



## PUBLIC DISCLOSURE

April 24, 2023

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community National Bank  
**Charter Number: 18394**

210 Main St, Seneca, KS 66538

Office of the Comptroller of the Currency

7101 College Blvd., Suite 1600  
Overland Park, KS 66210

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 CRA Rating

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

**The lending test is rated: Satisfactory.**

**The community development test is rated: Outstanding.**

The major factors that support this rating include:

- The Lending Test rating is based on an overall assessment of Community National Bank's (CNB) performance in its two full-scope assessment areas (AAs) located in the State of Kansas.
- The Community Development (CD) Test rating is based on an aggregate assessment of CNB's CD activities for lending, investments/donations, and services in the bank's AAs.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit (LTD) ratio is reasonable.

While the LTD ratio averages 41.9 percent, with a high of 48.5 percent and a low of 34.8 percent, CNB generates more than half of its deposits through custodial funds that are not legally available for lending. Excluding custodial held deposits, the LTD ratio is reasonable averaging 86.5 percent, with a high of 100.8 percent and low of 69.2 percent.

The Office of the Comptroller of the Currency (OCC) calculated the bank's quarterly average LTD ratio using information from the Consolidated Reports of Condition filed from March 31, 2020, through December 31, 2021, and bank provided data on the custodial held deposit amounts. The quarterly average LTD ratio for similarly situated financial institutions for the same period is 70.5 percent. The highest average peer ratio is 82.2 percent, and the lowest is 61.2 percent. By asset size of eight institutions, including CNB, CNB ranked fourth. These financial institutions ranged from \$118.5 million to \$1.4 billion in asset size, with an average asset size of \$583.3 million.

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 70.1 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

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										
2020	141	71.2	57	28.8	198	26,801	70.7	11,087	29.3	37,888
2021	138	69.0	62	31.0	200	25,811	65.6	13,513	34.4	39,324
<b>Subtotal</b>	<b>279</b>	<b>70.1</b>	<b>119</b>	<b>29.9</b>	<b>398</b>	<b>52,613</b>	<b>68.1</b>	<b>24,600</b>	<b>31.9</b>	<b>77,213</b>
<b>Total</b>	<b>279</b>	<b>70.1</b>	<b>119</b>	<b>29.9</b>	<b>398</b>	<b>52,613</b>	<b>68.1</b>	<b>24,600</b>	<b>31.9</b>	<b>77,213</b>

*Source: Bank Data*  
*Due to Rounding, totals may not equal 100.0%*

## Description of Institution

CNB is a \$863 million community bank headquartered in Seneca, Kansas. Community Bancshares, Inc. wholly owns CNB and is a one-bank holding company headquartered in Seneca, Kansas. CNB has two AAs: Nemaha AA and the Leavenworth AA, which includes two branch locations and two automated teller machines (ATMs) in each AA. CNB offers a full range of deposit and loan products and services. As of December 31, 2022, CNB's total loans of \$354 million represent 41.0 percent of total assets. The loan portfolio by dollar volume consists of 58.8 percent home mortgage loans, 12.9 percent consumer loans, 9.1 percent commercial and industrial loans, 6.0 percent agricultural loans, and 2.5 percent construction loans. CNB has a significant retirement plan division specializing in custodial self-directed individual retirement accounts (SDIRA). Pursuant to its relationship with the retirement division, CNB has approximately 38,000 savings accounts, totaling \$325 million, or 43.2 percent of CNB's \$752.5 million in total deposits. CNB cannot use the SDIRA deposits for lending purposes. Total deposits represent 87.1 percent of total assets with non-custody deposits representing 37.6 percent of total assets. CNB has \$75.3 million in tier 1 capital.

On December 15, 2021, Community Bancshares Inc. completed a holding company acquisition of BOTS Inc., a one-bank holding company for Vision Bank. The holding company acquisition created an affiliate relationship between CNB and Vision Bank. On June 10, 2022, CNB completed a bank-level merger with Vision Bank. Vision Bank had AAs: Topeka, Kansas AA (Topeka AA) and the Kansas City, Kansas metropolitan statistical area (Kansas City MSA), including branch locations in Topeka, Kansas and Overland Park, Kansas.

There are no legal, financial, or other factors impeding CNB's ability to meet the credit needs of its AAs. The bank received a "Satisfactory" rating under the Intermediate Small Bank procedures at its prior CRA examination dated February 18, 2020.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The OCC used the intermediate small bank examination procedures to evaluate CNB's record of meeting the credit needs of its community through its lending and CD activities. Due to unavailability of aggregate data after a census change in 2022, the evaluation period for the lending test is January 1,

2020, through December 31, 2021. For the lending test, the OCC considered CNB's only AAs during the evaluation period: the Nemaha AA and Leavenworth AA (part of the Kansas City MSA). Consistent with the bank's business strategy, the primary product by dollar and by number in both AAs is Home Mortgage Loans.

The evaluation period for the CD test is January 1, 2020, through December 31, 2022. The OCC completed a full-scope review of Nemaha AA and Kansas City MSA and a limited-scope review of Topeka AA. Since CNB and Vision Bank were considered affiliated upon holding company acquisition, qualifying CD activities of Vision Bank overlapping with existing AAs of CNB that did not receive credit under a different CRA examination can be included using the affiliate rules. Vision Bank's qualifying CD activities in the Kansas City MSA completed between December 15, 2021, and June 10, 2022, will receive credit for the Kansas City MSA, as CNB operated within the AA before the bank-level merger. Since the Topeka AA was not an existing AA prior to the bank-level merger, Vision Bank's qualifying CD activities completed between December 15, 2021, and June 10, 2022, were considered for broader statewide or regional activities (BSRA) credit. CD activities completed in the Topeka AA between June 10, 2022, and December 31, 2022, will receive credit as part of a limited-scope CD only review. The Topeka AA CD activities can be evaluated as there is six months of time that CNB was operating in this AA during the evaluation period.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The Nemaha AA was most heavily weighted in arriving at overall conclusions as it had the greatest amount of loans and deposits by dollar and number during the lending test and CD activities during the evaluation period.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), 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 (or any affiliate whose loans have been considered as part of the institution's lending performance) 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 Kansas

**CRA rating for the State of Kansas<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Outstanding

The major factors that support this rating include:

- CNB exhibits a reasonable distribution of loans to individuals of different income levels.
- CNB’s aggregate level of responsiveness to CD needs is outstanding.

### Description of Institution’s Operations in Kansas

#### Nemaha AA (Full-Scope Review)

The non-MSA KS AA consists of four census tracts (CTs) and encompasses all of Nemaha County and one tract in Brown County, as one bank branch is on the county border. CNB operates its main office and one additional branch located in the AA. The AA consists of three middle-income CTs and one upper-income CT. Demographic data shows the 2020-2021 median family income (MFI) as \$57,229. The AA has 9.0 percent of families below the poverty level.

Primary business within the AA are agriculture, service industries, and retail trade. Major employers are Koch and Company, C.J. Foods Inc., Nemaha Central and Prairie Hills Schools, and Nemaha Valley Community Hospital. The December 2021 unemployment rate in the AA was 1.1 percent, compared to the state of Kansas unemployment rate of 2.2 percent and the national unemployment rate of 3.9 percent.

Competition is strong in the AA. Eight other institutions are in the market area. CNB ranks first in deposit market share at 26.74 percent. The primary competitors in the AA are several community banks, including United Bank & Trust, First Heritage Bank, Morrill and Janes Bank and Trust Company, State Bank of Bern, Elk State Bank, Merit Bank, The Girard National Bank, and branches of larger regional institutions.

The OCC performed one community contact in the AA. The contact stated they have not received any complaints on local banks. The contact mentioned a primary need in the area is affordable housing. The contact directly stated CNB was sponsoring activities that help feed the homeless.

The following table provides a summary of demographics, including housing and business information for the Nemaha AA.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2020-2021 Nemaha AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	13,200	0.0	0.0	73.3	26.7	0.0
Housing Units by Geography	5,827	0.0	0.0	73.2	26.8	0.0
Owner-Occupied Units by Geography	4,129	0.0	0.0	75.5	24.5	0.0
Occupied Rental Units by Geography	1,249	0.0	0.0	66.9	33.1	0.0
Vacant Units by Geography	449	0.0	0.0	69.7	30.3	0.0
Businesses by Geography	1,128	0.0	0.0	76.2	23.8	0.0
Farms by Geography	376	0.0	0.0	85.6	14.4	0.0
Family Distribution by Income Level	3,646	16.6	16.7	21.9	44.8	0.0
Household Distribution by Income Level	5,378	20.3	16.6	18.0	45.1	0.0
Median Family Income Non-MSAs - KS		\$57,229	Median Housing Value			\$106,232
			Median Gross Rent			\$519
			Families Below Poverty Level			9.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

### **Leavenworth AA (Full-Scope Review)**

The Leavenworth AA consists of 11 CTs and encompasses part of Leavenworth County with seven CTs and Wyandotte County with four CTs. The bank does not include all CTs in Leavenworth County. CNB's lending and banking activity occurs primarily in the southern part of the county along a major highway, which includes all of the CT in the political boundaries in which the branches are located. The AA also includes surrounding CTs, which include adjacent CTs in Wyandotte County. CNB operates two branches in this AA. CNB does not operate in the city of Leavenworth due to heavy competition, and the significant distance from where the branches are located. Leavenworth and Wyandotte Counties are part of the Kansas City MSA. The AA consists of seven middle-income CTs and four upper-income CTs. Demographic data shows the 2020-2021 Median Family Income is \$72,623. The AA has 4.8 percent of families below poverty level.

Most residents within the AA commute to locations outside of the AA for work and the communities within the AA are considered bedroom communities. Primary businesses within the AA are education, construction, clothing manufacturing, healthcare, and local government. Major employers are Basehor and Tonganoxie school districts, Miles Excavating, Peruvian Connection, Tonganoxie Nursing Center, Cities of Basehor and Tonganoxie, and Kansas Heavy Construction. The December 2021 unemployment rate in the AA was 2.3 percent, compared to the state of Kansas unemployment rate of 2.2 percent and national unemployment rate of 3.9 percent.

CNB ranks third out of nine financial institutions in the AA based on percentage of the market share. Competition is strong with eight other institutions. The bank's primary competitors are local community banks, such as Armed Forces Bank, First State Bank and Trust, Citizens Savings and Loan Association, Mutual Savings Association, and branches of large regional institutions, such as Commerce Bank.



The OCC performed one community contact in the AA. The contact identified a need for home and small business loans due to a growing community and the potential growth of small business. The contact stated there is a lack of building low- or moderate-income (LMI) housing. The contact noted the banks participate in the community.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2020-2021 Leavenworth AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	11	0.0	0.0	63.6	36.4	0.0
Population by Geography	50,092	0.0	0.0	62.0	38.0	0.0
Housing Units by Geography	19,266	0.0	0.0	63.5	36.5	0.0
Owner-Occupied Units by Geography	14,385	0.0	0.0	61.4	38.6	0.0
Occupied Rental Units by Geography	3,874	0.0	0.0	67.6	32.4	0.0
Vacant Units by Geography	1,007	0.0	0.0	78.0	22.0	0.0
Businesses by Geography	2,989	0.0	0.0	61.1	38.9	0.0
Farms by Geography	204	0.0	0.0	72.1	27.9	0.0
Family Distribution by Income Level	13,775	13.3	14.9	22.1	49.7	0.0
Household Distribution by Income Level	18,259	16.5	11.5	17.9	54.0	0.0
Median Family Income MSA – 28140 Kansas City, KS MSA		\$72,623	Median Housing Value			\$189,287
			Median Gross Rent			\$980
			Families Below Poverty Level			4.8%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in Kansas

Due to unavailability of aggregate data after a census change in 2022, the evaluation period for the lending test is January 1, 2020, through December 31, 2021. For the lending test, the OCC considered CNB's only AAs during the evaluation period: Nemaha AA and Leavenworth AA (part of the Kansas City MSA). Conclusions were based on the primary product by dollar and by number in both AAs being Home Mortgage Loans. Examiners completed a full-scope review of the Nemaha AA and Leavenworth AA. Nemaha AA received the greatest weight as it has the highest amount of loans and deposits by dollar and number.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KANSAS

### LENDING TEST

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

## **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's lending performance in the state of Kansas is reasonable.

### **Distribution of Loans by Income Level of the Geography**

There are no LMI CTs in either of the bank's AAs and so no meaningful analysis can be performed.

#### Nemaha AA

No meaningful analysis could be performed as the AA consists of only middle- and upper-income CTs. There are no LMI CTs in the AA.

#### Leavenworth AA

No meaningful analysis could be performed as the AA consists of only middle- and upper-income CTs. There are no LMI CTs in the AA.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

#### Nemaha AA

#### ***Home Mortgage Loans***

Overall lending to LMI borrowers represents reasonable penetration even though the lending is slightly below the aggregate. Lending to moderate-income borrowers is at 14.5 percent, compared to demographics at 15.5 percent. Lending to low-income borrowers is at 2.3 percent, compared to demographics at 4.1 percent. Through discussions with a community contact, there is a significant need for affordable housing in the AA. Due to the lack of affordable housing in the AA and the aggregate not being more than two percent below the aggregate, overall lending is reasonable.

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

#### Leavenworth AA

#### ***Home Mortgage Loans***

Overall lending to LMI borrowers represents reasonable penetration even though the lending is slightly below the aggregate. Lending to moderate-income borrowers is at 13.1 percent, compared to demographics at 14.3 percent. Lending to low-income borrowers is at 3.7 percent, compared to demographics at 4.0 percent. The Kansas State Realtors Association collected data on the average monthly sales prices of homes. The average price of a home in the Leavenworth AA during the evaluation period is \$266,548.50. According to Federal Reserve Economic Data, lower income families, at most in the AA, earn \$43,150, coupled with the average mortgage interest rate of 3.04 percent, it

would take approximately 40 percent of a lower income family's take-home pay to afford a home in the AA. The data supports a lack of affordable housing in the AA. Due to the lack of affordable housing in the AA and the aggregate not being more than two percent below the aggregate, overall lending is reasonable.

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

### Responses to Complaints

CNB did not receive any CRA or related complaints during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Kansas is rated Outstanding.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

The OCC placed the greatest weight on the performance in the Nemaha AA with 77.0 percent of total deposits. The OCC did not consider BSRA in final conclusions as these activities were not exclusively conducted in CNB's AAs.

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Nemaha	195	61.13%	4,400	57.68%
Kansas City MSA	75	25.51%	960	12.59%
Topeka	0	0.00%	0	0.00%
BSRA	49	15.36%	2,268	29.73%

Nemaha AA

Based on a full-scope review, CNB's performance in the Nemaha AA is Outstanding. CNB originated 195 CD loans totaling approximately \$4.3 million, or 9.1 percent of tier 1 capital allocated to the Nemaha County AA. Most loans made support revitalization/stabilization through disaster recovery from the COVID-19 pandemic. Other loans made support economic development, using the beginning farmers Kansas Development Finance Authority or KDFFA program. Other loans helped to create and retain jobs for LMI individuals.

Noteworthy examples of CD lending include:

- Loans through the Small Business Association (SBA) Paycheck Protection Program (PPP) to help retain jobs during the COVID-19 pandemic disaster.
- Loans to beginning farmers to start new farming operations in the state of Kansas.
- SBA 504 loan for a business building expansion that created new jobs for LMI individuals.

Kansas City MSA

Based on a full-scope review, CNB's performance in the Kansas City MSA is Outstanding. CNB originated 75 CD loans totaling \$960 thousand, or 6.13 percent of tier 1 capital allocated to the Kansas City MSA. Seventy-three CD loans were made under the SBA PPP and provided disaster recovery support for revitalization/stabilization, while the other loans provided jobs to LMI individuals through economic development.

**Number and Amount of Qualified Investments**

The Qualified Investment Table, shown below, sets forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investment, including prior period investments that remain outstanding as of the examination date.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Nemaha	0	\$0	8	\$257	8	18.18%	\$257	0.85%	0	\$0
Kansas City MSA	2	\$832	24	\$19,434	26	59.09%	\$20,267	66.65%	0	\$0
Topeka	0	\$0	3	\$904	3	6.82%	\$904	2.97%	0	\$0
BSRA	0	\$0	7	\$8,978	7	15.91%	\$8,978	29.53%	0	\$0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Nemaha AA

Based on a full-scope review, CNB's performance in the Nemaha AA is rated Satisfactory. CNB made qualified investments totaling \$257 thousand, representing less than one percent of the AA's allocated tier 1 capital. Management purchased one new investment totaling \$241 thousand in the AA during the evaluation period. The investment supported affordable housing for LMI individuals. Management made seven qualified donations totaling \$17 thousand to seven organizations in the AA during the evaluation

period. Donations supported organizations who provide community services such as programs for individuals with disabilities, literacy resources, food networks, and youth programs.

#### Kansas City MSA

Based on a full-scope review, CNB's performance in the Kansas City MSA is Outstanding. CNB made qualified investments and grants totaling \$20.3 million, representing 138.81 percent of allocated tier 1 capital. Management made 10 donations totaling \$20 thousand. Donations were made to organizations that provide social services to assist LMI individuals.

### **Extent to Which the Bank Provides Community Development Services**

#### Nemaha AA

CNB provides an excellent level of CD services within the Nemaha AA. The bank had 12 different employees provide 564 hours of CD services to nine different organizations. Two employees provided 90 hours to individuals for down payment assistance through the Federal Home Loan Bank of Topeka to assist customers for first-time homebuyer program. Two employees provided 158 hours serving on the board of the local Housing Authority that provide LMI individuals with affordable rental housing. The remaining 316 service hours were to organizations with a purpose of community service, or economic development. Additional examples of service hours include the following:

- Serving as a mentor and career development and guidance to high school youth.
- Serving on the board of directors of an economic development micro loan program.

#### Kansas City MSA

CNB provides a satisfactory level of CD services in the Kansas City MSA given its limited geographical presence in the AA. Three different CNB employees provided 40 hours of CD services to two different organizations. Examples of service hours include the following:

- Serving as a board member to an organization that provides affordable housing to LMI individuals with disabilities.
- Providing down payment assistance through the Federal Home Loan Bank of Topeka to assist customers for a first-time homebuyer program.

### **Conclusions for Area Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the CD Test in the Topeka AA is consistent with the bank's overall performance under the CD Test in the full scope areas. The AA only became an AA during the last six months of the evaluation period. CNB did not originate any CD loans in the Topeka AA; however, made three investments in the AA totaling \$904 thousand, representing 7.0 percent of allocated tier 1 capital. CNB provided one CD service totaling four hours to the Topeka school district to help plan a financial curriculum primarily serving LMI individuals.

# 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 MSA(s) and non-MSA(s) 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”.

<b>Time Period Reviewed:</b>	01/01/20 to 12/31/22	
<b>Bank Products Reviewed:</b>	Home mortgages (January 1, 2020 through December 31, 2021) Community development loans, qualified investments, community development services (January 1, 2020 through December 31, 2022)	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Vision Bank (ceased to exist as of June 10, 2022)	Holding Company owned both Vision Bank and CNB from December 15, 2021 to June 10, 2022	Community development loans, qualified investments, community development services
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State</b>		
Kansas - Satisfactory	Full-Scope Lending Test	
Kansas - Outstanding	Community Development	

## Appendix B: Summary of MMSA and State Ratings

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RATINGS COMMUNITY NATIONAL BANK			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Community National Bank	Satisfactory	Outstanding	Satisfactory
State:			
Kansas	Satisfactory	Outstanding	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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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

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### 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 30<sup>th</sup> 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 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.

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower, Nemaha KS</b>																				<b>2020-21</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
2020-2021 Nemaha AA	172	26,926	100.0	220	16.6	2.3	4.1	16.7	14.5	15.5	21.9	18.6	21.4	44.8	54.1	47.3	0.0	10.5	11.8		
<b>Total</b>	<b>172</b>	<b>26,926</b>	<b>100.0</b>	<b>220</b>	<b>16.6</b>	<b>2.3</b>	<b>4.1</b>	<b>16.7</b>	<b>14.5</b>	<b>15.5</b>	<b>21.9</b>	<b>18.6</b>	<b>21.4</b>	<b>44.8</b>	<b>54.1</b>	<b>47.3</b>	<b>0.0</b>	<b>10.5</b>	<b>11.8</b>		

Source: 2015 ACS ; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%  
 Community National Bank (10000018394) excluded from Aggregate

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower, Leavenworth KS</b>																				<b>2020-21</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
2020-2021 Leavenworth AA	107	25,687	100.0	4,113	13.3	3.7	4.0	14.9	13.1	14.3	22.1	17.8	23.6	49.7	58.9	34.6	0.0	6.5	23.4		
<b>Total</b>	<b>107</b>	<b>25,687</b>	<b>100.0</b>	<b>4,113</b>	<b>13.3</b>	<b>3.7</b>	<b>4.0</b>	<b>14.9</b>	<b>13.1</b>	<b>14.3</b>	<b>22.1</b>	<b>17.8</b>	<b>23.6</b>	<b>49.7</b>	<b>58.9</b>	<b>34.6</b>	<b>0.0</b>	<b>6.5</b>	<b>23.4</b>		

Source: 2015 ACS ; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%  
 Community National Bank (10000018394) excluded from Aggregate