals 30 percent or more of household income.*  
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy  
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- The AA's median housing value of \$174,584 was 10.8 percent higher than the statewide median housing value of \$157,600.
- The AA's housing affordability ratio<sup>2</sup> in 2020 was 39.2 percent, which is comparable to the state of Kansas ratio of 38.8 percent and contributed to the AA's relatively high owner occupancy rate of 70.3 percent.

**Table 7**

Unemployment Rates Assessment Area: Manhattan Metropolitan					
Area	2018	2019	2020	2021	2022
Manhattan Metropolitan	3.4	3.4	5.6	3.1	2.7
Pottawatomie County, KS	2.8	2.9	4.1	2.6	2.4
Shawnee County, KS	3.5	3.4	5.8	3.2	2.7
Wabaunsee County, KS	3.1	3.3	4.1	2.5	2.5
Manhattan, KS MSA	3.2	3.2	5.1	3.1	2.8
Kansas	3.4	3.3	5.8	3.3	2.7

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*  
All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- Pottawatomie County is located within the rapidly growing I-70 corridor in Kansas. Development and growth are primarily oriented east and west within the county, while regions to the north and south are increasingly rural and agricultural, with farmland to the north and rangeland to the south.
- Major industries in the AA that contribute to employment include manufacturing; trade, transportation, and utilities; government; and health service and private education.

<sup>2</sup> The housing affordability ratio is calculated by dividing the median housing income by the median housing value. A lower ratio reflects less affordable housing.

- Two community colleges and three four-year post-secondary education institutions are located either in or near Pottawatomie County.
- A community contact cited a local study indicating that the major challenges facing businesses in the area include attracting and retaining workforce talent, as well as quality of life barriers that include affordable housing.
- The most recent unemployment figures suggest a highly stable economy within the AA and across the state of Kansas.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE MANHATTAN METROPOLITAN AA**

The bank's lending test performance in the Manhattan Metropolitan AA is reasonable. The bank's lending under each of the performance criterion, including geographic distribution by income level of census tracts and the distribution of lending by borrower income level and size of businesses and farms, is reasonable. The bank's home refinance, improvement and multifamily lending were not evaluated at the product level based on lending volumes too low to provide meaningful analyses.

### **Geographic Distribution of Loans**

The bank's geographic distribution of home mortgage, small business, and small farm loans reflects a reasonable distribution among the different census tracts and dispersion throughout the AA. Limited weight was applied to this lending test criterion as the AA is exclusively comprised of middle- and upper-income census tracts, and there were no lending opportunities to originate loans in LMI census tracts.

### **Home Mortgage Lending**

The geographic distribution of home mortgage lending is reasonable. The bank's lending in the AA's middle- and upper-income census was comparable to the aggregate lending data by number and to the demographic figure, which represents the percentage of owner-occupied housing units located within each respective census tract income designation. No significant gaps or lapses in lending were identified in the dispersion of home mortgage lending.

### **Home Purchase Lending**

The geographic distribution of home purchase lending is reasonable. The bank's lending in the middle-income census tracts was above the aggregate lending data and the demographic figure. Lending in the AA's upper-income census tract was below aggregate lending data and the demographic figure.

**Table 8**

Distribution of 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Manhattan Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
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	23	69.7	34.8	4,074	72.6	29.1	46.1
Upper	10	30.3	65.2	1,534	27.4	70.9	53.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	33	100.0	100.0	5,608	100.0	100.0	100.0
Refinance Loans							
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	4	33.3	46.5	367	25.3	43.4	46.1
Upper	8	66.7	53.5	1,081	74.7	56.6	53.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	1,448	100.0	100.0	100.0
Home Improvement Loans							
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	0	0.0	43.5	0	0.0	55.4	46.1
Upper	0	0.0	56.5	0	0.0	44.6	53.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Multifamily Loans							Multi-family Units %
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	0	0.0	90.0	0	0.0	76.9	38.4
Upper	0	0.0	10.0	0	0.0	23.1	61.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
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	31	56.4	38.2	4,597	58.1	32.3	46.1
Upper	24	43.6	61.8	3,310	41.9	67.7	53.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	55	100.0	100.0	7,907	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. 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 bank's lending performance in middle-income census tracts was above the demographic figure, which represents the percentage of total businesses operating within each respective census tract income designation, while the bank's lending in upper-income census tracts was below the demographic figure. An analysis of dispersion was conducted and there were no gaps or lapses in bank lending within the AA.

**Table 9**

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Manhattan Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	28	70.0	4,162	65.2	39.6
Upper	12	30.0	2,217	34.8	60.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>40</b>	<b>100.0</b>	<b>6,379</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 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 reasonable. The bank's lending in both middle- and upper-income census tracts was comparable to the demographic figure, which represents the total percentage of farms operating in each respective census tract income designation. Additionally, an analysis of lending dispersion was conducted and revealed no conspicuous gaps or lapses.

**Table 10**

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Manhattan Metropolitan					
Geographic Income Level	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	32	82.1	3,177	78.1	77.1
Upper	7	17.9	891	21.9	22.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	39	100.0	4,069	100.0	100.0
Source: 2023 FFIEC Census Data 2023 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 and Farms of Different Sizes**

The bank's lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes. The bank's borrower distribution for home mortgage lending is excellent, while small business and small farm lending reflects a reasonable distribution.

### Home Mortgage Lending

The borrower distribution of home mortgage lending is excellent. The bank's home mortgage lending to low-income borrowers was above the aggregate lending data but below the demographic figure, which represents the distribution of families by income level. Bank lending to moderate-income borrowers was above the aggregate lending data and the demographic figure.

## Home Purchase Lending

The borrower distribution of home purchase lending is excellent. Lending to low-income borrowers was above the aggregate lending data and comparable to the demographic figure. The bank's lending distribution to moderate-income borrowers was above the aggregate lending data and the demographic figure.

**Table 11**

Distribution of 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: Manhattan Metropolitan							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	5	15.2	6.0	362	6.5	2.7	13.6
Moderate	12	36.4	15.1	1,644	29.3	9.8	15.2
Middle	9	27.3	24.4	1,670	29.8	23.9	23.0
Upper	5	15.2	34.3	1,677	29.9	43.9	48.2
Unknown	2	6.1	20.3	255	4.5	19.8	0.0
Total	33	100.0	100.0	5,608	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	4.5	0	0.0	2.7	13.6
Moderate	2	16.7	16.1	210	14.5	12.6	15.2
Middle	6	50.0	23.2	454	31.4	21.9	23.0
Upper	4	33.3	41.9	784	54.1	51.1	48.2
Unknown	0	0.0	14.2	0	0.0	11.8	0.0
Total	12	100.0	100.0	1,448	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	6.5	0	0.0	2.1	13.6
Moderate	0	0.0	8.7	0	0.0	6.4	15.2
Middle	0	0.0	41.3	0	0.0	29.5	23.0
Upper	0	0.0	37.0	0	0.0	57.1	48.2
Unknown	0	0.0	6.5	0	0.0	4.8	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							
Low	5	9.1	5.7	362	4.6	2.6	13.6
Moderate	14	25.5	14.6	1,854	23.4	10.2	15.2
Middle	21	38.2	25.6	2,340	29.6	23.6	23.0
Upper	13	23.6	36.3	3,096	39.2	45.5	48.2
Unknown	2	3.6	17.7	255	3.2	18.1	0.0
Total	55	100.0	100.0	7,907	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
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.							

### Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to businesses with revenues of \$1.0 million or less was below the demographic figure, which represents the percentage of small businesses operating in the AA. However, a review of the three-year aggregate CRA data revealed that 41.2 percent of lending by number was to businesses with gross annual revenues of \$1.0 million or less. While the three-year aggregate CRA data is not a direct comparator for bank performance, this information provides relevant performance context as a proxy for loan demand. In addition, 80.0 percent of the bank's small business loans were in amounts of \$250,000 or less, which are amounts typically associated with the credit demands of smaller business entities.

**Table 12**

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Manhattan Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	22	55.0	2,339	36.7	87.3
Over \$1 Million	13	32.5	3,244	50.9	10.2
Revenue Unknown	5	12.5	795	12.5	2.6
Total	40	100.0	6,379	100.0	100.0
By Loan Size					
\$100,000 or Less	22	55.0	994	15.6	
\$100,001 - \$250,000	10	25.0	1,484	23.3	
\$250,001 - \$1 Million	8	20.0	3,901	61.2	
Total	40	100.0	6,379	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	16	72.7	584	25.0	
\$100,001 - \$250,000	4	18.2	643	27.5	
\$250,001 - \$1 Million	2	9.1	1,112	47.5	
Total	22	100.0	2,339	100.0	
Source: 2023 FFIEC Census Data					
2023 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					



### Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with revenues of \$1.0 million or less was comparable to the percentage of small farms operating in the AA. Furthermore, a review of the three-year aggregate lending data submitted by CRA reporters in the bank's AA revealed that 30.7 percent of lending by number was to farms with gross annual revenues of \$1.0 million or less. As previously noted, the three-year aggregate CRA data is not a direct comparator for bank performance; however, this information is relevant as a proxy to ascertain demand for credit.

**Table 13**

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Manhattan Metropolitan					
	Bank Loans				Total Farms
	#	#%	\$(000)	%	%
By Revenue					
\$1 Million or Less	27	69.2	2,050	50.4	99.4
Over \$1 Million	4	10.3	1,386	34.1	0.6
Revenue Unknown	8	20.5	633	15.6	0.0
Total	39	100.0	4,069	100.0	100.0
By Loan Size					
\$100,000 or Less	28	71.8	1,082	26.6	
\$100,001 - \$250,000	6	15.4	1,036	25.5	
\$250,001 - \$500,000	5	12.8	1,950	47.9	
Total	39	100.0	4,069	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	22	81.5	860	42.0	
\$100,001 - \$250,000	3	11.1	500	24.4	
\$250,001 - \$500,000	2	7.4	690	33.7	
Total	27	100.0	2,050	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

**NORTH CENTRAL KANSAS ASSESSMENT AREA  
NONMETROPOLITAN AREA**  
(Limited-Scope Review)

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE NORTH CENTRAL KANSAS AA**

The bank's North Central Kansas AA consists of Clay County in its entirety, one census tract in Cloud County, and one census tract in Washington County. Refer to Appendix A for an AA map and Appendix C for AA tables.

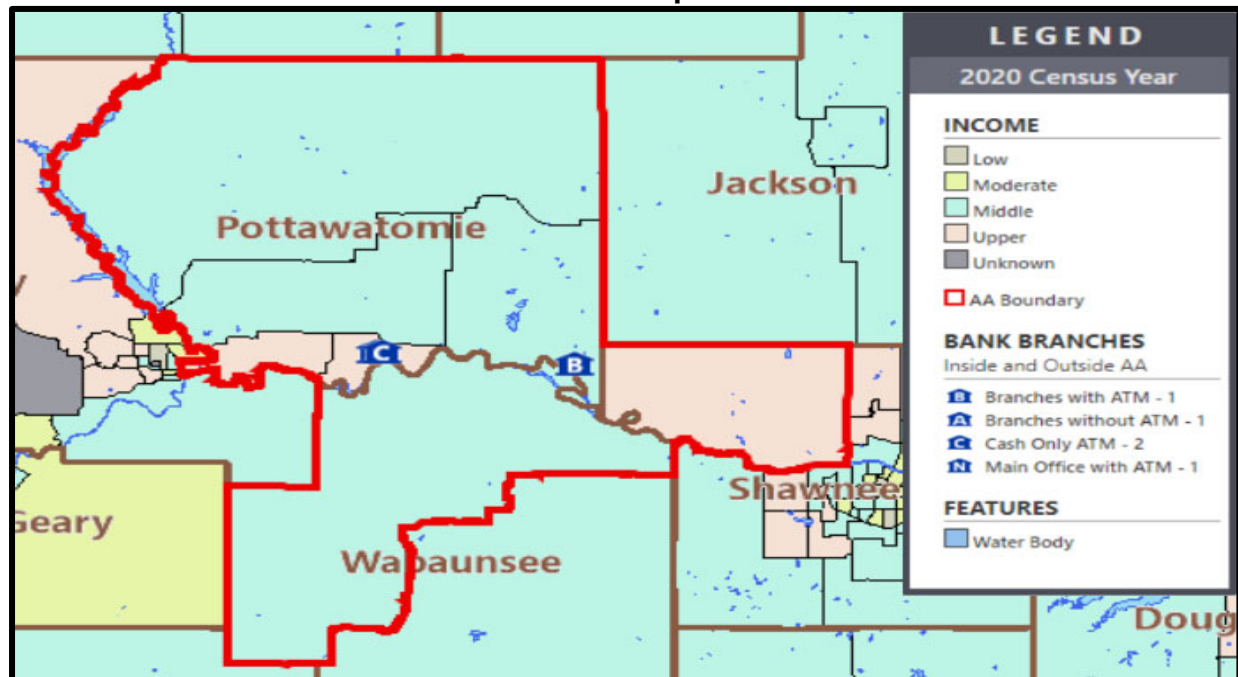
- There have been no changes to the AA delineation since the prior CRA evaluation.
- The North Central Kansas AA is comprised of four middle-income census tracts based on the most current 2016-2020 ACS data.
- This represents a change from the previous examination, when the AA was comprised of three middle- and one upper-income census tract(s) based on 2011-2015 ACS data.
- The bank operates one full-service branch location and one off-site cash-dispensing only ATM located at a nearby convenience store in the town of Clifton, Kansas. The bank's branch is located at the intersection of Washington and Clay Counties.
- According to the June 30, 2023, FDIC Deposit Market Share Report, the bank's market share of 2.2 percent ranked 10th of 13 FDIC-insured institutions operating from 27 offices in Clay, Cloud, and Washington Counties.
- Clifton has a population of less than 500 and is surrounded by several other small, rural communities. Similar to the Manhattan Metropolitan AA, this area is rural in nature, and agriculture is one of the primary economic sectors that contributes to the local economy.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE NORTH CENTRAL KANSAS AA**

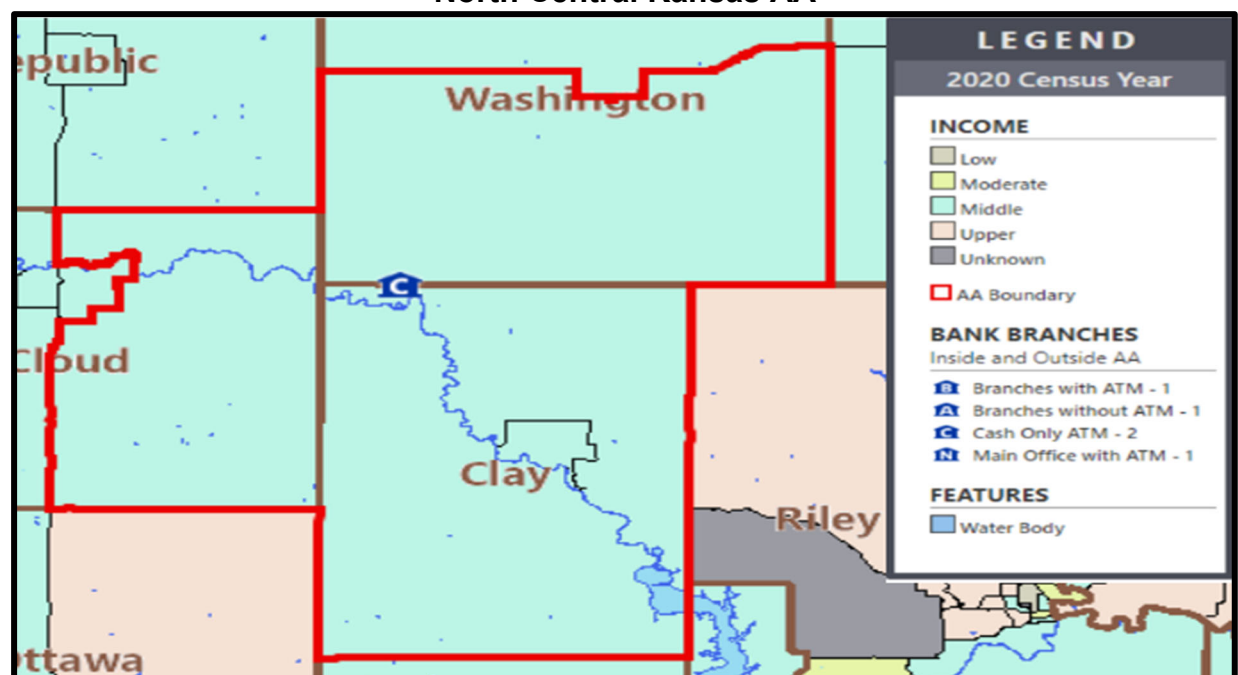
The institution's lending performance in the AA is consistent with the institution's lending performance overall.

## APPENDIX A – MAPS OF THE ASSESSMENT AREAS

Map A-1  
Manhattan Metropolitan AA



Map A-2  
North Central Kansas AA



## APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2023 Manhattan 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	0.0	1,262	13.6
Moderate	0	0.0	0	0.0	0	0.0	1,415	15.2
Middle	4	57.1	4,180	45.0	182	4.4	2,140	23.0
Upper	3	42.9	5,111	55.0	405	7.9	4,474	48.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	9,291	100.0	587	6.3	9,291	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	6,580	4,601	46.1	69.9	1,304	19.8	675	10.3
Upper	7,613	5,379	53.9	70.7	1,614	21.2	620	8.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	14,193	9,980	100.0	70.3	2,918	20.6	1,295	9.1
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	589	39.6	520	40.1	40	26.5	29	76.3
Upper	898	60.4	778	59.9	111	73.5	9	23.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,487	100.0	1,298	100.0	151	100.0	38	100.0
Percentage of Total Businesses:				87.3		10.2		2.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	135	77.1	135	77.6	0	0.0	0	0.0
Upper	40	22.9	39	22.4	1	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	175	100.0	174	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.4		0.6		0.0
Source: 2023 FFIEC Census Data 2023 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 – LIMITED-SCOPE REVIEW ASSESSMENT AREA TABLES

**Table C-1**

Distribution of 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: North Central Kansas							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Total Home Mortgage Loans							Owner Occupied Units %
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	10	100.0	100.0	901	100.0	100.0	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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>901</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey

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

**Table C-2**

Distribution of 2023 Small Business Lending By Income Level of Geography Assessment Area: North Central Kansas					
Geographic Income Level	Bank Loans				Total
	#	#%	\$(000)	\$%	Businesses %
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	8	100.0	481	100.0	100.0
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>481</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

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

**Table C-3**

Distribution of 2023 Small Farm Lending By Income Level of Geography Assessment Area: North Central Kansas					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	2	100.0	260	100.0	100.0
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>260</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

**Table C-4**

Distribution of 2023 Home Mortgage Lending By Borrower Income Level							
Assessment Area: North Central Kansas							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Total Home Mortgage Loans							
Low	1	10.0	12.3	14	1.6	5.3	14.5
Moderate	5	50.0	19.8	313	34.7	13.9	20.4
Middle	1	10.0	25.3	50	5.5	24.9	28.8
Upper	3	30.0	24.7	524	58.2	34.4	36.3
Unknown	0	0.0	17.9	0	0.0	21.4	0.0
Total	10	100.0	100.0	901	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
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.							

**Table C-5**

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: North Central Kansas					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	6	75.0	294	61.1	86.2
Over \$1 Million	1	12.5	150	31.2	9.8
Revenue Unknown	1	12.5	37	7.7	4.0
Total	8	100.0	481	100.0	100.0
By Loan Size					
\$100,000 or Less	6	75.0	215	44.7	
\$100,001 - \$250,000	2	25.0	266	55.3	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	8	100.0	481	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	5	83.3	178	60.5	
\$100,001 - \$250,000	1	16.7	116	39.5	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	6	100.0	294	100.0	
Source: 2023 FFIEC Census Data					
2023 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

**Table C-6**

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: North Central Kansas					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	1	50.0	26	10.0	98.1
Over \$1 Million	1	50.0	234	90.0	1.9
Revenue Unknown	0	0.0	0	0.0	0.0
Total	2	100.0	260	100.0	100.0
By Loan Size					
\$100,000 or Less	1	50.0	26	10.0	
\$100,001 - \$250,000	1	50.0	234	90.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	2	100.0	260	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	100.0	26	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	1	100.0	26	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					



**Table C-7**

2023 North Central 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	527	14.5
Moderate	0	0.0	0	0.0	0	0.0	738	20.4
Middle	4	100.0	3,626	100.0	214	5.9	1,045	28.8
Upper	0	0.0	0	0.0	0	0.0	1,316	36.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4</b>	<b>100.0</b>	<b>3,626</b>	<b>100.0</b>	<b>214</b>	<b>5.9</b>	<b>3,626</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	6,491	4,173	100.0	64.3	1,532	23.6	786	12.1
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>6,491</b>	<b>4,173</b>	<b>100.0</b>	<b>64.3</b>	<b>1,532</b>	<b>23.6</b>	<b>786</b>	<b>12.1</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	621	100.0	535	100.0	61	100.0	25	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>621</b>	<b>100.0</b>	<b>535</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>
Percentage of Total Businesses:				86.2		9.8		4.0
	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	260	100.0	255	100.0	5	100.0	0	0.0
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>260</b>	<b>100.0</b>	<b>255</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Percentage of Total Farms:				98.1		1.9		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## APPENDIX D – 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.