

# **PUBLIC DISCLOSURE**

May 14, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Pony Express Bank  
Certificate Number: 4526

213 Main Street  
Braymer, Missouri 64624

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.

## TABLE OF CONTENTS

Institution Rating .....	1
Scope of Evaluation .....	2
Description of Institution .....	3
Description of Assessment Area .....	4
Conclusions on Performance Criteria .....	7
Discriminatory or Other Illegal Credit Practices Review .....	12
Glossary .....	13

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping meet the credit needs of its assessment area, including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

Pony Express Bank's Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small business, home mortgage, and small farm loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among businesses and farms of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated July 2, 2012, to the current evaluation dated May 14, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate Pony Express Bank's CRA performance. The procedures include the CRA Small Bank Lending Test.

The Lending Test considered the institution's performance according to the following criteria.

- LTD ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

This evaluation does not include any lending activity performed by affiliates.

### Loan Products Reviewed

Examiners determined that the bank's major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Examiners reviewed all small business and small farm loans originated in 2017 and all home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 55 small business loans totaling \$7.6 million and 26 small farm loans totaling \$3.8 million in 2017. For 2016, the bank reported 43 home mortgage loans totaling \$12.5 million, and for 2017 the bank reported 29 home mortgage loans totaling \$7.9 million. D&B data for 2017 provided a standard of comparison for the small business and small farm loans reviewed. Aggregate lending data and 2010 U.S. Census data provided a standard of comparison for 2016 home mortgage loans and 2015 American Community Survey (ACS) data provided a standard of comparison for 2017 home mortgage loans.

The bank's record of originating small business loans and home mortgage loans contributed more weight to overall conclusions due to the larger loan volume than small farm lending throughout the evaluation period. In addition, consumer loans do not represent a major product line. Therefore, they provide no material support for conclusions or ratings and are not presented.

Examiners reviewed the number and dollar volume of small business, small farm, and home mortgage loans. While number and dollar volume are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses, farms, and individuals served.

## DESCRIPTION OF INSTITUTION

### **Background**

Pony Express Bank is headquartered in Braymer, Missouri, and primarily serves Caldwell County, Missouri, and Clay County, Missouri, in the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA). Page Bancshares, Inc., a one-bank holding company located in Liberty, Missouri, owns Pony Express Bank. The bank has two non-lending affiliates, Griffin Bancshares Statutory Trust I and Page Bancshares Statutory Trust I. The institution received a Satisfactory rating at its previous FDIC CRA Evaluation dated July 2, 2012, based on the Interagency Small Institution Examination Procedures.

### **Operations**

Pony Express Bank operates one full-service branch in Braymer, Missouri in Caldwell County and one full-service branch in Liberty, Missouri, in Clay County. Loan products offered include commercial, home mortgage, agricultural, and consumer loans. In addition, business and consumer bank-owned Visa credit cards are available. The bank's primary lending focus is commercial lending; however, residential real estate lending only lags by 4.5 percentage points based on the March 31, 2018 Reports of Condition and Income.

The bank also provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and mobile banking with mobile deposit, peer-to-peer payments, online bill pay, and one bank-owned automated teller machine. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

### **Ability and Capacity**

Assets totaled \$171 million as of March 31, 2018, and included total loans of \$130.2 million and total securities of \$11.7 million. The largest categories of loans by dollar volume include commercial loans (35.6 percent), residential real estate loans (31.1 percent), and agriculture loans (13.2 percent). The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 3/31/2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	22,283	17.1
Secured by Farmland	4,272	3.3
1-4 Family Residential	35,987	27.6
Multi-family (5 or more) Residential	4,502	3.5
Commercial Real Estate	22,433	17.2
<b>Total Real Estate Loans</b>	<b>89,477</b>	<b>68.7</b>
Commercial and Industrial	23,904	18.4
Agricultural	12,947	10.0
Consumer	3,791	2.9
Other	1	<0.1
Lease Financing Receivables (net of unearned income)	278	0.2
Less: Unearned Income	(210)	(0.2)
<b>Total Loans</b>	<b>130,188</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Pony Express Bank designated two assessment areas in the Kansas City, MO-KS Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the assessment areas. Demographic information for the assessment areas and the bank's lending performance within the assessment areas is presented together for the remainder of this evaluation since the assessment areas are located in the same MSA.

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

One of the assessment areas includes all 44 census tracts in Clay County, while the other assessment area consists of 1 census tract in Caldwell County. In 2017, the income designations of two of these tracts changed from upper-income to middle-income due to information collected during the 2015 ACS. However, these changes do not affect the bank's performance context. Therefore, only the current demographic data is presented in this section of the evaluation.

The census tracts in the bank's assessment area reflect the following income designations according to 2015 ACS data:

- 15 moderate-income tracts,
- 18 middle-income, and
- 12 upper-income tracts.

The following table illustrates select demographic characteristics of the assessment areas.

Demographic Information for the Assessment Areas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	45	0.0	33.3	40.0	26.7	0.0
Population by Geography	232,871	0.0	27.6	39.3	33.1	0.0
Housing Units by Geography	96,002	0.0	31.4	40.1	28.5	0.0
Owner-Occupied Units by Geography	62,145	0.0	23.5	39.7	36.8	0.0
Occupied Rental Units by Geography	26,626	0.0	46.8	40.4	12.8	0.0
Vacant Units by Geography	7,231	0.0	42.5	42.2	15.3	0.0
Businesses by Geography	12,606	0.0	36.3	34.9	28.9	0.0
Farms by Geography	457	0.0	30.4	34.6	35.0	0.0
Family Distribution by Income Level	59,872	18.2	18.5	22.3	40.9	0.0
Household Distribution by Income Level	88,771	18.9	17.3	18.9	44.8	0.0
Median Family Income MSA - 28140 Kansas City, MO-KS MSA		\$72,623	Median Housing Value			\$154,463
Families Below Poverty Level		6.4%	Median Gross Rent			\$832
<i>Source: 2015 ACS Census and 2017 D&amp;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.</i>						

According to 2017 D&B data, there were 12,606 businesses in the assessment areas. Gross annual revenues (GARs) for those businesses are below.

- 81.5 percent have \$1 million or less.
- 6.1 percent have more than \$1 million.
- 12.4 percent have unknown revenues.

According to 2017 D&B data, there were 457 farms in the assessment areas. GARs for those farms are below.

- 96.1 percent have \$1 million or less.
- 2.2 percent have more than \$1 million.
- 1.7 percent have unknown revenues.

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by GAR level. Service industries represent the largest portion of businesses at 45.7 percent; followed by retail trade (12.6 percent); finance, insurance and real estate (9.0 percent); and construction (8.2 percent). In addition, 68.1 percent of area businesses have four or fewer employees, and 86.4 percent operate from a single location.

The 2016 and 2017 FFIEC-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table. These categories are based on the 2016 and 2017 FFIEC-updated median family incomes of \$72,500 and \$74,800, respectively.

<b>Median Family Income Ranges for the Kansas City, MO-KS MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2016 (\$72,500)	<\$36,250	\$36,250 to <\$58,000	\$58,000 to <\$87,000	≥\$87,000
2017 (\$74,800)	<\$37,400	\$37,400 to <\$59,840	\$59,840 to <\$89,760	≥\$89,760

*Source: FFIEC*

In 2016, there were 93,293 housing units in the assessment areas. Of these, 67.9 percent were owner-occupied, 25.7 percent were occupied rental units, and 6.4 percent were vacant. In 2017, there were 96,002 housing units in the assessment areas. Of these, 64.7 percent were owner-occupied, 27.7 percent were occupied rental units, and 7.6 percent were vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the 2017 year-end annual unemployment rate was 3.3 percent for the State of Missouri, 2.9 percent for Clay County, and 3.2 percent for Caldwell County. The unemployment rate has declined consistently both statewide and at the county level throughout the evaluation period.

### ***Competition***

The assessment areas are highly competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2017, there were 29 financial institutions that operated 79 full-service branches within the bank's assessment areas. Of these institutions, Pony Express Bank ranked 12<sup>th</sup> with 3.66 percent deposit market share.

The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans and is therefore included. Aggregate data for 2016 shows that 79 institutions reported 3,580 small business loans in Caldwell and Clay counties, with the top lender accounting for 15.5 percent of loans and the top three lenders accounting for 42.0 percent of loans. There is a high degree of competition for small business loans in these counties.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2016, 361 lenders reported a total of 16,201 residential mortgage loans originated or purchased. Pony Express Bank ranked 82<sup>nd</sup> out of this group of lenders, with a market share of 0.2 percent. The three most prominent home mortgage lenders accounted for 18.5 percent of total market share.



### ***Community Contact***

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners relied upon a recent contact from within the assessment areas. This contact was a member of a local economic development organization that primarily serves Clay County, Missouri. The contact indicated that community lending needs are primarily related to small business start-ups; however, opportunities are limited because these start-ups are not considered creditworthy due to limited company history. Additionally, the contact mentioned a local angel investor network through which many start-up companies are able to find potential investors. The contact added that the assessment areas are extremely competitive for financial institutions. Local small businesses are aware of this so most companies seeking loans shop around for the lowest rate. The contact specifically mentioned the subject institution as a bank that is helpful to the local community.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

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

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Reports of Condition and Income data, averaged 91.4 percent over the past 23 calendar quarters from September 30, 2012, to March 31, 2018. The ratio ranged from a low of 85.8 percent as of September 30, 2015, to a high of 95.6 percent as of September 30, 2013. The ratio has generally remained stable since the prior evaluation. Pony Express Bank maintained a ratio that exceeds the ratio of a comparable institution, as shown in the following table. Examiners selected the comparable institution based on its asset size, geographic location, and lending focus.

<b>LTD Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2018 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Pony Express Bank, Braymer, Missouri</b>	<b>171,035</b>	<b>91.4</b>
Kearney Trust Company, Kearney, Missouri	187,926	64.9

*Source: Reports of Condition and Income 9/30/2012 through 3/31/2018*

### **Assessment Area Concentration**

Overall, the bank made a majority of its loans, by number and dollar volume, within the assessment areas. For 2016 and 2017, the bank made a majority of its home mortgage loans by number inside its assessment areas. Additionally, the bank made a majority of 2017 small business loans, by number and dollar volume, within its assessment areas. The bank made a majority of its 2017 small farm loans, by number and dollar volume, outside its assessment areas. However, this is not a significant concern given that small farm loans received the least amount of weight in the evaluation. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	25	58.1	18	41.9	43	7,375	59.2	5,075	40.8	12,450
2017	19	65.5	10	34.5	29	3,771	47.5	4,165	52.5	7,936
<b>Subtotal</b>	<b>44</b>	<b>61.1</b>	<b>28</b>	<b>38.9</b>	<b>72</b>	<b>11,146</b>	<b>54.7</b>	<b>9,240</b>	<b>45.3</b>	<b>20,386</b>
Small Business	33	60.0	22	40.0	55	4,201	54.9	3,445	45.1	7,646
Small Farm	12	46.2	14	53.8	26	1,186	31.6	2,567	68.4	3,753
<b>Total</b>	<b>89</b>	<b>58.2</b>	<b>64</b>	<b>41.8</b>	<b>153</b>	<b>16,533</b>	<b>52.0</b>	<b>15,252</b>	<b>48.0</b>	<b>31,785</b>
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The bank's reasonable performance within moderate-income census tracts for small business and home mortgage lending and excellent performance within moderate-income census tracts for small farm lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts as the assessment areas does not contain any low-income census tracts.

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

The geographic distribution of small business loans reflects reasonable dispersion. The following table shows that the bank originated 21.2 percent of small business loans in moderate-income geographies, which lags demographic data by 15.1 percentage points. However, 17 of the 22 loans in upper-income census tracts or 51.5 percent of total small business loans were originated to only three borrowers, materially impacting the number of loans originated in upper-income tracts. Additionally, as discussed previously, demographic data and the community contact revealed there is a high degree of competition within the assessment areas for small business loans. All of the institution's small business loans were originated in Clay County. Within the immediate vicinity of the Pony Express Bank location in Clay County, there are approximately 20 financial institutions available to serve the closest moderate-income tracts, further supporting the level of competition within the assessment areas. Given these factors, the bank's performance is considered reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	36.3	7	21.2	1,255	29.9
Middle	34.9	4	12.1	577	13.7
Upper	28.9	22	66.7	2,369	56.4
<b>Totals</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>4,201</b>	<b>100.0</b>

Source: 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data  
Due to rounding, totals may not equal 100.0

### Home Mortgage Loans

The geographic distribution of 2016 home mortgage loans reflects reasonable dispersion throughout the assessment areas. Examiners focused on the comparison to 2016 aggregate data. The following table shows that the bank's lending in moderate-income areas lags aggregate data by 9.5 percentage points. This performance is considered reasonable given the level of competition within the assessment areas, as previously discussed.

The geographic distribution of 2017 home mortgage loans also reflects reasonable dispersion throughout the assessment areas. Examiners focused on the comparison to 2017 demographic data. The bank's lending in moderate-income areas exceeds demographic data by 8.1 percentage points.

Geographic Distribution of Home Mortgage Loans							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	2016	24.9	17.5	2	8.0	171	2.3
	2017	23.5	--	6	31.6	1,454	38.6
Middle	2016	36.4	30.6	9	36.0	2,418	32.8
	2017	39.7	--	7	36.8	939	24.9
Upper	2016	38.7	52.0	14	56.0	4,786	64.9
	2017	36.8	--	6	31.6	1,378	36.5
<b>Totals</b>	2016	<b>100.0</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>7,375</b>	<b>100.0</b>
	2017	<b>100.0</b>	<b>--</b>	<b>19</b>	<b>100.0</b>	<b>3,771</b>	<b>100.0</b>

Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data. "--" data not available.  
Due to rounding, totals may not equal 100.0

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

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment areas. The following table shows that the bank's small farm lending in moderate-income geographies exceeds demographic data by 52.9 percentage points. Considering the level of competition in the assessment areas, this reflects excellent performance.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	30.4	10	83.3	1,080	91.1
Middle	34.6	1	8.3	50	4.2
Upper	35.0	1	8.3	56	4.7
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,186</b>	<b>100.0</b>

*Source: 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data.  
Due to rounding, totals may not equal 100.0*

### **Borrower Profile**

Overall, the distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels in the assessment areas. The bank's reasonable performance of home mortgage and small farm lending supports this conclusion. Examiners focused on the percentage by number of loans to small businesses and small farms with GARs of \$1 million or less and the percentage by number of home mortgage loans to LMI borrowers.

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

The distribution of small business loans reflects poor penetration to businesses with GARs of \$1 million or less. The following table shows that 36.4 percent of the bank's small business loans were originated to businesses with GARs of \$1 million or less, which lags demographic data by 45.1 percent. As discussed previously, there is a high degree of competition within the assessment areas; however, the size of the disparity between demographic data and the bank's performance reflects poor performance.

<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	81.5	12	36.4	851	20.3
>1,000,000	6.1	21	63.6	3,350	79.7
Revenue Not Available	12.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>4,201</b>	<b>100.0</b>

*Source: 2017 D&B Data, 1/1/2016 - 12/31/2017 Bank Data.  
Due to rounding, totals may not equal 100.0*

### Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, is reasonable. Examiners focused on the comparison to aggregate data for 2016 and to demographic data for 2017. The bank's 2016 home mortgage lending to low-income borrowers, at 4.0 percent, is below aggregate data by 3.4 percentage points. The bank's 2016 lending to moderate-income borrowers, at 4.0 percent, is below aggregate data by 14.4 percentage points. This performance is reasonable given the level of competition within the assessment areas, and 5.6 percent of families in the assessment areas lived below the poverty level in 2016 and would likely have had a difficult time meeting underwriting standards.

The bank's 2017 home mortgage lending to low-income borrowers, at 5.3 percent, is below demographic data by 12.9 percentage points, but reflects a similar level of lending by volume and represents a small increase by percentage from 2016. Additionally, the percentage of families that lived below the poverty level in the assessment areas increased to 6.4 percent in 2017. Lending to moderate-income borrowers, at 21.1 percent, is comparable to demographic data and represents a large increase from the prior year. Given the highly competitive market for home mortgage lending, the bank's overall performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
<b>Low</b>						
2016	16.7	7.4	1	4.0	32	0.4
2017	18.2	--	1	5.3	100	2.7
<b>Moderate</b>						
2016	18.9	18.4	1	4.0	61	0.8
2017	18.5	--	4	21.1	279	7.4
<b>Middle</b>						
2016	23.7	22.7	6	24.0	861	11.7
2017	22.3	--	2	10.5	341	9.0
<b>Upper</b>						
2016	40.7	32.3	9	36.0	3,754	50.9
2017	40.9	--	7	36.8	1,499	39.8
<b>Not Available</b>						
2016	0.0	19.2	8	32.0	2,667	36.2
2017	0.0	--	5	26.3	1,552	41.2
<b>Totals</b>						
2016	100.0	100.0	25	100.0	7,375	100.0
2017	100.0	--	19	100.0	3,771	100.0

Source: 2010 U.S. Census & 2015 ACS Census ; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

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

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. The following table shows that 91.7 percent of the small farm loans were originated to farms with GARs of \$1 million or less, which is slightly less than demographics. Given the comparison to demographic data and high level of competition, the bank's performance is reasonable.

<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	96.1	11	91.7	1,136	95.8
>1,000,000	2.2	0	0.0	0	0.0
Revenue Not Available	1.8	1	8.3	50	4.2
<b>Total</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,186</b>	<b>100.0</b>

*Source: 2017 D&B Data, 1/1/2016 - 12/31/2017 Bank Data.  
Due to rounding, totals may not equal 100.0*

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## 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.

**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 bank 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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 (for example, 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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:** 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.