



PUBLIC DISCLOSURE

May 4, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Highland FS & LA
Charter Number 706581

106 S Main St, Suite 103
Crossville, TN 38555-4694

Office of the Comptroller of the Currency

320 Seven Springs Way
Suite 310
Brentwood, TN 37027

NOTE: 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, and should not 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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Overall Community Reinvestment Act (CRA) Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test is based on performance in the State of Tennessee. Highland Federal Savings and Loan Association's (Highland Federal or bank) assessment area (AA) includes all of Cumberland County, Tennessee.
- The bank exhibits a reasonable geographic distribution of loans.
- The bank exhibits a reasonable distribution of loans to borrowers of different income levels.
- The bank's quarterly average loan-to-deposit ratio over the evaluation period is reasonable.
- A substantial majority of the bank's loans by count and dollar amount are originated inside the assessment area.
- The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.
- There are no consumer complaints regarding the bank's CRA performance.

Loan-to-Deposit Ratio

Considering Highland Federal's size, financial condition, and the credit needs of its AA, the bank's loan-to-deposit (LTD) ratio is reasonable. The quarterly average LTD ratio, calculated on a bank-wide basis, for Highland Federal was 60.3 percent for the 17 quarters ending September 2019. Highland Federal's LTD ratio ranged from a quarterly high of 65.7 percent at September 30, 2019, to a quarterly low of 54.5 percent at September 30, 2017.

We compared Highland Federal's LTD ratio to the LTD ratio of other banks operating in the bank's AA of Cumberland County, with these other banks possessing total deposits within the AA ranging from \$95.1 million to \$295.9 million based on the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2019. Highland Federal had deposits of \$46.3 million at that time. For the 17-quarter period, the LTD ratio for these institutions averaged 75.3 percent, with individual banks ranging from a quarterly low average of 59.1 percent to a quarterly high average of 88.7 percent.

Additionally, the bank participates in secondary market lending. During the review period of 2017 through 2019, the bank delivered and closed on 153 residential mortgage loans totaling \$22 million to the secondary market. These secondary market loans are not included as part of the bank's LTD ratio, but these loans would have provided a positive impact on the bank's LTD ratio if they had been included. The bank's LTD is also negatively impacted in obtaining qualified borrowers by its smaller staff and number of offices compared to other financial institutions operating in the bank's AA.

Lending in Assessment Area

A substantial majority of the bank's residential mortgage loan originations are originated to borrowers inside the AA. The bank originated 95.4 percent of the loans by number and 95.5 percent by dollar volume inside the AA during the evaluation period, based on bank loans originated during the three-year period ended December 31, 2019. This lending distribution analysis is performed at the bank level rather than at the AA level.

Our evaluation for lending inside and outside the assessment area is based on all home mortgage loans originated during the review period of January 1, 2017, through December 31, 2019. While the bank is not a Home Mortgage Disclosure Act (HMDA) reporter, management maintains an internal report that captures similar data as required by HMDA. We performed transaction testing on this report and found it reliable for use in our review. As such, our assessment of lending activity is based on all of the bank's residential first lien loans originated during the evaluation period of 2017 through 2019. Once lending inside and outside the AA was determined, the loans outside the AA were discarded and only loans made inside the AA are considered in the analysis of distribution of loans by income level of the geography and distribution of loans by income level of the borrower.

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	375	95.4	18	4.6	393	57,857	95.5	2,728	4.5	60,585
Total	375	95.4	18	4.6	393	57,857	95.5	2,728	4.5	60,585

Description of Institution

Highland Federal is a federally chartered, mutual savings association established in 1961. Highland Federal is headquartered in the city of Crossville, Tennessee, which is located in Cumberland County, Tennessee. Cumberland County is the bank's sole AA. Highland Federal does not have any affiliates or subsidiaries. There have been no changes in the institution's corporate structure and no offices have opened or closed since the last CRA performance evaluation dated August 24, 2015, when the bank received a "Satisfactory" rating. The bank's main office and one branch, both located in Crossville, Tennessee, with automated teller machines (ATMs), offer operating hours that are reasonable to meet customer needs. Highland Federal operates as a traditional savings association, with a primary focus on residential mortgage lending and deposit acceptance. The bank also offers other loan types, such as construction, commercial, and consumer loans. Customers have access to their accounts through internet, telephone, and mobile banking services. Mobile banking services include transfers between bank accounts, review of account balances or transactions, and bill-paying capability. There are no known financial or legal impediments that would affect Highland's ability to meet the credit needs of its communities.

As of December 31, 2019, the bank reported total assets of \$61.5 million. The gross loan portfolio totaled \$32.4 million, representing 49.4 percent of total assets. Permanent residential, first mortgage loans of \$20.6 million continue to represent a significant portion of the gross loan portfolio at 63.6 percent as of December 31, 2019. Interest-bearing certificates of deposit were \$21.6 million, or 35.1 percent of total assets. Tier 1 Capital was 22.8 percent as of December 31, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We completed a full-scope review of Highland Federal's CRA performance in its sole AA of Cumberland County, Tennessee under the Small Bank performance criteria, which includes a Lending Test. The bank was reviewed utilizing the Small Bank test based on the bank having assets less than \$326 million as of December 31 of either of the prior two calendar years ended 2019. The Lending Test evaluates the bank's record of meeting the credit needs of the bank's AA through its lending activities.

Our evaluation period covers September 2015 through December 2019, with an emphasis on lending activity from January 1, 2017, through December 31, 2019. Our assessment focused on the bank's primary loan product of home mortgage loans. While the bank is not a HMDA reporter, they maintain an internal report that captures similar data as required by HMDA. We performed transaction testing on this report and found it reliable for use in our review. As such, our assessment of lending activity is based on all of the bank's 375 residential first lien loans originated during the evaluation period of 2017 through 2019.

We analyzed the bank's performance in relation to the comparative demographic data from the 2015 American Community Survey (ACS) of the U.S. Census, aggregate 2018 HMDA data for the AA, and 2019 Dun and Bradstreet (D&B) data.

Selection of Areas for Full-Scope Review

Highland Federal's sole AA, Cumberland County, Tennessee, received a full-scope review.

Ratings

The bank's overall rating is based entirely on the full-scope review of the Cumberland County AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), “Community Reinvestment Act and Interstate Deposit Production Regulations” respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Tennessee

CRA rating for the State of Tennessee: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The bank exhibits a reasonable geographic distribution of loans.
- The bank exhibits a reasonable distribution of loans to borrowers of different income levels.
- The bank's average loan-to-deposit ratio over the evaluation period is reasonable.
- A substantial majority of the bank's loans are originated inside the AA.
- There were no CRA-related complaints during the evaluation period.

Description of Institution's Operations in Tennessee

Highland Federal has only one AA, which is the total area of Cumberland County, Tennessee. The Cumberland County AA meets regulatory requirements and does not reflect illegal discrimination or arbitrarily exclude low- or moderate-income. Highland Federal has not changed its AA since the last CRA performance evaluation. Cumberland County is not included in a Metropolitan Statistical Area (MSA). Cumberland County is the fourth largest Tennessee county by area at 685 miles. The population of the AA is approximately 60 thousand people. The AA consists of all 14 census tracts (CTs) within Cumberland County, Tennessee.

During the evaluation period and in 2019, one CT in the AA was reclassified from a middle-income CT to an upper-income CT. During the review period from 2017 to 2019, the AA had no designated low-income CTs and only two moderate-income CTs. None of the middle-income CTs were included on the list of distressed or underserved nonmetropolitan middle-income geographies issued by the federal banking agencies for all three years ended December 31, 2019.

Highland Federal's main office is within a moderate-income CT, and the branch office is located in a middle-income CT. ATMs are located at both office locations.

Economic conditions in the AA have been unfavorable, but improving, when compared to the state unemployment rates. According to the U.S. Bureau of Labor Statistics (US BLS), the unemployment rate in the AA remained stable throughout the evaluation period, averaging 4.7 percent in 2017, 4.4 percent in 2018, and 4.5 percent in 2019. The unemployment rate in the AA was higher than the overall state of Tennessee unemployment rate which averaged 3.8 percent, 3.5 percent, and 3.4 percent during the same respective periods, according to the US BLS. Some of the largest employers in the AA include Cumberland County Schools, Cumberland Medical Center (hospital), Colinx LLC (shipping), Cumberland County Government, and Flowers Bakery of Crossville.

Highland Federal operates from a competitive disadvantage from the many other financial institutions operating within the AA. According to the June 30, 2019, FDIC Deposit Market Share Report, Highland Federal is one of nine financial institutions with offices that operate within the AA. Seven of the other eight institutions within the AA have a much larger number of total offices, in and outside the AA, ranging from seven to 1,460 offices. As of June 30, 2019, these other eight institutions held

approximately \$1.1 billion in deposits within the AA. Highland Federal's deposits of \$46 million was the sixth largest deposit market share in the AA, with 4.2 percent of the total deposits.

We performed two separate community contacts within Cumberland County to determine credit needs. Both community contacts, executive officers for community nonprofit service organizations serving persons primarily within Cumberland County, indicated that local banks were addressing local borrower needs based on lending and services offered to low- and moderate-income individuals/families. One of the community contacts stated there was a need for additional affordable housing. One of the community contacts specifically recognized Highland Federal for services to the local community by contribution of institution personnel and monetary contributions supporting the service organization.

The following table provides a summary of the demographics that include housing and business information for the AA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Cumberland County AA 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	14.3	71.4	14.3	0.0
Population by Geography	57,455	0.0	17.6	72.1	10.3	0.0
Housing Units by Geography	28,483	0.0	16.7	72.6	10.7	0.0
Owner-Occupied Units by Geography	19,014	0.0	10.8	76.4	12.7	0.0
Occupied Rental Units by Geography	5,163	0.0	39.3	54.4	6.3	0.0
Vacant Units by Geography	4,306	0.0	15.5	77.2	7.2	0.0
Businesses by Geography	3,141	0.0	41.0	49.8	9.2	0.0
Farms by Geography	135	0.0	20.0	71.1	8.9	0.0
Family Distribution by Income Level	16,712	18.3	18.6	23.1	40.1	0.0
Household Distribution by Income Level	24,177	20.5	16.0	21.6	42.0	0.0
Median Family Income Non-MSAs - TN		\$46,066	Median Housing Value			\$139,767
			Median Gross Rent			\$632
			Families Below Poverty Level			11.2%
Source: 2015 ACS Census and 2019 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.						

Scope of Evaluation in Tennessee

Highland Federal has only one AA, Cumberland County, Tennessee. We performed a full-scope review of performance in the AA. The designated AA is reasonable given the bank's size and financial condition, and the credit needs of the AA. The bank's primary loan product is residential, first lien mortgages. The assessment of the bank's lending performance is based on a review of the bank's residential mortgage loan originations for the years of 2017, 2018, and 2019. The bank's overall rating for Tennessee is based on the full-scope review of the bank's sole AA.

LENDING TEST

The bank's performance under the Lending Test in Tennessee is rated Satisfactory.

Conclusions for Cumberland County AA Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Cumberland County AA is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the Cumberland County AA for the state of Tennessee.

Home Mortgage Loans

Refer to Table O of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Our analysis of the geographic distribution of home mortgage loans is based on analysis of loan activity within moderate-income CTs. Because there are no low-income CTs in the AA, no analysis is performed for lending in low-income CTs.

In 2017-2018, the bank's home mortgage lending to borrowers in moderate-income CTs is below but reasonably near to the proportion of owner-occupied housing located in moderate-income CTs, and below but reasonably near to the proportion of aggregate lending by all lenders in moderate-income CTs.

In 2019, the proportion of the bank's home mortgage lending to borrowers in moderate-income CTs is below but reasonably near to the proportion of owner-occupied housing located in moderate-income CTs, and below but reasonably near the proportion of aggregate lending by all lenders in moderate-income CTs.

The bank is hampered in originating residential mortgage loans to borrowers in moderate-income CTs based on limited moderate-income CTs in the AA and the bank's competitive disadvantage concerning its small operating footprint in Cumberland County with only two locations compared to other institutions with larger operations.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to individuals of different income levels in Cumberland County AA for the state of Tennessee.

Home Mortgage Loans

Refer to Table P of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

The distribution of home mortgage loans among individuals of different income levels is reasonable.

In 2017-2018, the bank's home mortgage lending to low-income borrowers is below the proportion of low-income families, and below but reasonably near the proportion of aggregate lending by all lenders to low-income borrowers. The bank's home mortgage lending to moderate-income borrowers is below

the proportion of moderate-income families, but above the proportion of aggregate lending by all lenders to moderate-income borrowers.

In 2019, the bank's home mortgage lending to low-income borrowers is below the proportion of low-income families, and below but reasonably near to the proportion of aggregate lending by all lenders to low-income borrowers. The bank's home mortgage lending to moderate-income borrowers is below the proportion of moderate-income families, but above the proportion of aggregate lending by all lenders to moderate-income borrowers.

Several factors could be negatively impacting management's ability to lend to low- and moderate-income borrowers. Highland Federal has established a program to refer low- and moderate-income families to other lenders offering Veterans Administration, Federal Housing Administration, and Rural Housing Development loans with affordable loan-to-value (LTV) ratios, with 14 loan customers sent to this outside loan program during our review period. Highland Federal has generated a significant level of secondary market loans at affordable terms that are not included in the bank's lending totals within its assessment area. For the three-year review period of 2017-2019, Highland Federal originated 153 Federal Home Loan Mortgage Corp loans totaling \$22 million.

Highland Federal's lending was below the level of low- and moderate-income families, which is reflective of how difficult it is for families in this income range to qualify for loans. In 2019, the median family income was \$46,066. This area has 11.2 percent of families below the poverty level. Low-income families make less than \$25,050 per year. Moderate-income families make no more than \$40,080 per year. With a median housing value of \$139,767, it is difficult for low- and moderate-income borrowers to obtain affordable housing.

Responses to Complaints

No complaints related to the bank's CRA performance were received during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope.”

Time Period Reviewed:	01/01/2017 -12/31/2019	
Bank Products Reviewed:	Home mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Tennessee		
Cumberland County, Tennessee AA	Full-Scope	The AA includes Cumberland County, Tennessee in its entirety.

Appendix B: Summary of MMSA and State Ratings

RATINGS: Highland FS & LA	
Overall Bank:	Lending Test Rating
Highland FS&LA	Satisfactory
State:	
Tennessee	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent and less than 120 percent, in the case of a geography

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

Multifamily: Refers to a residential structure that contains five or more units.

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

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

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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 or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-18
Assessment Area:	Total Home Mortgage Loans				Low-Income CTs			Moderate-Income CTs			Middle-Income CTs			Upper-Income CTs			Not Available-Income CTs		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Highland FSLA	217	31,134	100.0	1,644	0.0	0.0	0.0	10.8	7.4	9.7	80.3	76.0	77.6	8.8	16.6	12.7	0.0	0.0	0.0
Total	217	31,134	100.0	1,644	0.0	0.0	0.0	10.8	7.4	9.7	80.3	76.0	77.6	8.8	16.6	12.7	0.0	0.0	0.0
Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019
Assessment Area:	Total Home Mortgage Loans				Low-Income CTs			Moderate-Income CTs			Middle-Income CTs			Upper-Income CTs			Not Available-Income CTs		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Highland FSLA	158	26,723	100.0	1,644	0.0	0.0	0.0	10.8	6.3	9.7	76.4	66.5	77.6	12.7	27.2	12.7	0.0	0.0	0.0
Total	158	26,723	100.0	1,644	0.0	0.0	0.0	10.8	6.3	9.7	76.4	66.5	77.6	12.7	27.2	12.7	0.0	0.0	0.0
Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-18
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Highland FSLA	217	31,134	100.0	1,644	18.3	3.7	6.1	18.6	15.2	15.1	23.1	20.7	22.7	40.1	60.4	38.4	0.0	0.0	17.6
Total	217	31,134	100.0	1,644	18.3	3.7	6.1	18.6	15.2	15.1	23.1	20.7	22.7	40.1	60.4	38.4	0.0	0.0	17.6
Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Highland FSLA	158	26,723	100.0	1,644	18.3	5.1	6.1	18.6	15.2	15.1	23.1	20.9	22.7	40.1	58.9	38.4	0.0	0.0	17.6
Total	158	26,723	100.0	1,644	18.3	5.1	6.1	18.6	15.2	15.1	23.1	20.9	22.7	40.1	58.9	38.4	0.0	0.0	17.6
Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																			