



CRA Public File

Loan to Deposit Ratios

for each quarter of prior calendar year

| | 1st Quarter LTD Ratio | 2nd Quarter LTD Ratio | 3rd Quarter LTD Ratio | 4th Quarter LTD Ratio |
|------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2023 | 93.48 | 97.50 | 100.51 | 99.60 |
| 2024 | 100.18 | 100.38 | 100.24 | |

Branches Opened and Closed

A listing of branches opened or closed during current year and past two years:

Branches Opened: None

Branches Closed: None



List of Branches

Main Bank:

Andover State Bank
511 N. Andover Rd
Andover, KS 67002
Ph: 316-733-1375

Lobby Hours:
9:00 am – 5:00 pm
Monday thru Friday
Closed Saturday

Drive-In Hours:
8:00 am – 5:00 pm
Monday thru Friday
8:00 am – 6:00 pm (Thursdays Only)
9:00 am – 12:00 pm - Saturday

Branch:

Andover State Bank – Wichita
1718 N. Webb Rd
Wichita, KS 67206
Ph: 316-219-1600

Lobby Hours:
9:00 am – 5:00 pm
Monday thru Friday
Closed Saturday

Drive-In Hours:
9:00 am – 5:00 pm
Monday thru Friday
Closed Saturday

See census tract listing



List of Services

Deposit Account Services:

Please see enclosed Brochures for complete listing of accounts offered.

Loan Products/Programs:

| <i>PERSONAL LOANS</i> | <i>BUSINESS/COMMERCIAL LOANS</i> |
|--|---|
| • Real Estate Purchase/Refinance Loans | • Revolving Line of Credit Loans |
| • Home Equity/Line of Credit Loans | • Machinery/Equipment Loans |
| • Consumer Loans | • Rental Property Loans |
| • Personal Line of Credit | • Commercial Real Estate Loans |
| • Residential Construction Loans | • Commercial Construction Loans |
| • Bridge Loans | • General Contractor Spec/Model Loans |
| | • Industrial Revenue Bonds (IRB) |
| | • SBA 7(A)/504 Loans |
| | • Low Income Housing Tax Credit Loans |

Other Services:

Please see enclosed Brochures for complete listing of services offered.



Census Tracts

Sedgwick County Census

Tracts:

| | | | | |
|-------|-------|-------|-------|--------|
| 01.00 | 36.00 | 69.00 | 91.00 | 99.02 |
| 02.00 | 37.00 | 70.00 | 92.00 | 100.01 |
| 03.00 | 38.00 | 71.01 | 93.01 | 100.02 |
| 04.00 | 39.00 | 71.02 | 93.03 | 100.03 |
| 06.00 | 40.00 | 72.01 | 93.04 | 100.05 |
| 07.00 | 43.01 | 72.05 | 94.01 | 100.06 |
| 08.00 | 43.02 | 72.06 | 94.02 | 100.07 |
| 09.00 | 51.00 | 72.07 | 95.04 | 101.06 |
| 10.00 | 52.00 | 72.08 | 95.05 | 101.07 |
| 11.00 | 53.00 | 73.01 | 95.06 | 101.08 |
| 14.00 | 54.01 | 73.02 | 95.07 | 101.09 |
| 15.00 | 54.02 | 75.00 | 95.08 | 101.10 |
| 18.00 | 55.01 | 76.00 | 95.09 | 101.11 |
| 19.00 | 55.02 | 77.01 | 95.10 | 101.13 |
| 20.00 | 56.00 | 77.02 | 95.11 | 101.15 |
| 22.00 | 57.00 | 78.00 | 95.12 | 101.16 |
| 23.00 | 58.00 | 80.00 | 95.13 | 102.01 |
| 24.00 | 59.00 | 81.00 | 95.14 | 102.02 |
| 26.00 | 60.00 | 82.00 | 95.15 | 103.01 |
| 27.00 | 61.00 | 83.00 | 96.03 | 103.02 |
| 28.00 | 62.00 | 84.00 | 96.04 | 104.00 |
| 29.00 | 63.00 | 85.00 | 96.05 | 105.00 |
| 30.00 | 64.00 | 86.00 | 97.00 | 106.00 |
| 31.00 | 65.00 | 87.00 | 98.01 | 107.00 |
| 32.00 | 66.00 | 88.00 | 98.03 | 108.01 |
| 34.00 | 67.00 | 89.00 | 98.04 | 108.02 |
| 35.00 | 68.00 | 90.00 | 99.01 | 109.00 |

Butler County Census Tracts:

| | | | |
|--------|--------|--------|--------|
| 201.01 | 202.07 | 204.00 | 208.00 |
| 201.02 | 202.08 | 205.00 | 209.01 |
| 202.04 | 202.09 | 206.01 | 209.02 |
| 202.05 | 202.10 | 206.02 | 209.03 |
| 202.06 | 203.00 | 207.00 | |



HOME MORTGAGE DISCLOSURE ACT NOTICE

The HMDA data about our residential mortgage lending are available online of review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. HMDA data for many other financial institutions are also available online. For more information, visit the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda).

Bank when you want, where you want.

With online and mobile banking, you can manage your ASB accounts from your personal device. After all, that's how personal banking should be. Check balances, make deposits, transfer funds, pay bills and more from the comfort of your home or while you're on the go. You're always connected to your account.



Enroll today.

Enrolling for online banking is easy. Download the Andover State Bank app, or visit goasb.com/online-banking and choose **ENROLL NOW**.



Andover

511 N. Andover Rd.
Andover, KS 67002
316.733.1375 📞
316.733.1357 📱

LOBBY
Monday-Friday
9 a.m.-5 p.m.

DRIVE-THRU
Monday-Friday
8 a.m.-5 p.m.
(Open until 6 p.m. Thursday)
Saturday
9 a.m.-12 p.m.

Wichita

1718 N. Webb Rd.
Wichita, KS 67206
316.219.1600 📞
316.219.1660 📱

LOBBY
Monday-Friday
9 a.m.-5 p.m.

DRIVE-THRU
Monday-Friday
9 a.m.-5 p.m.

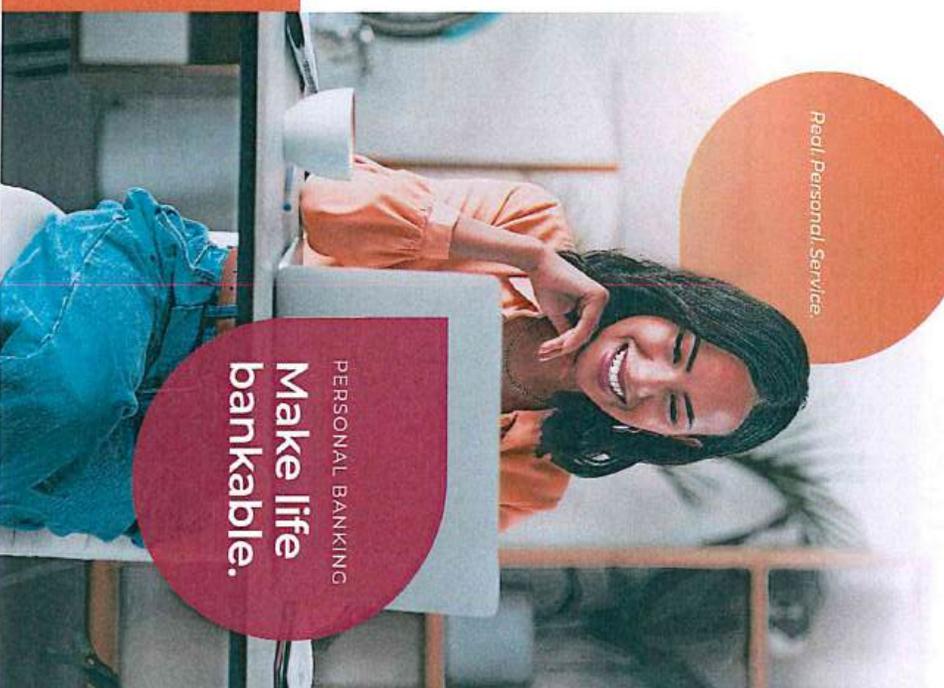
Customer Service
asb.custicare@goasb.com

Express Phone
316.733.7099 or
toll-free: 866.733.7099



ANDOVER
STATE BANK

Real. Personal. Service.



PERSONAL BANKING
**Make life
bankable.**



Follow us: @andoverstatebank

goasb.com

Checking Accounts

All accounts come with free debit cards,¹ e-statements, online bill pay and unlimited check-writing.

Free CHECKING

- \$25 to open
- No minimum balance or maintenance fees
- Electronic statements required (paper statements \$2.00/month)

Cash Back CHECKING

- \$25 to open
- No minimum balance or maintenance fees
- 12 debit card transactions required per month²
- 2% cash back on qualifying purchases up to \$10 per month
- One direct deposit or withdrawal required per month
- Two ATM surcharge refunds up to \$10 per month
- Electronic statements required
- Access to Round Up Savings account

Interest CHECKING³

- \$100 to open
- \$500 minimum monthly balance
- Interest with \$1,000 average balance^{*}
- \$10 maintenance fee (if balance falls below \$500)
- Free official checks

Premier CHECKING

- \$100 to open
- No minimum balance
- Interest with \$2,500 average balance^{*}
- \$8 maintenance fee for \$0 while maintaining \$10,000 in combined personal checking and savings account balances)
- Free official checks
- Free ASB-branded checks
- Unlimited ATM surcharge refunds
- Withdrawal up to \$2,500 from any one CD without penalty
- Preferred rates on consumer loans

Savings Accounts

Our interest-bearing accounts help you save toward the big things in life, from your first car to your retirement.

Traditional SAVINGS

- \$100 to open (\$25 for minors)
- \$100 minimum monthly balance
- \$3 maintenance fee (if balance falls below \$100)
- Interest earned daily and credited quarterly with \$100 average balance^{*}
- Withdrawal limit of three per month
- \$1 fee for each withdrawal over limit

Round Up SAVINGS

- Paired with Cash Back Checking
- Automatic deposit of spare change from debit card purchases
- 100% match of spare change contribution (up to \$100 annually)
- Refer to Traditional Savings for other account information

Money Market SAVINGS

- \$100 to open
- \$2,500 minimum balance or \$10,000 average balance
- \$10 maintenance fee (if balance falls below monthly requirement)¹
- Interest earned and credited monthly on balances over \$2,500^{*}
- Up to six withdrawals per month
- Over six transactions may be subject to \$5 per item charge

Small-bank service. Big-bank capability.

You can open a checking or savings account anywhere. Why choose us? Because we offer the community bank experience. We're small enough to provide you with real personal service, and we're capable enough to meet all your banking needs. Not every financial institution can pull that off, but we've been doing it for more than 100 years.

Spend, save or borrow.

- Individual retirement accounts (IRAs)
- Health savings accounts (HSAs)
- Certificates of deposit (CDs)
- ACH origination and direct deposit payroll
- Safe deposit boxes
- Overdraft protection programs
- Debit and credit cards
- Home mortgages
- Vehicle loans
- Home equity loans
- Home equity lines of credit (HELOCs)



¹Must qualify for MasterCard debit cards.
²Qualifying transactions must post and settle to the account during the monthly statement cycle. Transactions may take one or more banking days from the date the transaction was made to post and settle to the account.
³For customers 55 or older, monthly maintenance charges and minimum balance requirements are waived for this account.
^{*}Interest varies and is subject to change.

Loan Products

Commercial Loans

Our commercial lending services cover everything from daily purchases to long-term financing. Discover term loans, business lines of credit, and company credit cards. We offer easy access to the capital you need, whenever you need it.

Construction and Real Estate Loans

Our construction and real estate loans empower growing businesses with financing for expansions, renovations, new construction, real estate acquisitions, and other major projects.

Small Business Administration (SBA) Loans

SBA 504 and SBA 7(a) loans offer convenient financing for virtually any business expense. Featuring low interest rates, flexible terms, and fast approvals, SBA loans are perfect for startups.



Save with a Bundle

Small Business Banking Bundle

Are you a small to medium-sized business interested in treasury services but don't need all the features of a high-volume Treasury Management Checking account? Try our Small Business Bundle and combine your Free Business Checking or your Business Interest Checking with the following treasury services for \$50 per month.

- Basic Reporting
- ACH Payments/Payroll
- Digital Tokenization
- Merchant Services
- Mobile Deposit
- Online Bill Pay
- Online Banking
- Positive Pay (ACH and Check)
- Remote Deposit Capture
- Sweeps
- Wire Transfers

Andover

511 N. Andover Rd.
Andover, KS 67002
316.733.1375
316.733.1357

LOBBY
Monday-Friday
9 a.m.–5 p.m.

DRIVER-ONLY
Monday-Friday
8 a.m.–5 p.m.
(Open until 6 a.m. Thursday)

Wichita

1718 N. Webb Rd.
Wichita, KS 67206
316.219.1600
316.219.1660

LOBBY
Monday-Friday
9 a.m.–5 p.m.

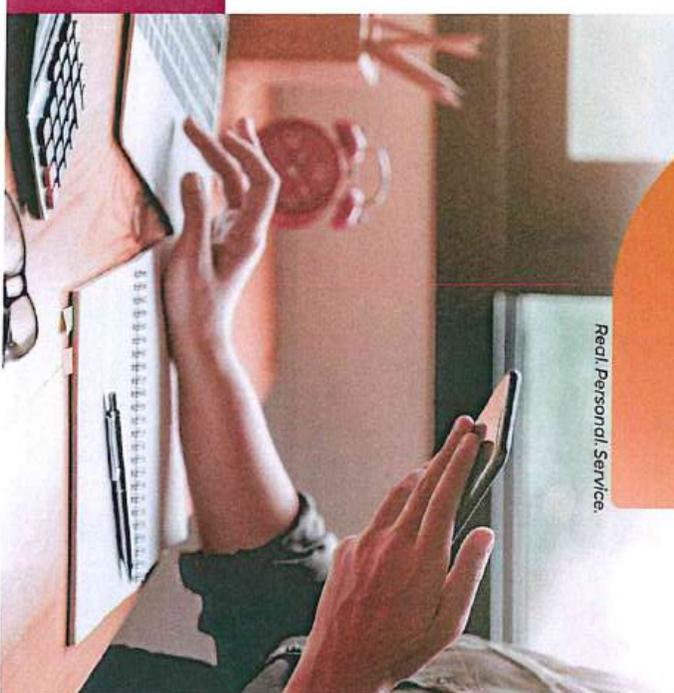
DRIVER-ONLY
Monday-Friday
9 a.m.–5 p.m.

Customer Service
asb.custcare@goasb.com



BUSINESS BANKING
You're in
good company.

Rec'd. Personl. Service.



Follow us:
@andoverstatebank



goasb.com

Small Business Checking Accounts

Free Business Checking

Free Business Checking is designed for small to medium-sized businesses with low to moderate account activity.

- Features:**
- Minimum to open is \$100
 - No monthly maintenance fee
 - 100 free items per month, \$0.15 per item¹ thereafter
 - Paper statements, \$5 per month
 - Three (3) free ATM withdrawals per month
 - Electronic services²

Business Interest Checking

Business Interest Checking is tailored for small to medium-sized businesses that have low account activity and would like to earn interest on balances.

- Features:**
- Minimum to open is \$100
 - \$5,000 monthly average balance to avoid a \$5 monthly maintenance fee
 - 50 free items per month, \$0.20 per item¹ thereafter
 - Interest earned¹
 - Paper statements, \$5 per month
 - Electronic services²

Nonprofit Checking

Nonprofit Checking is customized for nonprofit businesses (as defined by the IRS).

- Features:**
- Minimum to open is \$100
 - No monthly maintenance fee
 - No transaction fees
 - Unlimited ATM withdrawals per month
 - Paper statements, \$5 per month
 - Electronic services²

Commercial Business Checking Accounts

Treasury Management Checking (Account Analysis)

Treasury Management Checking is designed for businesses that have a large volume of transactions. Account balances can be used to offset service charges associated with the account by earning an earnings credit.

- Features:**
- Minimum to open is \$100
 - \$10 monthly maintenance fee
 - Transaction fees:
 - \$0.15 per each debit item
 - \$0.10 per each credit item
 - \$0.05 per each foreign deposited item
 - Earnings credit¹
 - E-statements or paper statements
 - Account analysis
 - Electronic services²



Treasury Management Services

Combine any of our treasury services with one of your Andover State Bank checking accounts to make the most of your products and services. Pricing available upon request.

- Account Analysis
- ACH Payments/
Payroll
- CDARS/ICS
(ACH and Check)
- Corporate
Credit Cards
- Digital Tokenization
- Merchant Services
- Mobile Deposit
- Online Banking
- Online Bill Pay
- Positive Pay
(ACH and Check)
- Remote Deposit
Capture
- Sweeps
- Wire Transfers

Savings Accounts

Business Sweep Account

Business Sweep is for clients interested in maximizing their account earnings. Link this interest-bearing account to your operating account, and sweep excess balances over \$50,000 nightly.

- Features:**
- Interest earned¹
 - Minimum target balance of \$50,000 in linked operating account
 - No transaction fees
 - E-statements or paper statements
 - Electronic services²

Business Money Market

Business Money Market is an account that allows businesses to save and earn interest on excess funds.

- Features:**
- Minimum to open is \$100
 - \$2,500 minimum balance or \$10,000 average balance to avoid \$10 monthly service charge
 - No charge for the first six (6) withdrawals per month, \$5 per withdrawal thereafter
 - Interest earned¹ on balances over \$2,500:
 - \$2,500 - \$9,999
 - \$10,000 - \$49,999
 - \$50,000 - \$99,999
 - \$100,000 and over
 - E-statements or paper statements
 - Electronic services²

¹ Per item charges apply to debits, credits, and deposits, including checks, electronic debits, and electronic credits.

² Electronic services include online banking, online bill pay, electronic statements, mobile deposits, and debit/credit cards (must qualify).

³ Earnings credit and interest rates are subject to change after the account is opened.



DEPOSIT ACCOUNT FEE SCHEDULE
EFFECTIVE AUGUST 8, 2023

| SERVICE | FEE |
|------------------------------|--|
| Checks | \$5.00 each Official Check \$1 each temporary or counter |
| Change Orders | \$1.00 per order \$0.10 each coin per roll \$4.00 each coin per box \$0.01 per note |
| Close Account | \$10.00 if closed within 90 days \$10.00 to re-open within 90 days of closing |
| Coin Counting | 10% fee (non-customers) |
| Collection (Foreign) Items | \$20 incoming or domestic |
| Debit/ATM Cards Fees | \$10.00 card replacement ¹ \$2.50 pin reminder mailed to customer \$2.00 foreign ATM transactions |
| Dormant Accounts | \$10.00 per month (checking - after 1 year) \$10.00 per month (savings - after 2 years) |
| Foreign Currency Exchange | \$10.00 per transaction |
| In-Branch Deposit Processing | \$0.05 per \$100 in currency ² |
| Insufficient Funds | \$32.00 overdraft items paid \$32.00 overdraft items returned (each presentment) \$5.00 per consecutive days overdraft (5) \$5.00 automatic transfer protection |
| IRA Transfer Fee (outgoing) | \$25.00 each |
| Notary | \$10.00 each (non-customer) |
| Research/Reconciliation | \$30.00 per hour (one hour minimum) \$5.00 per statement \$1.00 per image sheet |
| Returned Deposited Items | \$5.00 re-run \$7.00 chargeback |
| Safe Deposit Boxes | 5x5 - \$35.00/year (Andover only) 3x10 - \$40.00/year (Waterfront only) 5x10 - \$55.00/year 10x10 - \$90.00/year \$10.00 late payment fee (30 days) \$25.00 lost key \$225.00 to drill box |
| Statement Copies | \$5.00 per account statement ³ |
| Stop Payments | \$32.00 each check or electronic |
| Transfers | \$5.00 telephone transfers \$5.00 ACH origination set up (consumer) |
| Wire Transfers | \$15.00 incoming wire \$20.00 outgoing wire \$45 each foreign (incoming or outgoing) |
| Zipper Bags | \$10.00 each |

(1) May receive one time courtesy replacement
(2) Applies to commercial account customers
(3) If not enrolled in e-statements

COMMUNITY REINVESTEMENT ACT STATEMENT

The management of the Andover State Bank has determined that the assessment area is a service area which constitutes all of Butler County and all of Sedgwick County (and all of the city of Wichita) which is further described by census tracts attached to our assessment area map. This area is where the bank generates the majority of its deposits and loans, and the area which management feels should be the primary focus of its community efforts.

As a matter of policy, the Bank will provide all of its loan and deposit products to people located throughout the above assessment area. Specific credit and deposit products follow:

- Installment loans including automobile, boat, motorcycle, recreational vehicle, mobile home, consolidation.
- Commercial loans including business, Small Business Administration, real estate, farm.
- Real Estate including construction, purchase, improvement, and home equity lines. The bank offers a variety of purchase options for low income through jumbo mortgages, with terms ranging from 15 to 30 years, down payments as low as 3.0%, and both fixed and adjustable rate (ARM) programs.
- Account products including regular checking, value checking, student checking, savings, money market savings, certificates of deposit, business and small business accounts.

While our various installment loan programs help satisfy community consumption needs, our commercial and SBA loan programs bring new retail services to the area and help create local employment opportunities. Andover and surrounds is one of the fastest growing communities in the state. To help meet 1 to 4 family dwelling needs, the bank has created a mortgage loan division which focuses on the special requirements relating to real estate growth and financing. The bank's mortgage products satisfy both low income and high income housing needs, as well as everything between. Additionally, the bank is able to assist the special needs of rural real estate and mobile home financing.

In order to help determine if the bank is meeting the needs of the community, management will rely on a number of other external resources. These resources may include, but are not limited to, the following: the bank's Board of Directors;

the Mayor of the City of Andover; individual members of the Andover City Council and Zoning Board; individual members of the School Board; church leaders representing various area denominations; Butler County Commissioners; Butler County Zoning Board members, Butler County Economic Development Board members; and, in Wichita, certain key individuals of the Wichita Area Planning Department.

The bank maintains a public file of all written comments and suggestions by customers and non-customers relative to improving credit services to the community. This file, along with the results of any CRA compliance examination, is available for review upon request. Upon request, a copy of this statement may be obtained for a charge of \$3.00 which covers our cost of duplication and mailing. To request a copy, you may ask at our location located at 511 N. Andover Rd., Andover, KS, 67002

The Board of Directors and management recognize that The Community Reinvestment Act requires ongoing and continuing consideration and evaluation. We encourage public comment and will do everything possible to meet the credit and deposit needs of our assessment area.

PUBLIC DISCLOSURE

March 11, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Andover State Bank
Certificate Number: 16410

511 North Andover Road
Andover, Kansas 67002

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 category has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

Andover State Bank's satisfactory 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 Lending Test performance.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 18, 2013, to the current evaluation dated March 11, 2019. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures consist of the CRA Small Institution Lending Test. This evaluation does not include any lending activity performed by affiliates.

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

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

Small institutions also have the option to provide details on community development activities for CRA consideration. Community development activities may include loans, and qualified investments and services that meet the definition of community development under the CRA.

Loan Products Reviewed

Examiners determined that the bank's major product lines are commercial and home mortgage loans; therefore, the small business and home mortgage loan products were reviewed for this evaluation. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank's small farm loan performance was not reviewed as agricultural loans represent a very small percentage of the overall lending activity. The small business loans received greater consideration in this evaluation due to the larger commercial loan volume when compared to home mortgage lending.

Examiners reviewed all outstanding small business loans originated or renewed in 2018. Discussions with management confirmed that review of small business loans originated during this time period would be representative of the bank's lending since the previous evaluation. D&B data for 2018 provided a standard of comparison for the small business loans evaluated. Since Andover State Bank is located in a metropolitan statistical area (MSA) and has exceeded prescribed total asset size thresholds, the bank is required to maintain records and report home mortgage lending under the Home Mortgage Disclosure (HMDA) requirements. Therefore, the bank's HMDA records for 2017 and 2016 were used for the home mortgage loan review. For home mortgage loans, 2017 and 2016 HMDA aggregate data, for HMDA-reportable loans within the assessment area, provided a standard of comparison for the review.

For the Lending Test, the universe of loans was used to evaluate the Assessment Area Concentration criterion. For the Geographic Distribution and Borrower Profile criteria, the universe of small business and home mortgage loans originated within the assessment area was

evaluated. The following table illustrates the loan information in each review and the total universe for each loan category for the stated review period.

| Loan Products Reviewed | | | | |
|------------------------|----------|----------|----------|---------|
| Loan Category | Universe | | Reviewed | |
| | # | \$(000s) | # | \$(000) |
| Small Business * | 58 | 12,764 | 58 | 12,764 |
| HMDA – 2017 | 32 | 4,639 | 32 | 4,639 |
| HMDA – 2016 | 23 | 3,061 | 23 | 3,061 |

Source: 2016 and 2017 HMDA Reported Data, () 2018 Bank Data*

Examiners reviewed the number and dollar volume of small business and home mortgage loans. Although the number and dollar volume of the loan reviews are both presented, examiners gave greater consideration to the number of loans because the number of loans is a better indicator of the number of businesses and individuals served by the bank.

DESCRIPTION OF INSTITUTION

Background

Andover State Bank is a full-service institution located in Andover, Kansas. The city of Andover is located in western Butler County, which is in southcentral Kansas. The bank is wholly owned by Andover Financial Corporation, a one-bank holding company. Andover State Bank received a Satisfactory rating at its prior FDIC Performance Evaluation dated March 18, 2013, based on Interagency Small Institution Examination Procedures.

Operations

Andover State Bank has two office locations. The main office is in the city of Andover (population 11,791), and the branch office is in the eastern section of the neighboring city of Wichita (population 382,368). The main office is located in upper-income census tract 202.02 in Butler County, and the Wichita branch is located in upper-income census tract 101.15 in Sedgwick County. The bank has not opened or closed any branches, and no merger or acquisition activities have occurred since the previous evaluation.

The institution actively offers commercial, home mortgage, and consumer loans, but the bank primarily focuses on commercial lending. Discussion with bank management revealed that the home mortgage lending activity has been more focused on assisting borrowers in obtaining non-owner-occupied properties, such as rentals or investment properties, and not on consumer owner-occupied single family dwellings. (The bank discontinued a secondary market home loan program in 2011.) However, management noted that the bank just re-started a program to offer borrowers the option of home loans that will be sold into the secondary market. This will allow borrowers the opportunity to obtain long-term, fixed-rate home loans, which are typically for owner-occupied homes. The bank has hired a dedicated loan officer for this program, and management noted that an increased focus will be placed on providing owner-occupied home loans.

The bank also provides a variety of deposit services including checking, money market accounts, savings, and certificates of deposit. Alternative banking services include internet banking, electronic bill pay, and two bank-owned automated teller machines located at both bank offices.

Ability and Capacity

As of December 31, 2018, bank assets totaled \$93,929,000, including loans and leases totaling \$81,100,000. The following table illustrates the loan portfolio composition as of December 31, 2018, based on dollar volume. As the table illustrates, agricultural loans comprise only 1.7 percent of the portfolio, commercial loans comprise the largest category at 49.5 percent, residential home loans comprise 34.8 percent, and consumer loans comprise 1.5 percent.

| Loan Portfolio Distribution as of December 31, 2018 | | |
|--|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 10,138 | 12.5 |
| Secured by Farmland | 1,383 | 1.7 |
| Secured by 1-4 Family Residential | 25,596 | 31.6 |
| Multi-family (5 or more) Residential | 2,618 | 3.2 |
| Commercial Real Estate | 31,167 | 38.4 |
| Total Real Estate Loans | 70,902 | 87.4 |
| Commercial and Industrial | 8,964 | 11.1 |
| Agricultural | 15 | < 0.1 |
| Consumer | 1,219 | 1.5 |
| Other | 0 | 0.0 |
| Less: Unearned Income | 0 | 0.0 |
| Total Loans | 81,100 | 100.0 |
| <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 the credit needs of the assessment area.

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. Andover State Bank has designated one assessment area that includes the adjoining counties of Butler and Sedgwick, which are two of the five counties that comprise the Wichita, Kansas MSA. The following sections discuss demographic and economic information for the bank’s assessment area.

Economic and Demographic Data

The assessment area contains 13 census tracts in Butler County and 124 census tracts in Sedgwick County. The total of 137 census tracts reflects the following income classifications according to the 2015 American Community Survey (ACS):

- 16 low-income tracts (all in Sedgwick County)
- 38 moderate-income tracts (3 in Butler County)
- 45 middle-income tracts (7 in Butler County)
- 38 upper-income tracts (3 in Butler County)

Of the three moderate-income census tracts in Butler County, two are within the city of El Dorado (population 13,021) and one is within the city of Augusta (population 9,274). The LMI census tracts in Sedgwick County are all within the city of Wichita, generally in the core sections of the city.

The following table illustrates select demographic information for the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|--|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 137 | 11.7 | 27.7 | 32.8 | 27.7 | 0.0 |
| Population by Geography | 572,621 | 8.6 | 23.6 | 34.4 | 33.4 | 0.0 |
| Housing Units by Geography | 240,029 | 9.6 | 25.6 | 34.8 | 30.0 | 0.0 |
| Owner-Occupied Units by Geography | 141,382 | 5.3 | 18.5 | 35.8 | 40.4 | 0.0 |
| Occupied Rental Units by Geography | 75,852 | 15.3 | 35.4 | 34.9 | 14.4 | 0.0 |
| Vacant Units by Geography | 22,795 | 18.1 | 37.0 | 28.1 | 16.8 | 0.0 |
| Businesses by Geography | 29,100 | 6.5 | 27.2 | 32.8 | 33.4 | 0.0 |
| Farms by Geography | 1,097 | 2.6 | 12.5 | 36.9 | 48.0 | 0.0 |
| Family Distribution by Income Level | 141,972 | 20.8 | 17.6 | 21.1 | 40.5 | 0.0 |
| Household Distribution by Income Level | 217,234 | 23.7 | 16.6 | 18.3 | 41.4 | 0.0 |
| Median Family Income MSA - 48620 Wichita, KS MSA | | \$64,897 | Median Housing Value | | | \$124,626 |
| | | | Median Gross Rent | | | \$747 |
| | | | Families Below Poverty Level | | | 10.5% |
| <i>Source: 2015 ACS Census and 2018 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.</i> | | | | | | |

According to 2018 D&B data, there are 29,100 businesses within the assessment area. The analysis of the small business loans under the Borrower Profile criterion compares the loan distribution of businesses by gross annual revenue. Gross annual revenue distribution for businesses within the assessment area is as follows:

- 78.5 percent have gross annual revenues of \$1 million or less
- 8.0 percent have gross annual revenues of more than \$1 million
- 13.5 percent have unknown revenues

Of the businesses within the assessment area, service industries represent the largest portion of businesses at 44.2 percent, followed by retail trade (14.2 percent), and construction (7.2 percent). In addition, 64.3 percent of the businesses have four or fewer employees, and 84.6 percent operate from a single location.

The 2017 and 2016 Federal Financial Institution Examination Council (FFIEC)'s updated median family income levels of \$66,900 and \$65,000, respectively, for the Wichita, Kansas MSA were used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories, with the respective income ranges, are presented in the following table.

| Median Family Income Ranges | | | | |
|---|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| Wichita, KS MSA Median Family Income (48620) | | | | |
| 2017 (\$66,900) | <\$33,450 | \$33,450 to <\$53,520 | \$53,520 to <\$80,280 | ≥\$80,280 |
| 2016 (\$65,000) | <\$32,500 | \$32,500 to <\$52,000 | \$52,000 to <\$78,000 | ≥\$78,000 |
| <i>Source: FFIEC</i> | | | | |

Within the assessment area, there are 240,029 housing units, of which 58.9 percent are owner-occupied, 31.6 percent are occupied rental units, and 9.5 percent are vacant.

Review of unemployment rate information provided by the Kansas Department of Labor shows that for December 2018, the unemployment rate was 3.1 percent for Butler County and 3.4 percent for Sedgwick County compared to the 3.3 percent for the state of Kansas. The unemployment rate for both counties has edged downward over the past year, as the rate in December 2017 was 3.3 percent for Butler County and 3.6 percent for Sedgwick County.

Competition

Andover State Bank has direct competition from five other financial institutions in the city of Andover. Additionally, the Andover State Bank has significant competition from 38 institutions that operate in neighboring Wichita (or in Sedgwick County). A measure of competition for banking relationships can be ascertained from the FDIC's Deposit Market Share data. The most recent report as of June 30, 2018, (covering FDIC insured institutions) shows there are 41

financial institutions that operate full-service branches within the assessment area. Of these institutions, Andover State Bank is ranked 21st with a 0.51 percent deposit market share.

Andover State Bank is not required to collect or report its small business loan data, as it is classified as a small institution. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, review of aggregate data for small business loan reporters (generally large institutions) within the assessment area helps to provide a sense of the level of competition for this type of loan. The 2017 aggregate data (the most recent year for which data is available) shows 81 lenders that originated 8,662 small business loans within the assessment area. This information indicates that there is strong competition for small business loans within the assessment area.

There is also strong competition for home mortgage loans among the mortgage lenders that operate within the assessment area. Aggregate HMDA data for 2017 (the most recent year for which data is available) shows that 308 mortgage lenders originated 17,578 HMDA-reportable loans within the assessment area.

Community Contact

To help gain insight into the area economy, demographic trends, business environment, and credit needs within the assessment area, examiners interview members of the local community. This section includes observations made by a government official who was interviewed in conjunction with this examination.

The community contact indicated that the area economy has been strong, with a notable volume of new housing and business developments occurring over the last few years. It was stated that Andover is considered a fairly affluent community, with primary industries being services, retail, and numerous other small businesses. The contact indicated that the school district is very strong, with a \$188 million bond issued in 2017 for major improvements and facility developments. The contact noted that there is major development currently underway along Highway 54 that runs through Andover. The contact indicated that credit needs in the area are home loans, business loans, and development loans. The contact noted that there is very strong banking competition in the area.

Bank management indicated that the commercial real estate market in the Wichita area is currently very strong. It was noted that commercial occupancy rates are high, but that there is a shortage of skilled labor as well as single family housing.

Considering information from the community contact, bank management, and demographic data, examiners determined that business loans and home loans represent the primary credit needs for the assessment area. The demand for small business loans is also illustrated by the large percentage of business operations with gross annual revenues of \$1 million or less.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Andover State Bank demonstrated overall reasonable performance under the Lending Test. The bank's Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily supports this conclusion.

Loan-to-Deposit Ratio

The bank's LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

The institution's average net LTD ratio is 95.7 percent for the 24 quarters from March 31, 2013, to December 31, 2018 (representing the time period since the institution's previous CRA evaluation). During this period, the bank experienced a strong increase in net loans from \$60,168,000 as of March 31, 2013, to \$80,216,000 as of December 31, 2018, representing a 33.3 percent increase. During this same time period, the bank also experienced a strong increase in deposits from \$59,335,000 to \$76,631,000, representing a 29.1 percent increase. The current December 31, 2018, quarterly LTD ratio is a notable 104.7 percent.

The bank's average net LTD ratio compares favorably to the LTD ratios of similarly-situated institutions, which were chosen based on their asset size, geographic location, and lending focus. The following table presents a comparison of Andover State Bank's average net LTD ratio to similar institutions headquartered within Butler and Sedgwick counties or the surrounding area. This comparison shows Andover State Bank has an average LTD ratio that surpasses the ratios of the other banks, demonstrating strong lending activity.

| Loan-to-Deposit Ratio Comparison | | |
|--|---------------------------|--------------------------|
| Institution | Total Assets \$(000's) | Average Net LTD Ratio |
| Andover State Bank, Andover, Kansas | 93,929 | 95.7 |
| Carson Bank, Mulvane, Kansas | 119,894 | 62.6 |
| Chisholm Trail State Bank, Wichita, Kansas | 77,565 | 49.4 |
| Community Bank of Wichita, Inc., Wichita, Kansas | 77,775 | 86.9 |
| Garden Plain State Bank, Wichita, KS | 96,210 | 55.3 |

Source: Reports of Condition and Income 3/31/2013 through 12/31/2018

Assessment Area Concentration

The bank originated a substantial majority of its small business and home mortgage loans within the assessment area. 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 | | | | | | | | | | |
| 2017 | 28 | 87.5 | 4 | 12.5 | 32 | 4,103 | 88.4 | 536 | 11.6 | 4,639 |
| 2016 | 23 | 100.0 | 0 | 0.0 | 23 | 3,061 | 100.0 | 0 | 0.0 | 3,061 |
| Subtotal | 51 | 92.7 | 4 | 7.3 | 55 | 7,164 | 93.0 | 536 | 7.0 | 7,700 |
| Small Business * | 54 | 93.1 | 4 | 6.9 | 58 | 11,367 | 89.1 | 1,397 | 10.9 | 12,764 |
| Total | 105 | 92.9 | 8 | 7.1 | 113 | 18,531 | 90.6 | 1,933 | 9.4 | 20,464 |

Source: 2016 and 2017 HMDA Reported Data, () Bank Data*

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration of loans among businesses of different revenue sizes and to individuals of different income levels. Although the bank's home mortgage performance was poor, the bank's small business performance was reasonable. Examiners focused on the percentage of small business loans to operations with gross annual revenues of \$1 million or less and on the percentage of home mortgage loans to LMI borrowers, with greater consideration placed on the small business performance.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less, as shown in the following table. D&B data for the assessment area shows that 78.5 percent of the businesses have gross annual revenues of \$1 million or less. The bank originated 70.4 percent of the loans reviewed to these small business operations, which is fairly proportionate to the D&B data.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|---|-----------------|-----------|--------------|---------------|--------------|
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | 78.5 | 38 | 70.4 | 7,901 | 69.5 |
| >1,000,000 | 8.0 | 16 | 29.6 | 3,466 | 30.5 |
| Revenue Not Available | 13.5 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 54 | 100.0 | 11,367 | 100.0 |

Source: 2018 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels shows poor penetration to LMI borrowers. The distribution of the reviewed loans to borrowers of different income levels is displayed in the following table for 2017 and 2016 HMDA data. The table shows that the bank did not originate any home mortgage loans reviewed to moderate-income borrowers in 2016 and 2017. Also, the bank did not originate any home mortgage loans reviewed to low-income borrowers in 2016. However, the review showed in 2017 that 10.7 percent of the loans were originated to low-income borrowers, which is above the 7.6 percent of aggregate HMDA loans to low-income families, and an improvement from the 2016 performance.

Although the bank's lending performance to LMI borrowers has been weak, this is not considered a significant issue as the bank has not focused on providing owner-occupied home loans, as discussed earlier. For 2017, of the 28 total loans within the assessment area, 17 loans (60.7 percent) were for non-owner-occupied homes (i.e. rental and investment properties), which also includes the 13 loans for which borrower income was not available. For 2016, of the 23 total loans within the assessment area, 12 loans (52.2 percent) were for non-owner-occupied homes. In addition, Andover State Bank is not a significant HMDA home mortgage lender in the assessment area as the bank was ranked 93rd in 2017 with a 0.16 percent market share. Aggregate HMDA data reveals there is strong competition for home mortgage loans in the assessment area. Three of the five additional financial institutions with offices in Andover are ranked in the top 11 of HMDA lenders for 2017. Bank management noted that with the recent opening (November 2018) of the bank's secondary market home loan department, there is an increased focus on attracting loan customers for owner-occupied homes from the community and surrounding area.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | |
|--|---------------|------------------------------|----|-------|----------|-------|
| Borrower Income Level | % of Families | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2017 | 20.8 | 7.6 | 3 | 10.7 | 40 | 1.0 |
| 2016 | 20.4 | 6.7 | 0 | 0.0 | 0 | 0.0 |
| Moderate | | | | | | |
| 2017 | 17.6 | 17.4 | 0 | 0.0 | 0 | 0.0 |
| 2016 | 18.3 | 16.5 | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | | |
| 2017 | 21.1 | 21.0 | 2 | 7.1 | 81 | 2.0 |
| 2016 | 21.0 | 20.7 | 2 | 8.7 | 34 | 1.1 |
| Upper | | | | | | |
| 2017 | 40.5 | 32.1 | 10 | 35.7 | 1,982 | 48.3 |
| 2016 | 40.3 | 33.1 | 15 | 65.2 | 2,307 | 75.4 |
| Income Not Available | | | | | | |
| 2017 | 0.0 | 21.9 | 13 | 46.4 | 2,000 | 48.7 |
| 2016 | 0.0 | 23.0 | 6 | 26.1 | 720 | 23.5 |
| Total | | | | | | |
| 2017 | 100.0 | 100.0 | 28 | 100.0 | 4,103 | 100.0 |
| 2016 | 100.0 | 100.0 | 23 | 100.0 | 3,061 | 100.0 |

Source: 2010 U.S. Census and 2015 ACS Data; 2017 and 2016 HMDA Reported Data; 2017 and 2016 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business lending performance is the primary driver for this conclusion; although, the bank's home mortgage lending performance was excellent. Examiners focused on the percentage of loans in LMI census tracts.

Small Business Loans

The geographic distribution of the small business loans reflects an overall reasonable dispersion throughout the assessment area. Although the bank did not originate any loans to businesses in low-income census tracts, this is not considered a significant issue. As the D&B data shows, only a small number of the businesses (6.5 percent) are located in low-income census tracts. In addition, the low-income census tracts are primarily located in the core section of the city of Wichita, and are some distance from the Andover State Bank's branch in east Wichita. Also, the bank originated 38.9 percent of the loans reviewed to businesses in moderate-income tracts, which exceeds the D&B data of 27.2 percent of businesses located in moderate-income census tracts.

| Geographic Distribution of Small Business Loans | | | | | |
|---|-----------------|-----------|--------------|---------------|--------------|
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | 6.5 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 27.2 | 21 | 38.9 | 5,519 | 48.5 |
| Middle | 32.8 | 14 | 25.9 | 3,249 | 28.6 |
| Upper | 33.4 | 19 | 35.2 | 2,599 | 22.9 |
| Totals | 100.0 | 54 | 100.0 | 11,367 | 100.0 |

Source: 2018 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The distribution of the reviewed loans in census tracts of different income levels is displayed in the following table for 2017 and 2016 HMDA data. In 2016, the bank did not originate any loans in low-income census tracts. However, in 2017, the bank's performance in low-income census tracts exceeded HMDA aggregate data. Additionally, the bank's home mortgage lending performance in moderate-income census tracts exceeded HMDA aggregate data in both 2016 and 2017.

As previously discussed, a majority of the bank's HMDA loans were for rental and investment properties. In 2017, eight of the nine loans in LMI census tracts were for non-owner-occupied homes. In 2016, six of the seven loans in LMI tracts were for non-owner-occupied homes. Bank management noted that the rental home loan borrowers have different approaches. Some focus on acquiring homes that will have lower rents, such as those in LMI tracts, while others select homes that will have higher rents affordable to middle- or upper-income families. Although the bank has not attracted many borrowers residing in LMI tracts for owner-occupied home loans, this is not unreasonable as the bank has not focused on this type of home lending and is not a significant mortgage lender in the assessment area. As noted earlier, 308 mortgage lenders originated HMDA reportable loans within the assessment area in 2017, indicating that borrowers have many choices when choosing a lender for home loans.

| Geographic Distribution of Home Mortgage Loans | | | | | | |
|--|-----------------------------------|------------------------------|----|-------|----------|-------|
| Tract Income Level | % of Owner-Occupied Housing Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2017 | 5.3 | 3.2 | 2 | 7.1 | 157 | 3.8 |
| 2016 | 3.3 | 1.6 | 0 | 0.0 | 0 | 0.0 |
| Moderate | | | | | | |
| 2017 | 18.5 | 16.3 | 7 | 25.0 | 531 | 12.9 |
| 2016 | 25.2 | 18.6 | 7 | 30.4 | 408 | 13.3 |
| Middle | | | | | | |
| 2017 | 35.8 | 35.6 | 12 | 42.9 | 1,838 | 44.8 |
| 2016 | 30.8 | 29.2 | 5 | 21.7 | 312 | 10.2 |
| Upper | | | | | | |
| 2017 | 40.4 | 44.9 | 7 | 25.0 | 1,577 | 38.4 |
| 2016 | 40.7 | 50.5 | 11 | 47.8 | 2,341 | 76.5 |
| Totals | | | | | | |
| 2017 | 100.0 | 100.0 | 28 | 100.0 | 4,103 | 100.0 |
| 2016 | 100.0 | 100.0 | 23 | 100.0 | 3,061 | 100.0 |

Source: 2010 U.S. Census and 2015 ACS Data; 2017 and 2016 HMDA Reported Data; 2017 and 2016 HMDA Aggregate 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 Lending Test rating.

Qualified Investments and Services

Based on management's election, the bank's performance in providing qualified investments that meet the definition of community development and its performance in providing branches, other services, and delivery systems that enhance credit availability within the assessment area were reviewed. A focus was placed on those qualifying activities that have occurred since the previous CRA evaluation of March 18, 2013. The bank's sole qualified investment is a \$500,000 investment in a low-income housing tax credit offered by a non-profit organization that develops affordable housing in a 10-state area of the Midwest, with the bank's specific investment for affordable housing in Missouri and Kansas. The institution did not have any qualified services. Ultimately, examiners determined that the activities did not sufficiently enhance the bank's CRA performance to warrant an "Outstanding" 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.