

PUBLIC DISCLOSURE

November 8, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Exchange Bank & Trust
Certificate Number: 4619

600 Commercial Street
Atchison, Kansas 66002

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
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	10
KANSAS.....	11
DESCRIPTION OF INSTITUTION'S OPERATIONS IN KANSAS.....	11
SCOPE OF EVALUATION – KANSAS	12
CONCLUSIONS ON PERFORMANCE CRITERIA IN KANSAS.....	13
KANSAS CITY MSA.....	16
DESCRIPTION OF INSTITUTION'S OPERATIONS IN KANSAS CITY MSA.....	16
SCOPE OF EVALUATION – KANSAS CITY MSA	17
CONCLUSIONS ON PERFORMANCE CRITERIA IN KANSAS CITY MSA	18
ST. JOSEPH MSA.....	21
DESCRIPTION OF INSTITUTION'S OPERATIONS IN ST. JOSEPH MSA	21
SCOPE OF EVALUATION – ST. JOSEPH MSA	22
CONCLUSIONS ON PERFORMANCE CRITERIA IN ST. JOSEPH MA.....	23
APPENDICES	27
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	27
SUMMARY OF RATINGS FOR RATED AREAS	28
GLOSSARY	29

INSTITUTION RATING

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

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

Exchange Bank & Trust's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the rating. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- The bank made a majority of its small farm, small business, and home mortgage loans in the assessment areas.
- The geographic distribution of small farm, small business, and home mortgage loans reflects an overall reasonable dispersion throughout the bank's assessment areas.
- The distribution of borrowers reflects reasonable penetration among farms and businesses 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 Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities in the assessment areas.

DESCRIPTION OF INSTITUTION

Exchange Bank & Trust is headquartered in Atchison, Kansas. The bank is owned by Exchange Bankshares Corporation of Kansas, a one-bank holding company in Atchison. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation based on Interagency Intermediate Small Institution Examination Procedures dated November 27, 2018.

Exchange Bank & Trust operates ten full-service and two limited-service branches in Kansas and Missouri. Changes in the branch structure include closing the full-service Country Mart branch in Atchison, Kansas on February 1, 2019, and opening a new branch in Platte City, Missouri on July 13, 2020. The branch changes did not adversely impact low- and moderate-income areas as both locations are in middle-income areas. No merger or acquisition activities occurred since the previous evaluation.

Loan products include agricultural, commercial, home mortgage (in-house and secondary market), and consumer loans. The bank's primary business focus is agricultural lending. The institution provides traditional deposit products including checking, savings, money market deposit accounts, and certificates of deposit. The bank offers insurance and investment products through a third-party broker. Alternative banking services include internet and mobile banking, text banking, and online bill pay. The bank operates nine ATMs, four are deposit taking.

According to the June 30, 2021 Reports of Condition and Income, Exchange Bank & Trust reported total assets of \$537.9 million, total loans of \$321.2 million, and total deposits of \$470.5 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of June 30, 2021		
Loan Category	\$(000s)	%
Construction and Land Development	10,584	3.3
Secured by Farmland	60,993	19.0
Secured by 1-4 Family Residential Properties	68,606	21.4
Secured by Multifamily (5 or more) Residential Properties	1,828	0.6
Secured by Nonfarm Nonresidential Properties	27,489	8.5
Total Real Estate Loans	169,500	52.8
Agricultural Loans	32,804	10.2
Commercial and Industrial Loans	48,976	15.2
Consumer Loans	67,996	21.2
Other Loans	272	0.1
Lease Financing Receivables (net of unearned income)	1,698	0.5
Total Loans	321,246	100.0
<i>Source: Reports of Condition and Income</i>		

Exchange Bank & Trust has no financial, legal, or other impediments that would limit it from meeting the credit needs of its assessment areas.

Exchange Bank & Trust offers loans on the secondary market. The following table indicates a substantial number and dollar volume of secondary market loans for 2018, 2019, and 2020. The loan originations are not included on the bank's Home Mortgage Disclosure (HMDA) Loan Application Registers as the bank did not make the credit decision. However, the number and dollar volume of loans is an indicator of the bank's commitment to the credit needs of the communities it serves.

Secondary Market Loans		
Year	#	\$ (000)
2018	85	17,636
2019	109	21,810
2020	167	36,685
Subtotal	361	76,131
<i>Source: Bank data</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas in which its CRA performance will be evaluated. Exchange Bank & Trust designated three assessment areas: The Atchison Assessment Area located in nonmetropolitan Kansas, the Kansas City Assessment Area located in the Kansas City Multistate metropolitan statistical area (MSA) (Missouri and Kansas), and the St. Joseph Assessment Area located in the St. Joseph Multistate MSA (Missouri and Kansas). Detailed information regarding each assessment area and rated area is provided in the subsequent sections. The following table provides an overview of the assessment areas and CRA rated areas.

Description of Assessment Areas and Rated Areas				
Rated Areas	Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Kansas	Atchison	Atchison County, Kansas	4	3
Kansas City MSA	Kansas City	Leavenworth County, Kansas Platte County, Missouri	20	5
St. Joseph MSA	St. Joseph	Doniphan County, Kansas Buchanan County, Missouri	28	2
<i>Source: Bank Data</i>				

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 27, 2018, to the current evaluation dated November 8, 2021. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate Exchange Bank & Trust's CRA performance. These procedures include the Lending and Community Development Tests, which are described in detail in the Appendix.

Examiners performed full-scope reviews to analyze the bank's performance in all three assessment areas as required by the examination procedures. The three assessment areas were equally weighted as the lending volume is relatively consistent between all areas. Additionally, products and services do not differ between the assessment areas.

Activities Reviewed

Examiners determined that Exchange Bank & Trust’s major product lines are agricultural (29.2 percent), commercial (23.7 percent), and home mortgage loans (22.0 percent). Consumer loans represent a noteworthy percentage (21.2 percent) of the bank’s loan portfolio; however, consumer loans are not a primary business focus of the bank and, therefore, are not included in the evaluation. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated or renewed, which were consistent during the evaluation period. Small farm lending contributed more weight to overall conclusions, as this is the bank’s primary lending focus, followed by small business lending, and home mortgage lending.

For the Assessment Area Concentration and Geographic Distribution criteria, examiners evaluated lending performance based on all small farm and small business loans originated or renewed in 2020, as well as home mortgage loan data collected under the HMDA for 2018, 2019, and 2020. While HMDA data for 2018, 2019, and 2020 was reviewed and is included in the Assessment Area Concentration analyses, only 2020 data, the most recent year for which aggregate lending data is available, is presented throughout the remainder of this evaluation. The review of 2018 and 2019 HMDA data did not identify any trends that are different from 2020 or that would materially affect conclusions. Borrower Profile performance for small farm and small business lending was evaluated using a sample of loans originated within the assessment areas. For home mortgage lending, all loans within the assessment areas were analyzed for the Borrower Profile criterion. The following table provides loan universe and sample information.

Loan Products Reviewed				
Loan Category	Universe		Sampled	
	#	\$(000s)	#	\$(000s)
Small Farm	301	20,751	162	8,893
Small Business	197	18,764	115	9,742
HMDA 2018	118	12,349		
HMDA 2019	129	15,789		
HMDA 2020	164	24,578		

Source: Bank Data; HMDA Reported Data

The 2020 D&B data provided a standard of comparison for the bank’s small farm and small business lending performance. The 2020 aggregate HMDA data and 2015 American Community Survey (ACS) data provided a standard of comparison for the bank’s home mortgage lending performance. When conducting the Assessment Area Concentration analysis, examiners placed equal weight on the number and dollar volume of loans. When conducting the Borrower Profile and Geographic Distribution analyses, examiners placed greater weight on the number, rather than the dollar volume, of loans, as the number of loans is considered a better indicator of the number of farms, businesses, and individuals served

Community development lending, qualified investments, and community development services were considered from the prior evaluation dated November 27, 2018, through the current evaluation date of November 8, 2021.

Effective March 1, 2020, the U.S. declared a national emergency concerning the Coronavirus Disease 2019 (COVID-19) pandemic, which greatly influenced the economy. Unless otherwise noted, the economic impact of the pandemic on the assessment areas is unknown due to a lag in published data. The pandemic caused every state in the U.S. to be declared a disaster area in 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Exchange Bank & Trust demonstrated reasonable performance under the Lending Test. The bank's performance in each rated area is consistent with this conclusion. The following criteria support this conclusion.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable based on the bank's asset size, financial condition, and loan products offered. The net ratio, calculated from Reports of Condition and Income data, remained consistent over the previous 11 quarters. Examiners review for similarly situated institutions, during the evaluation period, produced no results. Despite the lack of similarly situated institutions, the ratio is reasonable based on asset size, agricultural lending focus, and markets served.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2021 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Exchange Bank & Trust, Atchison, Kansas	537,858	73.8

Source: Reports of Condition and Income 12/31/18 through 6/30/21

Assessment Area Concentration

Exchange Bank & Trust originated a majority of small farm, small business, and home mortgage loans, by number and dollar volume, within its assessment areas, as shown in the following table. Overall, the performance demonstrates the bank's commitment to meeting the credit needs within the assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	244	81.1	57	18.9	301	12,363	59.6	8,388	40.4	20,751
Small Business	160	81.2	37	18.8	197	12,642	67.4	6,122	32.6	18,764
Home Mortgage										
2018	106	89.8	12	10.2	118	11,370	92.1	979	7.9	12,349
2019	108	83.7	21	16.3	129	11,697	74.1	4,092	25.9	15,789
2020	140	85.4	24	14.6	164	22,223	90.4	2,355	9.6	24,578
Subtotal	354	86.1	57	13.9	411	45,290	85.9	7,426	14.1	52,716

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the rated areas. The bank's performance in the Kansas City MSA and St. Joseph MSA is consistent with this conclusion. The Atchison Assessment Area in Kansas includes no low- or moderate-income census tracts; therefore, review of the Geographic Distribution criterion would not result in a meaningful analysis. Examiners focused on the bank's record of lending in low- and moderate-income census tracts. Refer to the Conclusion of Performance Criteria sections for the Kansas City MSA and St. Joseph MSA for specific analysis.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels throughout the rated areas. The bank's performance in Kansas and the Kansas City MSA is consistent with this conclusion, while the bank's performance in the St. Joseph MSA is excellent. Examiners focused on the percentage of small farm and small business loans to operations with revenues of \$1 million or less, and the percentage of home mortgage loans to low- and moderate-income borrowers. Refer to the Conclusion of Performance Criteria sections for specific analysis by the rated area.

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.

COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas. This is demonstrated through community development loans, qualified investments, and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas. The bank's satisfactory community development performance in each rated area is consistent with this conclusion.

Information from CRA performance evaluations of two similarly situated intermediate small banks, conducted during the evaluation period, was used for comparative purposes to assess Exchange Bank & Trust's overall performance under the Community Development Test. The similarly situated institutions were chosen due to their similarities in asset size, business focus, and areas served. Overall, Exchange Bank & Trust's community development performance compared reasonably to the similarly situated institutions when considering available community development opportunities in the assessment areas.

Community Development Loans

Exchange Bank & Trust originated 36 community development loans totaling \$49.5 million during the evaluation period, which represents 9.2 percent of total assets and 15.6 percent of net loans as of June 30, 2021. These ratios have increased significantly since the previous evaluation when community development loans represented 3.9 percent of total assets and 5.6 percent of net loans. By comparison, Exchange Bank & Trust's performance exceeded the similarly situated institutions' performances with community development loans ranging from 1.9 to 7.3 percent of total assets,

and 2.9 to 11.2 percent of net loans. The following tables reflect the number and dollar volume of community development lending in each category by assessment area and activity year.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Atchison	1	1,570	0	0	21	25,552	0	0	22	27,122
Kansas City MSA	0	0	0	0	7	16,124	0	0	7	16,124
St. Joseph MSA	1	1,800	0	0	6	4,425	0	0	7	6,225
Total	2	3,370	0	0	34	46,101	0	0	36	49,471

Source: Bank Data

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2018	1	1,800	0	0	1	1,000	0	0	2	2,800
2019	0	0	0	0	9	8,170	0	0	9	8,170
2020	0	0	0	0	13	21,914	0	0	13	21,914
2021	1	1,570	0	0	11	15,017	0	0	12	16,587
Total	2	3,370	0	0	34	46,101	0	0	36	49,471

Source: Bank Data

Qualified Investments

Exchange Bank & Trust made 44 qualified investments totaling \$2.0 million during the evaluation period, which represents 0.4 percent of total assets and 1.5 percent of total securities as of June 30, 2021. Exchange Bank & Trust's ratios increased since the previous evaluation when qualified investments represented 0.3 percent of total assets and 1.3 percent of total securities. The bank's qualified investment activity included 39 donations totaling \$111,700. This activity also included approximately \$1.0 million of investments originated prior to the current evaluation that were outstanding as of the date of this evaluation. Similarly situated institutions reported qualified investments that ranged from 0.3 to 2.4 percent of total assets, and 1.8 to 24.2 percent of total securities. Exchange Bank & Trust's performance was comparable to the lower range of performance for these institutions. The following tables reflect the number and dollar volume of qualified investments in each category by assessment area and activity year.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Atchison	1	501	22	987	0	0	0	0	23	1,488
Kansas City	0	0	20	55	0	0	0	0	20	55
St. Joseph	0	0	1	475	0	0	0	0	1	475
Total	1	501	43	1,517	0	0	0	0	44	2,018

Source: Bank Data

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	1	501	1	500	0	0	0	0	2	1,001
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	1	420	0	0	0	0	1	420
2020	0	0	2	485	0	0	0	0	2	485
Subtotal	1	501	4	1,405	0	0	0	0	5	1,906
Grants & Donations	0	0	39	112	0	0	0	0	39	112
Total	1	501	43	1,517	0	0	0	0	44	2,018

Source: Bank Data

Community Development Services

The bank received consideration for a total of 41 community development services that primarily consisted of providing support to community service organizations within the assessment areas. Exchange Bank & Trust personnel provided technical or financial expertise to these organizations in many ways, all related to their expertise and role with the institution. The number of services and organizations served has decreased since the prior evaluation where the bank received consideration for a total of 54 community development services.

Similarly situated institutions provided a range of 136 to 181 community development services; Exchange Bank & Trust compares unfavorably to these institutions. The following tables illustrate the bank's community development services in each category by assessment area and activity year.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Atchison	0	23	3	0	26
Kansas City	0	7	3	0	10
St. Joseph	2	3	0	0	5
Total	2	33	6	0	41
<i>Source: Bank Data</i>					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2018	0	4	0	0	4
2019	0	18	2	0	20
2020	2	7	2	0	11
2021	0	4	2	0	6
Total	2	33	6	0	41
<i>Source: Bank Data</i>					

Exchange Bank & Trust operates two branches and two ATMs in low- or moderate-income census geographies within its assessment areas. The bank also offers numerous services that help benefit low- and moderate-income individuals, such as free checking, bill pay, mobile banking, online banking, and a network of surcharge-free ATMs. In addition, the bank provides free cash advances from MasterCard and Visa debit cards for bank customers.

In addition, the following loan programs are offered:

- Small Business Administration
- Veterans Affairs
- Federal Housing Administration
- United States Department of Agriculture Rural Development
- Farm Service Agency Beginning Farmer
- Farm Service Agency Guaranteed Loan Program

These programs are generally designed to assist small farmers, small businesses, and low- or moderate-income individuals who may not qualify for loans through conventional financing methods. Secondary market financing options are also available for qualifying borrowers. Additionally, the bank participated in the Small Business Administration's Paycheck Protection Program during the review period. This program provided financial aid to businesses impacted by the COVID-19 pandemic.

Retail banking services and loan programs are consistent throughout all of Exchange Bank & Trust's assessment areas.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

KANSAS

CRA RATING FOR KANSAS: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN KANSAS

The rated area of Kansas consists of the Atchison Assessment Area, the sole assessment area in the state. This assessment area is comprised of the entirety of Atchison County, Kansas.

Economic and Demographic Data

According to 2015 ACS data, Atchison County contains four middle-income census tracts. During the review period, none of the tracts were designated as distressed or underserved. The following table provides demographic information on the assessment area.

Demographic Information of the Atchison Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	4	0.0	0.0	100.0	0.0
Population by Geography	16,633	0.0	0.0	100.0	0.0
Housing Units by Geography	6,958	0.0	0.0	100.0	0.0
Owner-Occupied Units by Geography	4,363	0.0	0.0	100.0	0.0
Occupied Rental Units by Geography	1,670	0.0	0.0	100.0	0.0
Vacant Units by Geography	925	0.0	0.0	100.0	0.0
Businesses by Geography	820	0.0	0.0	100.0	0.0
Farms by Geography	113	0.0	0.0	100.0	0.0
Family Distribution by Income Level	3,784	21.4	14.3	26.6	37.7
Household Distribution by Income Level	6,033	27.1	13.5	20.7	38.7
Median Family Income Nonmetropolitan Kansas		\$57,229	Median Housing Value		\$91,700
Families Below Poverty Level		14.2%	Median Gross Rent		\$581
<i>Source: 2015 ACS; 2020 D&B Data</i>					

Examiners used the Federal Financial Institutions Examination Council's estimated 2020 median family income for nonmetropolitan Kansas to analyze home mortgage loans presented under the Borrower Profile criterion. The following table details this figure along with the respective income categories.

Median Family Income Ranges For Nonmetropolitan Kansas				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
(\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040
<i>Source: Federal Financial Institutions Examination Council</i>				

Competition

The Atchison Assessment Area has low competition for financial products and services. According to the FDIC's June 30, 2020 Deposit Market Share Report, Atchison County contains five financial institutions operating from seven locations. Exchange Bank & Trust ranked 1st, with 56.1 percent of the deposits.

Exchange Bank & Trust also faces low competition for small business and home mortgage loans in its assessment area. The 2019 aggregate CRA data showed 27 lenders reporting 169 small business loans in the assessment area. Although Exchange Bank & Trust was not required to report CRA loan data in 2019, this information provides insight regarding the competition the bank faces in the assessment area. Furthermore, 2020 aggregate HMDA data showed 108 lenders reporting 586 home mortgage loans. Exchange Bank & Trust ranked 3rd in terms of lending market share, with 8.3 percent of the reported loans.

Community Contact

Examiners contact community members or other third parties in the assessment area to help gain insight into the area's economy, demographic trends, and business environment. This information not only helps in identifying credit and community development needs and opportunities, but also assists in determining whether local financial institutions are responsive to those needs.

Examiners conducted an interview with a member of the local community familiar with agricultural lending in Atchison County. The contact indicated that both the overall economy and agricultural economy have been strong since the prior evaluation. The contact stated that while land values are slightly down and agricultural lending is more cautionary than in prior years, this had not substantially hindered agricultural lending. The opportunities for agricultural lending in the area are strong as is competition for agricultural loans. Finally, the contact noted that local banks are involved in community outreach and promoting loans, and are meeting all of the credit needs of the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm lending represents a primary credit need within the assessment area. Small farm lending opportunities and demand are significant throughout the Atchison Assessment Area. In addition, examiners determined that the assessment area community development needs and opportunities include economic development and affordable housing.

SCOPE OF EVALUATION – KANSAS

The bank's small farm, small business, and home mortgage loans, along with community development loans, investments, and services were reviewed. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KANSAS

LENDING TEST

Exchange Bank & Trust demonstrated satisfactory performance under the Lending Test in Kansas. This is supported by reasonable performance in the Borrower Profile criterion.

Geographic Distribution

The Atchison Assessment Area does not include any low- or moderate-income tracts, and a review of the Geographic Distribution criterion would not result in a meaningful analysis. Therefore, this criterion was not evaluation for this assessment area.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes, and individuals of different income levels. Exchange Bank & Trust's reasonable small farm and home mortgage lending performance primarily supports this conclusion. Although the bank's small business lending demonstrated excellent penetration, it did not elevate the overall conclusion.

Small Farm

The distribution of sampled small farm loans reflects reasonable penetration of loans to farms of different sizes. As illustrated in the following table, the bank's lending performance to farms with revenues of \$1 million or less was below comparable demographic data. However, this performance is reasonable considering that the bank originated four of the six loans sampled to the same borrower with revenue greater than \$1 million.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.3	51	89.5	3,123	77.0
>\$1,000,000	0.9	6	10.5	932	23.0
Revenue Not Available	1.8	0	0.0	0	0.0
Total	100.0	57	100.0	4,055	100.0

Source: 2020 D&B Data, Bank Data.

Small Business

The distribution of sampled small business loans to operations with revenues of \$1 million or less reflects excellent penetration. As shown in the following table, the bank's percentage of loans to small businesses with revenues of \$1 million or less exceeded comparable D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	76.3	42	87.5	2,063	48.9
>\$1,000,000	6.2	6	12.5	2,158	51.1
Revenue Not Available	17.4	0	0.0	0	0.0
Total	100.0	48	100.0	4,221	100.0

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

Home Mortgage Loans

Exchange Bank & Trust’s record of extending home mortgage loans to borrowers of different income levels is reasonable. As illustrated in the following table, Exchange Bank & Trust originated no loans to low-income borrowers. However, the bank’s level of lending to moderate-income borrowers slightly lagged aggregate data. Additionally, the bank offers home mortgage loans on the secondary market, which are not included in the bank’s loan data. Furthermore, the assessment area demographics indicate that only 62.7 percent of housing units are owner occupied, which may indicate a limited lending need for home mortgage loans in the area. Overall, the bank’s performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.4	3.9	0	0.0	0	0.0
Moderate	14.3	14.1	7	11.9	376	6.3
Middle	26.6	19.4	10	16.9	810	13.6
Upper	37.7	41.7	24	40.7	3,460	58.1
Not Available	0.0	21.0	18	30.5	1,309	22.0
Total	100.0	100.0	59	100.0	5,955	100.0
<i>Source: 2015 ACS; Bank Data; 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Exchange Bank & Trust’s community development performance demonstrates adequate responsiveness to community development needs in the Atchison Assessment Area, considering the institution’s capacity, as well as the need and availability of such community development opportunities.

Community Development Loans

The bank originated 22 community development loans totaling \$27.1 million in this assessment area. The dollar volume of community development lending increased significantly when compared to the previous evaluation, which included 28 loans totaling \$11.2 million. An example of a sizable community development loan especially responsive to the assessment area’s needs included a loan that funded the purchase of multi-family rental units with rents within government fair market rent guidelines for affordability.

Qualified Investments

The bank made 23 qualified investments, including donations and grants, totaling \$1.5 million in this assessment area. The bank’s performance increased since the previous evaluation where 17 investments totaling \$1.2 million benefitted the assessment area. Examples of sizable investments and donations that were considered especially responsive to the assessment area’s needs included funds to an organization that provides childcare to low- and moderate-income individuals and multiple bonds that fund charity health care to low- and moderate-income individuals.

Community Development Services

The bank provided 26 community development services that primarily consisted of bank employees providing financial expertise to community service-related organizations within the Atchison Assessment Area. The number of community development services decreased significantly from the prior evaluation where 54 community development services were provided. Examples of responsive services include multiple employees providing financial education to students located in a school district with a majority of the students receiving free or reduced lunch. Another example of a responsive service included multiple employees serving as board members for an organization designed to provide financial support to a hospital serving low- and moderate-income individuals.

KANSAS CITY MSA

CRA RATING FOR KANSAS CITY MSA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN KANSAS CITY MSA

The rated area of the Kansas City MSA consists of the Kansas City Assessment Area. This assessment area is comprised of the entirety of Leavenworth County, Kansas, and four census tracts in Platte County, Missouri. Since the previous evaluation, Exchange Bank & Trust added the four census tracts (304.1, 305, 306, and 307) in Platte County. None of the tracts are low- or moderate-income census tracts.

Economic and Demographic Data

According to 2015 ACS data, the Kansas City Assessment Area contains one low-income census tract, two moderate-income census tracts, 13 middle-income census tracts, and four upper-income census tracts. The following table illustrates the selected demographic characteristics of the assessment area.

Demographic Information of the Kansas City Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	20	5.0	10.0	65.0	20.0
Population by Geography	100,495	1.8	8.1	63.2	26.9
Housing Units by Geography	38,253	3.1	8.7	65.7	22.5
Owner-Occupied Units by Geography	23,951	0.7	5.9	70.6	22.8
Occupied Rental Units by Geography	11,347	6.6	13.4	57.1	22.9
Vacant Units by Geography	2,955	8.7	12.4	59.2	19.7
Businesses by Geography	4,764	8.4	7.6	60.9	23.1
Farms by Geography	329	1.8	3.0	77.2	17.9
Family Distribution by Income Level	25,503	16.8	15.8	23.1	44.4
Household Distribution by Income Level	35,298	20.2	13.9	17.6	48.3
Median Family Income Kansas City Assessment Area		\$72,623	Median Housing Value		\$156,519
Families Below Poverty Level		7.1%	Median Gross Rent		\$965
<i>Source: 2015 ACS; 2020 D&B Data. Due to rounding, totals may not equal 100.00%</i>					

Examiners used the Federal Financial Institutions Examination Council's estimated 2020 median family income for the Kansas City MSA to analyze home mortgage loans presented under the Borrower Profile criterion. The following table details this figure along with the respective income categories.

Median Family Income Ranges For Kansas City MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
(\$85,900)	<\$42,950	\$42,950 to <\$68,720	\$68,720 to <\$103,080	≥\$103,080
<i>Source: Federal Financial Institutions Examination Council</i>				

Competition

Exchange Bank & Trust's Kansas City Assessment Area is moderately competitive for financial products and services. According to the June 30, 2020 FDIC Deposit Market Share Report, the assessment area contains 23 financial institutions operating from 52 locations. Exchange Bank & Trust ranked 13th, with 3.4 percent of the deposits.

Exchange Bank & Trust also faces a high level of competition for small business and home mortgage loans in this assessment area. The 2019 aggregate CRA data showed 78 lenders reporting 2,862 small business loans in the assessment area. Although Exchange Bank & Trust was not required to report CRA loan data in 2019, this information provides insight regarding the competition the bank faces in the assessment area. Furthermore, the 2020 aggregate HMDA data showed 297 lenders reporting 8,686 home mortgage loans. Exchange Bank & Trust ranked 49th in terms of home mortgage lending market share, with 0.6 percent of the reported loans.

Community Contact

Examiners reviewed a recently conducted interview with a member of an economic development organization in the assessment area. The contact indicated that the economy in Leavenworth County is growing with numerous business relocations and expansions already completed or in progress across a number of industries including hospitality, manufacturing, government services, and the services sector. The population is growing in accordance with the job growth, especially in Basehor, Kansas. Residential real estate growth continues to be strong in Leavenworth County. While many large investment projects are underway, the contact indicated that there is always a need for more capital investment. The area has abundant opportunities for community development activities, including in low- and moderate-income tracts where a majority of the residential remodeling is occurring. The contact stated that the banks in the area are highly involved in the community and are proactive about meeting the area's credit needs.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that small business lending is the primary credit need of the assessment area. Reports of Condition and Income filed by area financial institutions also support this assertion. Furthermore, opportunities for community development exist in the area, including affordable housing and economic development.

SCOPE OF EVALUATION – KANSAS CITY MSA

The bank's small farm, small business, and home mortgage loans, along with community development loans, investments, and services were reviewed. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KANSAS CITY MSA

LENDING TEST

Exchange Bank & Trust demonstrated reasonable performance under the Lending Test in the Kansas City Assessment Area. This is supported by reasonable performance in the Geographic Distribution and Borrower Profile criteria.

Geographic Distribution

Exchange Bank & Trust's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small farm and small business lending performance primarily supports this conclusion. Although home mortgage lending demonstrated excellent dispersion, it did not elevate the overall conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank originated only one small farm loan, representing 1.8 percent, within a low- or moderate-income geography. However, the low- and moderate-income census tracts in this assessment area are located in the metropolitan area of Leavenworth, Kansas, where limited agricultural land and farming opportunities exist. D&B data indicates that only 4.8 percent of farms are within the low- and moderate-income tracts. As such, the bank's lending dispersion reflects reasonable performance.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank's lending in low-income areas slightly lagged D&B data; however, the bank's lending performance in moderate-income areas exceeded D&B data. Overall, the bank's performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	8.4	2	5.7	189	5.3
Moderate	7.6	4	11.4	202	5.6
Middle	60.9	19	54.3	1,195	33.4
Upper	23.1	10	28.6	1,993	55.7
Totals	100.0	35	100.0	3,579	100.0

Source: 2020 D&B Data; Bank Data

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's record of lending in low- and moderate-income areas significantly exceeded both demographic and aggregate data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.7	0.4	1	2.2	39	0.3
Moderate	5.9	4.2	8	17.4	625	4.9
Middle	70.6	64.3	31	67.4	4,950	38.6
Upper	22.8	31.0	6	13.0	7,218	56.3
Total	100.0	100.0	46	100.0	12,832	100.0
<i>Source: 2015 ACS; Bank Data; 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Although the bank's small farm lending performance was excellent, the bank's reasonable small business and home mortgage lending performance supports this conclusion.

Small Farm Loans

The distribution of small farm loans reflects excellent penetration of loans to farms of different sizes. The bank originated all sampled small farm loans to operations with revenues of \$1 million, which exceeded the 97.6 percent of farms within the assessment area in this revenue category.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. As shown in the following table, the bank's percentage of sampled small business loans to operations with revenues of \$1 million or less is lower than comparable D&B data. However, there is a high level of competition for small business loans in this assessment area. Overall, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.1	21	72.4	1,251	38.6
>\$1,000,000	4.3	8	27.6	1,989	61.4
Revenue Not Available	12.6	0	0.0	0	0.0
Total	100.0	29	100.0	3,240	100.0
<i>Source: 2020 D&B Data, Bank Data.</i>					

Home Mortgage Loans

Exchange Bank & Trust's record of extending home mortgage loans to borrowers of different income levels is reasonable. As shown in the following table, the bank's level of lending to low- and moderate-income individuals exceeded the comparable aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	16.8	5.3	4	8.7	424	3.3
Moderate	15.8	16.1	8	17.4	810	6.3
Middle	23.1	21.4	4	8.7	468	3.6
Upper	44.4	33.4	24	52.2	4,690	36.5
Not Available	0.0	23.8	6	13.0	6,440	50.2
Total	100.0	100.0	46	100.0	12,832	100.0
<i>Source: 2015 ACS; Bank Data; 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Exchange Bank & Trust's community development performance demonstrates adequate responsiveness to community development needs in the Kansas City Assessment Area, considering the institution's capacity, as well as the need and availability of such community development opportunities.

Community Development Loans

The bank originated seven community development loans totaling \$16.1 million in this assessment area. The level of community development lending increased significantly when compared to the previous evaluation, which included five loans totaling \$2.8 million. During the review period, the bank originated multiple community development loans, which funded businesses that provide employment for low- and moderate-income individuals. These loans are considered especially responsive to local credit needs given that economic development was identified by the community contact as a specific need.

Qualified Investments

The bank made 20 qualified investments, including donations and grants, totaling approximately \$54,500 in the Kansas City Assessment Area. The bank's performance increased from the previous evaluation where eight investments totaling approximately \$13,000 benefitted the assessment area. Examples of sizable donations granted to area organizations that were considered especially responsive to the assessment area's needs included funds to an organization providing housing to low-income individuals, and multiple donations to an organization that provided subsidized health care in a low-income geography.

Community Development Services

The bank provided ten community development services that primarily consisted of bank employees providing financial expertise to community service-related organizations within the Kansas City Assessment Area. The number of community development services is comparable to the prior evaluation where the bank provided 11 community development services. One example of a responsive service was an employee provided financial expertise by serving on the Investment Committee for an organization that provides free health services to underinsured individuals in low- and moderate-income geographies.

ST. JOSEPH MSA

CRA RATING FOR ST. JOSEPH MSA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ST. JOSEPH MSA

The rated area of the St. Joseph MSA consists of the St. Joseph Assessment Area. This assessment area is comprised of the entirety of Doniphan County in Kansas, and Buchanan County in Missouri.

Economic and Demographic Data

Based on 2015 ACS data, the assessment area consists of 28 census tracts, including one low-income tract, seven moderate-income tracts, 15 middle-income tracts, and five upper-income tracts. The following table illustrates the selected demographic characteristics of the St. Joseph Assessment Area.

Demographic Information of the St. Joseph Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	28	3.6	25.0	53.6	17.9
Population by Geography	97,420	1.8	24.5	50.2	23.5
Housing Units by Geography	42,043	2.6	25.9	52.0	19.5
Owner-Occupied Units by Geography	23,332	0.8	20.6	53.8	24.8
Occupied Rental Units by Geography	12,953	5.0	28.5	51.7	14.8
Vacant Units by Geography	5,758	4.4	41.7	45.2	8.7
Businesses by Geography	5,333	7.1	16.7	45.9	30.3
Farms by Geography	299	0.7	5.0	77.9	16.4
Family Distribution by Income Level	23,018	22.1	17.4	24.1	36.4
Household Distribution by Income Level	36,285	25.5	16.2	17.6	40.7
Median Family Income St. Joseph Assessment Area		\$59,820	Median Housing Value		\$112,880
Families Below Poverty Level		13.6%	Median Gross Rent		\$695
<i>Source: 2015 ACS; 2020 D&B Data. Due to rounding, totals may not equal 100.00%</i>					

Examiners used the Federal Financial Institutions Examination Council's estimated 2020 median family income for the St. Joseph MSA to analyze home mortgage loans presented under the Borrower Profile criterion. The following table details this figure along with the respective income categories.

Median Family Income Ranges For St. Joseph MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
(\$63,600)	<\$31,800	\$31,800 to <\$50,880	\$50,880 to <\$76,320	≥\$76,320
<i>Source: Federal Financial Institutions Examination Council</i>				

Competition

The St. Joseph Assessment Area is moderately competitive for financial products and services. According to the June 30, 2020 FDIC Deposit Market Share Report, the assessment area contains 17 financial institutions operating from 34 locations. Exchange Bank & Trust ranked 11th, with 2.6 percent of the deposits.

Exchange Bank & Trust also faces a moderate level of competition for small business and home mortgage loans in the assessment area. The 2019 aggregate CRA data showed 58 lenders reporting 1,361 small business loans in the assessment area. Although Exchange Bank & Trust was not required to report CRA loan data in 2019, this information provides insight regarding the competition the bank faces in the assessment area. Furthermore, the 2020 aggregate HMDA data showed 230 lenders reporting 4,619 home mortgage loans. Exchange Bank & Trust ranked 20th in terms of lending market share, with 0.8 percent of the reported loans.

Community Contact

Examiners conducted an interview with a member of a non-profit organization in the assessment area. The contact indicated that the economic conditions are generally favorable with low unemployment and varied employment opportunities in the healthcare, food, education, and government sectors. Credit needs in the area include real estate lending and small dollar consumer credit. The contact stated that payday and predatory lending is an issue in the St. Joseph area due to consumers turning to payday lenders rather than traditional financial institutions to pay for everyday expenses, such as rent or medical bills. Another issue is the lack of well-managed and maintained rental properties in the area. Overall, the contact had a favorable view of bank involvement in the community stating their willingness to provide donations as well as financial expertise. Financial literacy education, especially among young people, is an area the contact thought could be improved, but the barriers were more due to external issues and not bank willingness to provide the service.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that home mortgage lending is the primary credit need of the assessment area. Reports of Condition and Income filed by area financial institutions also support this assertion. Furthermore, opportunities for community development exist in the area, including community services and affordable housing. Economic development and revitalization and stabilization opportunities are available to a lesser extent.

SCOPE OF EVALUATION – ST. JOSEPH MSA

The bank's small farm, small business, and home mortgage loans, along with community development loans, investments, and services were reviewed. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ST. JOSEPH MSA

LENDING TEST

Exchange Bank & Trust demonstrated reasonable performance under the Lending Test in the St. Joseph Assessment Area. This is supported by reasonable performance in the Geographic Distribution criterion.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small farm and home mortgage lending performance supports this conclusion. The bank's poor dispersion of small business loans did not negatively impact the overall conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The analysis indicated that no small farm loans were originated to operations within low- or moderate-income geographies. However, the low- and moderate-income census tracts in this assessment area are located in the metropolitan areas of St. Joseph, where limited agricultural land and farming opportunities exist. D&B data indicates that only 5.7 percent of farms are within the low- and moderate-income tracts. Additionally, the bank does not have a branch location in St. Joseph, so the bank faces a significant obstacle in trying to service these geographies. As such, the bank's lending dispersion reflects reasonable performance.

Small Business Loans

The geographic distribution of small business lending reflects poor dispersion throughout the assessment area. The analysis indicated that no small business loans were originated to operations within low- or moderate-income geographies. As mentioned previously, the low- and moderate-income census tracts in this assessment area are located in the metropolitan areas of St. Joseph, which is a considerable distance from the bank's locations. Despite this, there are abundant lending opportunities within the low- and moderate-income geographies, evidenced by the 23.8 percent of businesses located in these geographies according to D&B data.

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects reasonable dispersion throughout the assessment area given the competition in the low- and moderate-income areas. As shown in the following table, the bank's lending performance was less than aggregate lending data in the low- and moderate-income tracts. However, as mentioned previously, the bank does not have a location near the low- and moderate-income census tracts in St. Joseph. Additionally, the 2019 HMDA aggregate data showed 114 lenders reported originating 709 loans in the low- and moderate-income census tracts illustrating significant competition for home mortgage loans. Therefore, the overall performance is reasonable.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.8	0.4	0	0.0	0	0.0
Moderate	20.6	14.9	4	11.4	155	4.5
Middle	53.8	49.5	29	82.9	2,916	84.9
Upper	24.8	35.2	2	5.7	365	10.6
Total	100.0	100.0	35	100.0	3,436	100.0

Source: 2015 ACS; Bank Data; 2020 HMDA Aggregate Data

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels. Although the bank's home mortgage performance was reasonable, the bank's excellent small farm and small business lending performance supports this conclusion.

Small Farm Loans

The distribution of small farm loans reflects excellent penetration of loans to farms of different sizes. A significant amount, 98.4 percent, of the bank's sampled small farm loans were to operations with revenues of \$1 million or less. However, this conclusion carries less weight when arriving at overall conclusions because 98.0 percent of all farms in the assessment area are in this revenue category based on D&B data.

Small Business Loans

The distribution of small business loans to operations with revenues of \$1 million or less reflects excellent penetration. As shown in the following table, the bank's percentage of sampled loans to businesses with revenues of \$1 million or less significantly exceeded comparable D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	76.1	37	97.4	2,056	90.1
>\$1,000,000	6.9	1	2.6	225	9.9
Revenue Not Available	17.0	0	0.0	0	0.0
Total	100.0	38	100.0	2,281	100.0

Source: 2020 D&B Data; Bank Data

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As shown in the following table, the bank did not originate any loans to low-income borrowers. However, the bank’s lending to moderate-income borrowers was comparable to both aggregate and demographic data. Additionally, the bank offers home mortgage loans on the secondary market, which are not included in the bank’s loan data. Overall, the bank’s performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.1	5.1	0	0.0	0	0.0
Moderate	17.4	18.3	6	17.1	376	10.9
Middle	24.1	21.2	7	20.0	606	17.6
Upper	36.4	35.4	16	45.7	1,929	56.1
Not Available	0.0	20.0	6	17.1	525	15.3
Total	100.0	100.0	35	100.0	3,436	100.0
<i>Source: 2015 ACS; Bank Data; 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.00%</i>						

COMMUNITY DEVELOPMENT TEST

Exchange Bank & Trust’s community development performance demonstrates adequate responsiveness to community development needs in the St. Joseph Assessment Area, considering the institution’s capacity, as well as the need and availability of such community development opportunities.

Community Development Loans

The bank originated seven community development loans totaling \$6.2 million in this assessment area. The dollar volume of community development lending increased when compared to the previous evaluation, which included eight loans totaling \$1.6 million. The bank originated one community development loan that funded the purchase of multi-family rental units with rents within government fair market rent guidelines for affordability. This loan is considered especially responsive to local credit needs given that affordable housing was identified by the community contact as a specific need.

Qualified Investments

The bank made one qualified investment totaling approximately \$475,000 in the St. Joseph Assessment Area. The bank’s performance increased from the previous evaluation where the bank did not make any investments that benefitted the assessment area. The investment provided funds to a school district where a majority of students receive free or reduced lunch.

Community Development Services

The bank provided five community development services that primarily consisted of bank employees providing financial expertise to community service-related organizations and organizations that provide affordable housing within the St. Joseph Assessment Area. The number

of community development services is comparable to the prior evaluation where the bank provided three community development services. One example of a responsive service is an employee that provided financial expertise by serving on the Finance Committee for an organization that provides free housing to low-income individuals.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Kansas	Satisfactory	Satisfactory	Satisfactory
Kansas City MSA	Satisfactory	Satisfactory	Satisfactory
St. Joseph MSA	Satisfactory	Satisfactory	Satisfactory

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

Assessment Area: A geographic area delineated by the 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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

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

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

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

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

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.