

# **PUBLIC DISCLOSURE**

April 12, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Trust and Savings Bank  
Certificate Number: 8752

123 South Main Street  
Wheatland, Iowa 52777

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

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 RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

First Trust and Savings Bank (FTSB)'s satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance:

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- The institution made a majority of its small farm and small business loans inside the assessment areas.
- Examiners did not perform a review of the geographic distribution of loans, as there are no low- or moderate-income census tracts in the assessment areas, and a review would not result in meaningful conclusions.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes given the demographics of the assessment areas.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

FTSB is headquartered in Wheatland, Iowa, and is wholly owned by Wheatland Bancorporation of Wheatland, Iowa, a one-bank holding company. The bank operates from its main office in Wheatland, Iowa, with six additional branch offices in Calamus, Dixon, Donahue, Grand Mound, Eldridge and Lost Nation, Iowa. Since the prior evaluation, FTSB has opened a new full-service branch in Eldridge, Iowa on March 16, 2020. The institution received a rating of “Satisfactory” at the previous FDIC CRA Performance Evaluation dated June 19, 2015, based on Interagency Small Institution Examination Procedures.

The bank offers a variety of lending products and services, including agricultural, commercial, home mortgage, and consumer loans. The institution’s primary focus is agricultural lending, though applications for other loan products are welcome. Specialized lending services include those from the Farm Service Agency and Small Business Administration. The bank participated in the Small Business Administration’s Paycheck Protection Program during the review period. This program provided financial aid to businesses impacted by the COVID-19 pandemic. “Beginning Farmer” loans through Iowa Agricultural Development Authority are also offered. This program assists new farmers in obtaining land and equipment for new and developing farm operations.

FTSB provides deposit-related products, including checking, savings, and certificates of deposit. Alternative banking products or services include debit cards, direct deposit, online and mobile banking, tele-banking, mobile deposit, bill payment, electronic statements, night depository, safe deposit boxes, full-service ATMs, and other convenient services.

As of December 31, 2020, total assets were approximately \$218.9 million, total loans equaled approximately \$180.5 million, and total deposits were approximately \$186.3 million.

<b>Loan Portfolio Distribution as of 12/31/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	3,590	1.9
Secured by Farmland	49,584	27.5
Secured by 1-4 Family Residential Properties	16,559	9.2
Secured by Multi-family (5 or more) Residential Properties	2,725	1.5
Secured by Non-farm Non-Residential Properties	13,877	7.7
<b>Total Real Estate Loans</b>	<b>86,335</b>	<b>47.8</b>
Commercial and Industrial Loans	28,045	15.6
Agricultural Production and Other Loans to Farmers	58,989	32.7
Consumer	6,907	3.8
Obligations of States and Political Subdivisions in the United States	0	0.0
Other Loans	183	0.1
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>180,459</b>	<b>100.0</b>
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment area.

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FTSB has designated two assessment areas in Iowa. The Nonmetropolitan Assessment Area consists of one census tract in Cedar County and three census tracts in Clinton County. The Scott County Metro Assessment Area consists of five census tracts in Scott County. Management expanded the assessment area since the prior evaluation by adding Scott County census tract 104.01 when they opened the Eldridge, Iowa branch location. More detailed information regarding each assessment area is provided within the subsequent sections.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated June 19, 2015, to the current evaluation date of April 12, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate FTSB’s CRA performance. Full-scope reviews were performed for both assessment areas for this evaluation. Examiners allocated more weight to the Nonmetropolitan Assessment Area, which generates most of the bank’s business. The following table provides information on loans, deposits, and branches by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Nonmetropolitan	155,650	84.6	149,757	83.6	4	57.1
Scott County Metro	28,384	15.4	29,483	16.4	3	42.9
<b>Total</b>	<b>184,034</b>	<b>100.0</b>	<b>179,240</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits (6/30/2020).*

### Activities Reviewed

Based on Call Report information and the bank’s business strategy, examiners determined that the major product lines of the institution are agriculture and commercial lending. More weight is given in this evaluation to small farm lending. This is consistent with the institution’s portfolio composition and volume of loans recently originated, renewed, or extended. Home mortgage lending was not reviewed at this evaluation, due to the low number and dollar volume of loans in the portfolio.

Examiners used the bank’s automated loan download to identify primary product lines and assemble the universe of loans. Examiners reviewed all small farm and small business loans originated, renewed, or extended in 2020. For the Assessment Area Concentration criterion, examiners analyzed the entire universes of small farm and small business loans. For the Borrower Profile

criterion, examiners analyzed a sample of the small farm and small business loans made inside the assessment areas. The table below provides information on the number and dollar volume of loan products reviewed for each criteria.

<b>Loan Products Reviewed</b>						
<b>Loan Category</b>	<b>Assessment Area Concentration (Universe)</b>		<b>Borrower Profile (Universe Inside assessment area)</b>		<b>Borrower Profile (Samples)</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Farm	465	45,395	322	28,998	60	5,506
Small Business	349	36,594	271	30,602	58	6,741

*Source: Bank Records from 1/01/2020 through 12/31/2020*

When arriving at small farm and small business conclusions, 2020 D&B Data provided a standard of comparison. Examiners reviewed the number and dollar volume of small farm and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, which is a better indicator of the number of farms and businesses served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FTSB demonstrated satisfactory performance under the Lending Test. The institution’s reasonable Assessment Area Concentration and Borrower Profile performance and more than reasonable Loan-to-Deposit Ratio performance supports this conclusion.

#### **Loan-to-Deposit Ratio**

FTSB’s loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, and assessment area credit needs. The institution’s net loan-to-deposit ratio, calculated from Call Report data, averaged 104.7 percent over the 23 calendar quarters from June 30, 2015, through December 31, 2020. The net loan-to-deposit ratio ranged from a high of 113.6 percent as of March 31, 2020, to a low of 95.7 percent as of December 31, 2020.

The following table compares the institution’s average net loan-to-deposit ratio to similarly-situated institutions and helps demonstrate FTSB’s performance. Similarly-situated institutions were selected based on their size, geographic location, and lending focus. FTSB’s average net loan-to-deposit ratio is more than reasonable when compared with those of the similarly-situated banks.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/30/2020 (\$000s)</b>	<b>Average Net Loan to Deposit Ratio (%)</b>
<b>First Trust and Savings Bank, Wheatland, Iowa</b>	<b>218,883</b>	<b>104.7</b>
Citizens First Bank, Clinton, Iowa	267,763	98.0
DeWitt Bank and Trust Company, DeWitt, Iowa	212,882	79.7
Liberty Trust & Savings Bank, Durant, Iowa	167,875	68.2
<i>Source: Call Reports 6/30/2015 – 12/31/2020</i>		

### **Assessment Area Concentration**

Overall, the bank made a majority of its small farm and small business loans, by number and dollar amount, within its assessment areas. These results reflect management’s commitment to lend within local communities. Management stated that there has been a growing trend with word-of-mouth referrals, resulting in credit requests outside of the bank’s assessment areas. Examiners noted that a majority of the originated loans outside the assessment areas were located not far from the assessment areas’ boundaries. See the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Small Farm	322	69.2	143	30.8	465	28,998	63.9	16,397	36.1	45,395
Small Business	271	77.7	78	22.3	349	30,602	83.6	5,992	16.4	36,594
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The assessment areas do not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

### **Borrower Profile**

Overall, the distribution of borrowers reflects a reasonable penetration among farms and businesses of different revenue sizes. Examiners focused on the percentage by number of small farm and small business loans to agricultural and business operations with gross annual revenues of \$1 million or less. Reasonable performance in both assessment areas supports this conclusion.

### **Response to Complaints**

The institution has not received any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the rating.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## NONMETROPOLITAN ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN ASSESSMENT AREA

The Nonmetropolitan Assessment Area is comprised of Cedar County census tracts 4501 and Clinton County census tracts 9, 10, and 11. The bank’s main office in Wheatland, as well as the branch offices in Calamus, Grand Mound, and Lost Nation is located in this assessment area.

#### **Economic and Demographic Data**

According to the U.S. Census Bureau’s 2015 American Community Survey (ACS), the assessment area is comprised of three middle- and one upper-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	15,981	0.0	0.0	58.1	41.9	0.0
Housing Units by Geography	6,803	0.0	0.0	58.7	41.3	0.0
Owner-Occupied Units by Geography	4,974	0.0	0.0	59.7	40.3	0.0
Occupied Rental Units by Geography	1,401	0.0	0.0	52.0	48.0	0.0
Vacant Units by Geography	428	0.0	0.0	68.0	32.0	0.0
Businesses by Geography	1,414	0.0	0.0	53.5	46.5	0.0
Farms by Geography	281	0.0	0.0	80.1	19.9	0.0
Family Distribution by Income Level	4,509	13.7	12.7	22.0	51.7	0.0
Household Distribution by Income Level	6,375	18.9	12.3	17.7	51.2	0.0
Median Family Income Non-Metropolitan - IA		\$61,681	Median Housing Value			\$134,061
			Median Gross Rent			\$592
			Families Below Poverty Level			6.3%

*Source: 2015 ACS and 2020 D&B Data*

*Due to rounding, totals may not equal 100.0%*

*(\*) The NA category consists of geographies that have not been assigned an income classification.*

According to 2020 D&B Data, service industries represent the largest portion of business and farm operations at 30.8 percent; followed agriculture, forestry, and fishing at 16.9 percent; and retail trade at 10.0 percent. In addition, 73.1 percent of assessment area businesses and farms have less than five employees and 92.1 percent operate from one location.

Management noted that agricultural businesses were not greatly affected by the COVID-19 pandemic, but other businesses (especially those relying on in-person traffic) such as restaurants, small shops, and other businesses in the area were greatly affected by the initial shutdown and subsequent operations under reduced-capacity governmental orders. Also, businesses were

adversely affected by online product sales of competitors, if they did not have an online sales capability. Though the local economy is now recovering somewhat, residual effects of the pandemic are still being felt in the business community.

### **Competition**

The assessment area is highly competitive regarding the market for financial services. The FDIC Deposit Market Share Report for June 30, 2020, reported 12 banks operating from 35 offices within the assessment area counties. FTSB ranks 5<sup>th</sup> with 9.6 percent deposit market share. These institutions range from small community banks to larger financial institutions operating branch locations in the area.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify the credit needs and economic conditions of the assessment area. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. In conjunction with this evaluation, examiners interviewed a community contact with specific knowledge of the economic condition in the assessment area. Examiners focused on the contact's observations regarding agricultural activities, given the bank's business focus.

The contact stated that the area's primary economic focus is related to agriculture and agriculturally-related businesses. Currently, agricultural operations are optimistic with commodity prices increasing. The contact noted that many farm families have multiple jobs outside of farming to supplement income. Some individuals commute to Clinton for employment. Small businesses have been more negatively affected by the COVID pandemic and are still struggling. There is a need for beginning farmer financing. Beginning farmers find it difficult to get the capital needed to start a new farm or buy an existing one. Financing needs are met through banks, the United State Department of Agriculture, Iowa Finance Authority beginning farmer loans, and the Farm Credit Service Agency. The contact stated that there is strong competition between banks and other type of financiers, especially in the Clinton market. The contact stated that local financial institutions are meeting the credit needs of the community.

### **Credit Needs**

Considering information from the community contact, bank management, economic and demographic data, and Call Report data, examiners determined that small farm, small business, and home mortgage lending remain the primary credit needs of the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NONMETROPOLITAN ASSESSMENT AREA

### LENDING TEST

FTSB demonstrated reasonable performance in the Nonmetropolitan Assessment Area. Reasonable performance in the Borrower Profile criterion supports this conclusion.

#### **Borrower Profile**

The distribution of borrowers reflects a reasonable penetration of loans among farms and businesses of different revenue sizes in this assessment area. The bank’s reasonable performance in small farm and small business loan products supports this conclusion.

#### ***Small Farm Loans***

The distribution of the small farm loan sample reflects reasonable penetration among agricultural operations of different revenue sizes. Although the bank’s lending to farms with gross annual revenues of \$1 million or less is below the D&B Data benchmark, other contextual information was considered to arrive at this conclusion. Specifically, 2017 Census of Agriculture data reveals that 54.2 percent of the assessment area farm producers are small hobby farms. These farms list their principal occupation as “other than farming.” The same data also shows that 47.1 percent of farms reported not incurring any interest expense. These statistics demonstrate that there are a significant proportion of operators with limited or no borrowing needs. In addition, four of the seven loans with gross annual revenues greater than \$1 million were to the same borrower, and three of the four borrowers are customers of the bank that have grown to this gross revenue level over time. See the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	99.3	33	82.5	2,976	84.8
>1,000,000	0.0	7	17.5	532	15.2
Revenue Not Available	0.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>3,508</b>	<b>100.0</b>
<i>Source: 2020 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

#### ***Small Business Loans***

The distribution of the small business loan sample reflects reasonable penetration among business operations of different revenue sizes. Although the bank’s lending to operations with gross annual revenues of \$1 million or less is below the D&B Data benchmark, other contextual information was considered to arrive at this conclusion. Four of the ten loans with gross annual revenues greater than \$1 million were to the same borrower, and that borrower has grown to this higher gross revenue level over time. See the following table.

**Distribution of Small Business Loans by Gross Annual Revenue Category**

<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	86.6	28	73.7	2,172	54.0
>1,000,000	3.1	10	26.3	1,848	46.0
Revenue Not Available	10.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>4,020</b>	<b>100.0</b>

*Source: 2020 D&B Data, Bank Data.  
Due to rounding, totals may not equal 100.0%*

## SCOTT COUNTY METRO ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SCOTT COUNTY METRO ASSESSMENT AREA

The Scott County Metro Assessment Area is comprised of Scott County census tracts 101.01, 102.01, 102.02, 103, 104.01. The Dixon, Donahue, and Eldridge branches are located in this assessment area.

#### **Economic and Demographic Data**

According to the U.S. Census Bureau’s 2015 ACS, the assessment area is comprised of two middle- and three upper-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	40.0	60.0	0.0
Population by Geography	24,156	0.0	0.0	35.3	64.7	0.0
Housing Units by Geography	9,625	0.0	0.0	36.9	63.1	0.0
Owner-Occupied Units by Geography	7,317	0.0	0.0	33.3	66.7	0.0
Occupied Rental Units by Geography	1,842	0.0	0.0	50.9	49.1	0.0
Vacant Units by Geography	466	0.0	0.0	37.1	62.9	0.0
Businesses by Geography	2,093	0.0	0.0	39.4	60.6	0.0
Farms by Geography	275	0.0	0.0	41.5	58.5	0.0
Family Distribution by Income Level	6,764	12.5	14.6	21.6	51.2	0.0
Household Distribution by Income Level	9,159	14.3	14.9	16.4	54.4	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$66,600	Median Housing Value			\$182,100
			Median Gross Rent			\$670
			Families Below Poverty Level			4.4%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 D&B Data, service industries represent the largest portion of business and farm operations at 29.3 percent; followed agriculture, forestry, and fishing at 11.6 percent; and construction at 10.4 percent. In addition, 65.7 percent of assessment area businesses and farms have less than five employees and 90.4 percent operate from one location.

This assessment area is similar to the Nonmetropolitan Assessment Area regarding the effects of the COVID-19 pandemic, as both assessment areas occupy the same general rural area in eastern Iowa.

Please see the comments regarding the effects of the pandemic in the Economic and Demographic Data section of the Nonmetropolitan Assessment Area, above.

### **Competition**

The assessment area is highly competitive regarding the market for financial services. The FDIC Deposit Market Share Report for June 30, 2020, reported 18 banks operating from 52 offices within Scott County. FTSB ranks 15<sup>th</sup> with 0.6 percent deposit market share. These institutions range from small community banks to larger financial institutions operating branch locations in the area. Two of the top three entities are national banks with 13 offices and over 35.0 percent of market share in Scott County.

### **Community Contact**

The community contact conducted for the Nonmetropolitan Assessment Area also covered this assessment area. Information discussed in the Nonmetropolitan Assessment Area holds true for this assessment area, with some individuals commuting to Quad City instead of Clinton for employment. As the two assessment areas occupy the same general rural area in eastern Iowa, the analysis of the economic and demographic parameters are virtually the same. Please refer to the comments under the Community Contact section of the Nonmetropolitan Assessment Area, above.

### **Credit Needs**

Considering information from the community contact, bank management, economic and demographic data, and Call Report data, examiners determined that small farm, small business, and home mortgage lending remain the primary credit needs of the assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN SCOTT COUNTY METRO ASSESSMENT AREA**

### **LENDING TEST**

FTSB demonstrated reasonable performance in the Scott County Metro Assessment Area. Reasonable performance in the Borrower Profile criterion supports this conclusion.

### **Borrower Profile**

The distribution of borrowers reflects a reasonable penetration of loans among farms and businesses of different revenue sizes in this assessment area. The bank's reasonable performance in small farm and small business loan products supports this conclusion.

#### ***Small Farm Loans***

The distribution of the small farm loan sample reflects reasonable penetration among agricultural operations of different revenue sizes. The bank's originated all 20 sampled loans to borrowers with gross annual revenues of \$1 million or less. This is comparable to D&B data from 2020, which reflects that 97.5 percent of farms in the assessment area have gross annual revenues in that category.

### ***Small Business Loans***

The distribution of the small business loan sample reflects reasonable penetration among business operations of different revenue sizes. Although the bank's small business lending to operations with gross annual revenues of \$1 million or less is below the D&B Data benchmark, other contextual information was considered to arrive at this conclusion. Four of the five loans with gross annual revenues greater than \$1 million were to the same borrower. Also, one of the borrowers is a customer of the bank that has grown to this higher gross revenue level over time. See the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	84.4	14	70.0	2,030	74.6
>1,000,000	4.6	5	25.0	502	18.4
Revenue Not Available	11.0	1	5.0	189	6.9
<b>Total</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>2,721</b>	<b>100.0</b>
<i>Source: 2020 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**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.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.