



## **PUBLIC DISCLOSURE**

JANUARY 25, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**THE ST. MARYS STATE BANK  
RSSD# 315357**

**905 EAST BERTRAND  
SAINT MARYS, KANSAS 66536**

**Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198**

**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, 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’s Community Reinvestment Act Rating..... 2

Scope of Examination..... 2

Description of Institution..... 3

Description of Assessment Areas ..... 4

Conclusions with Respect to Performance Criteria ..... 4

Manhattan Metropolitan Statistical Area Assessment Area  
(Full Review)

    Description of Assessment Area ..... 7

    Conclusion with Respect to Performance Criteria ..... 9

Topeka Metropolitan Statistical Area Assessment Area  
(Full Review)

    Description of Assessment Area ..... 15

    Conclusions with Respect to Performance Criteria ..... 17

Community Reinvestment Act Appendix A  
    Additional Lending Analysis Tables..... 23

**INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING:** *This institution is rated Satisfactory*

The St. Marys State Bank (the bank) has a satisfactory record of helping to meet the credit needs of its assessment areas (AAs). The average net loan-to-deposit (NLTD) ratio was reasonable considering the characteristics of the bank, performance of competitors in the area, and credit needs of the communities within the two delineated AAs. The majority of loans reviewed for this evaluation were originated inside the bank's AAs. The bank's lending distribution reflected a reasonable penetration among borrowers of different income levels and to businesses of different revenue sizes. Although the bank does not have any low- or moderate-income (LMI) tracts within its AAs, lending levels reflect a reasonable penetration throughout the AAs based on the income level of geographies.

**SCOPE OF EXAMINATION**

The bank's Community Reinvestment Act (CRA) performance was evaluated using the Federal Financial Institution's Examination Council (FFIEC) Interagency Examination Procedures for Small Banks. The evaluation included a full-scope review of the bank's lending performance within both its AAs, which include portions of the Manhattan Metropolitan Statistical Area (MSA) and Topeka MSA. The lending test considered the bank's NLTD ratio, the level of lending inside its AAs, lending to borrowers of different income levels and businesses of different revenue sizes, and the distribution of loans by income level of geography. The fifth criterion, the bank's responsiveness to complaints under the CRA, was not reviewed as the bank has not received any CRA-related complaints since the prior evaluation.

Conclusions regarding the lending test criteria were based on a review of the bank's major product lines: commercial (small business) loans and loans reported under the Home Mortgage Disclosure Act (HMDA). These were determined through a review of the Reports of Condition and Income, discussions with bank management, and a review of all outstanding loan originations since the bank's last CRA evaluation, which was conducted on December 12, 2011. The lending test evaluation included a statistical sample of 45 small business loans from a universe of 54 loans originated between October 17, 2014 and October 16, 2015, and all HMDA-related loans originated in 2013 and 2014, including 51 loans and 70 loans, respectively.

For evaluative purposes, the bank's HMDA-related loans were compared to local demographic data using the U.S. Census 2006-2010 five-year estimated American Community Survey (2010 ACS) data and corresponding year aggregate HMDA data while small business lending was compared to 2015 Dun & Bradstreet (D&B) business data. Comparisons were also made to 2013 and 2014 aggregate peer data reported by all HMDA filers operating within the bank's AAs. The geographic distribution analysis was based on the bank's penetration within different geographic income categories, particularly LMI geographies. Geographies were classified based on the 2014 FFIEC census tract designations, which were derived from the 2010 ACS data and the 2013 Office of Management and Budget (OMB) Metropolitan Statistical Area

(MSA) designations for loan years 2015 and 2014 and the 2003 OMB MSA designations for loan year 2013. The borrower distribution analysis was based on the bank's penetration to borrowers of different income categories and to small businesses with gross annual revenues under \$1MM. For the evaluation of borrower characteristics, borrower income levels were calculated using the corresponding loan year's FFIEC's Estimated Median Family Income (MFI) Report. The evaluation of the bank's performance focused on the number of loans originated for each product, as well as the dollar volume of those originations.

Community contacts conducted within the bank's AAs in 2015, as part of the evaluations of other financial institutions in the area, were also referenced to ascertain the credit needs of the communities, the responsiveness of area banks to those credit needs, the availability of community development opportunities, and local economic conditions. The contacts included a farm loan manager, a broker and appraiser, and a senior management member of an economic development agency.

## **DESCRIPTION OF INSTITUTION**

The bank, a wholly owned subsidiary of PCI Holdings, Incorporated, is a \$91.4 million financial institution headquartered in Saint Marys, Kansas. The bank operates from two offices, which are in close proximity. The main office is a full-service facility located in Saint Marys, Kansas, approximately 27 miles northwest of Topeka, Kansas, in southeast Pottawatomie County. The bank's only branch is a limited-service office located in Rossville, Kansas, approximately seven miles east of Saint Marys, just over the Shawnee County line. The Rossville branch is deposit-taking only, and all loan inquiries are referred to the main office in Saint Marys. The bank has three cash-dispensing automated teller machines (ATMs), including one ATM at each of its locations, and an additional ATM located inside Ray's Apple Market grocery store in Saint Marys.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report dated June 30, 2015, the bank ranked 9<sup>th</sup> out of 22 institutions operating in the Manhattan MSA with 2.4 percent of deposits totaling \$60.8 million. Moreover, the bank ranked 35<sup>th</sup> out of 38 institutions in the Topeka MSA with 0.2 percent of deposits totaling \$10.6 million. The smaller market share in the Topeka MSA AA is attributed to the limited presence in that market. The Topeka MSA AA only includes four census tracts in three counties, representing a small portion of the entire Topeka MSA from which the market share data was obtained. For context, the Topeka MSA is comprised of five counties that contain a total of 57 census tracts. Accordingly, the bank's market share as a portion of the Topeka MSA is significantly diluted. It should be noted that the Manhattan MSA AA market share is also affected by the same anomaly, but to a lesser degree.

The bank offers traditional loan and deposit products, and its business strategy is to focus on commercial and agricultural lending to small businesses and farms in the area, as well as residential real estate lending. Given that commercial and residential real estate loans constitute 70.6 percent of the bank's loan portfolio mix, the evaluation was based on these two

products.

Table 1 illustrates the distribution of the bank's loan portfolio by product type as of September 30, 2015.

| <b>TABLE 1<br/>                     THE ST. MARYS STATE BANK<br/>                     SEPTEMBER 30, 2015</b> |                       |                         |
|--|-----------------------|-------------------------|
| <b>Loan Type</b>   | <b>Amount \$(000)</b> | <b>Percent of Total</b> |
| Commercial   | 23,094                | 43.6                    |
| Residential Real Estate  | 14,243                | 27.0                    |
| Agricultural   | 12,408                | 23.4                    |
| Consumer   | 2,931                 | 5.5                     |
| Other  | 282                   | 0.5                     |
| <b>Gross Loans</b>   | <b>52,958</b>         | <b>100.0</b>            |

The bank has the ability to meet the credit needs of its AAs, based on its asset size, product offerings, and financial condition. No financial or legal impediments exist that would negatively impact the institution's ability to meet the credit needs of its AAs. The bank received a satisfactory rating at its previous CRA evaluation conducted by the Reserve Bank on December 12, 2011.

**DESCRIPTION OF THE BANK'S ASSESSMENT AREAS**

The bank has designated two contiguous AAs. The first AA includes two middle- and one upper-income census tracts in the eastern portion of Pottawatomie County, which is part of the Manhattan, Kansas, MSA. The second AA consists of three middle- and one upper-income tracts in three of the Topeka MSA's five counties. This AA is comprised of one middle-income tract from each of Wabaunsee and Jackson Counties, as well as one middle- and one upper-income tract in Shawnee County. Both AAs are considered rural in nature, and the small communities the bank serves are surrounded by vast expanses of sparsely populated land primarily used for agricultural purposes.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank's performance under CRA is considered Satisfactory based on an assessment of its 16-quarter average NLTD ratio, level of lending within its AAs, and distribution of lending among borrowers of different income levels, businesses of different revenue sizes, and income levels of geographies. Information utilized for this analysis includes the bank's performance data, area demographic data, and input from members of the local communities.

**Net Loan-to-Deposit Ratio**

The bank's NLTD ratio was considered reasonable based on its 16-quarter average since the previous CRA evaluation and compared to the NLTD ratios of five similarly situated institutions over the same time period. The bank's NTLTD ratio of 70.6 percent was higher than three of the five other similarly situated institutions within the bank's AAs, whose ratios ranged from 67.3 percent to 81.8 percent. The bank's NLTD ratio demonstrates a willingness to extend credit based on its size, financial condition, and credit needs of its AAs.

**Lending in the Bank's Assessment Areas**

Table 2 represents the volume of loans originated within the bank's two AAs. A majority of the bank's HMDA-related and small business loans by dollar and number were originated within its AAs. HMDA-related loans made inside the bank's AAs represented 82.6 percent by number and 80.2 percent by dollar amount. Small business loans originated inside the bank's AAs represented 91.1 percent by number and 91.3 percent by dollar amount. Overall, the bank originated 84.9 percent by number and 81.7 percent by dollar volume within its two AAs. The bank's level of lending within its delineated AAs is considered reasonable based on its size, financial condition, and area credit needs. Only loans originated within the bank's AAs are considered for the remaining lending test components discussed within the Performance Evaluation.

| Bank Loans                | Inside     |               |             |             | Outside   |              |             |             |
|---------------------------|------------|---------------|-------------|-------------|-----------|--------------|-------------|-------------|
|                           | #          | \$(000)       | #%          | \$%         | #         | \$(000)      | #%          | \$%         |
| Home Purchase             | 47         | 4,580         | 88.7        | 84.0        | 6         | 873          | 11.3        | 16.0        |
| Home Refinance            | 46         | 5,088         | 78.0        | 77.8        | 13        | 1,453        | 22.0        | 22.2        |
| Home Improvement          | 7          | 236           | 77.8        | 66.1        | 2         | 121          | 22.2        | 33.9        |
| <b>Total HMDA-related</b> | <b>100</b> | <b>9,904</b>  | <b>82.6</b> | <b>80.2</b> | <b>21</b> | <b>2,447</b> | <b>17.4</b> | <b>19.8</b> |
| Small Business            | 41         | 1,839         | 91.1        | 91.3        | 4         | 176          | 8.9         | 8.7         |
| <b>Total Loans</b>        | <b>141</b> | <b>11,743</b> | <b>84.9</b> | <b>81.7</b> | <b>25</b> | <b>2,623</b> | <b>15.1</b> | <b>18.3</b> |

**Distribution of Lending Among Borrowers of Different Income Levels and Businesses of Different Revenue Sizes**

This performance criterion evaluates the bank's distribution of lending to borrowers of different income levels, with emphasis placed on lending to LMI individuals. The bank's HMDA-related loans were compared to the percentages of low-, moderate-, middle-, and upper-income families located in each AA. In addition, the analysis evaluated the bank's level of lending to businesses of different revenue sizes, primarily those with gross annual revenues of \$1 million or less. The bank's commercial lending activity was compared to the percentage of small businesses in each AA. Based on the demographic and economic conditions of the two AAs, the bank's overall distribution of loans represented a reasonable penetration among individuals of different income levels and businesses of different revenue sizes.

### **Distribution by Income Level of Geographies**

This performance criterion evaluates the bank's distribution of loans among geographies of various income levels, with emphasis placed on lending in the LMI geographies. Because neither of the bank's AAs contains LMI tracts, less emphasis was placed on this performance criterion. Overall, the bank's distribution of loans reflected a reasonable dispersion throughout the AAs when taking performance context factors into consideration.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discrimination was identified. Furthermore, the bank has not engaged in any form of illegal credit practices inconsistent with helping to meet community credit needs.

### **DISCUSSION OF COMMUNITY REINVESTMENT ACT PERFORMANCE IN INDIVIDUAL ASSESSMENT AREAS**

The following is a discussion of the bank's performance in its Topeka and Manhattan MSA AAs. The individual analyses focus on the distribution of lending to borrowers of different income levels, businesses of different revenue sizes, and by income level of geography.

**MANHATTAN METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**  
(Full Review)

**DESCRIPTION OF BANK'S OPERATIONS IN THE MANHATTAN, KANSAS METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**

During 2013, the bank's Manhattan MSA AA consisted of one middle- and two upper-income tracts. Effective January 1, 2014, the Office of Management Budget reclassified one of the AA's upper-income geographies (tract 0002.00) to middle-income. Accordingly, the bank's most current Manhattan MSA AA consists of two middle- and one upper-income census tracts in eastern Pottawatomie County, based on the revised tract designation. This evaluation placed more emphasis on lending during 2014, although a discussion of the bank's lending performance for 2013 will also be included for additional context. Based on the lack of LMI tracts in this AA, the variance in tract designations during 2013 to 2014 does not have a significant impact on the bank's lending distribution by income level of census tract.

The bank's main office is a full-service facility located in Saint Marys, Kansas. The June 30, 2015 Deposit Market Share Report, ranks the bank 9th out of 22 FDIC-insured institutions operating in the Manhattan MSA with 2.4 percent of deposits in the market. It should be noted that the bank's Manhattan MSA AA is only a subset of the Manhattan, Kansas MSA, which includes a number of financial institutions not present in the AA. Accordingly, the bank's market share figure is diluted.

Population Characteristics

According to 2010 Census data, the total population in the Manhattan MSA AA was 17,404 which represents 18.8 percent of the total Manhattan MSA population. The AA had a higher concentration of households that are families when compared to the entire MSA. The census data showed that 73.5 percent of total households living in the AA were families compared to only 58.1 percent of households in the entire MSA.

Income Characteristics

The median family income for the AA was \$65,469, which was higher than the statewide figure of \$62,424 and the entire MSA figure of \$59,787. In addition, the AA had a lower concentration of LMI families, at 30.4 percent, when compared to the state and MSA, at 36.0 percent and 38.1 percent, respectively. Furthermore, the percentage of families living below poverty in the AA was 4.7 percent compared to 8.4 percent in Kansas and 9.5 percent in the MSA. These numbers support the fact that the AA appears to be more affluent than the MSA as a whole.



### Economic and Employment Characteristics

Employment opportunities in the AA are supported by Kaw Valley School District, Jeffrey Energy Center, and St. Marys Academy and College. According to the Bureau of Labor Statistics from December 2015, the unemployment rate in the AA was 2.8 percent, which was considerably lower than the state (3.9 percent) and national figures (5.0 percent). Recent interviews with community contacts that were conducted as part of the CRA evaluations of other local financial institutions were reviewed for pertinent information related to the local economy. One contact noted that the unemployment rate in the area was significantly below the national average. Another contact discussed a declining agricultural economy in the area as the result of lower grain prices and volatile and declining livestock prices. The contact also mentioned the need for agricultural loans to start-up agricultural businesses needing down payment assistance.

### Housing Characteristics

A majority of the housing stock in the AA was owner-occupied at 76.0 percent, exceeding the portion of owner-occupied properties in the MSA, at 48.1 percent. Only 17.9 percent of the residential units in the AA were classified as rental property when compared to 43.3 percent in the MSA. The higher portion of rental properties in the overall MSA is due to the presence of a major university in Manhattan, Kansas. Vacant properties in the AA represented 6.1 percent of total housing units, compared to 8.6 percent for the entire MSA. The area's housing affordability ratio of 36.4 percent was higher than the MSA figure of 28.0 percent. Furthermore, the median housing value in the AA was \$152,177, which was slightly higher than the MSA value of \$150,605.

Table 3 summarizes the demographic and economic characteristics of the bank's Manhattan MSA AA based on 2010 FFIEC Census data and 2015 D&B data.

| TABLE 3<br>MANHATTAN MSA AA DEMOGRAPHICS |                           |                       |                                    |              |  |              |                           |              |
|--|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories                        | Tract Distribution        |                       | Families by Tract Income           |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income |              |
|  | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Low                                      | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 661                       | 14.7         |
| Moderate                                 | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 703                       | 15.7         |
| Middle                                   | 2                         | 66.7                  | 2,548                              | 56.8         | 79   | 3.1          | 1,148                     | 25.6         |
| Upper                                    | 1                         | 33.3                  | 1,941                              | 43.2         | 130  | 6.7          | 1,977                     | 44.0         |
| <b>Total AA</b>                          | <b>3</b>                  | <b>100.0</b>          | <b>4,489</b>                       | <b>100.0</b> | <b>209</b>   | <b>4.7</b>   | <b>4,489</b>              | <b>100.0</b> |
|  | Housing Units by Tract    | Housing Type by Tract |                                    |              |  |              |                           |              |
|  |                           | Owner-occupied        |                                    |              | Rental   |              | Vacant                    |              |
|  |                           | #                     | % by tract                         | % by unit    | #  | % by unit    | #                         | % by unit    |
| Middle                                   | 3,729                     | 2,715                 | 54.9                               | 72.8         | 860  | 23.1         | 154                       | 4.1          |
| Upper                                    | 2,773                     | 2,226                 | 45.1                               | 80.3         | 306  | 11.0         | 241                       | 8.7          |
| <b>Total AA</b>                          | <b>6,502</b>              | <b>4,941</b>          | <b>100.0</b>                       | <b>76.0</b>  | <b>1,166</b>                                       | <b>17.9</b>  | <b>395</b>                | <b>6.1</b>   |
|  | Total Businesses by Tract |                       | Businesses by Tract & Revenue Size |              |  |              |                           |              |
|  |                           |                       | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|  | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Middle                                   | 581                       | 57.2                  | 517                                | 57.1         | 58   | 61.6         | 6                         | 60.0         |
| Upper                                    | 434                       | 42.8                  | 388                                | 42.9         | 42   | 38.4         | 4                         | 40.0         |
| <b>Total AA</b>                          | <b>1,015</b>              | <b>100.0</b>          | <b>905</b>                         | <b>100.0</b> | <b>100</b>   | <b>100.0</b> | <b>10</b>                 | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b>   |                           |                       |                                    | <b>89.2</b>  |  | <b>9.9</b>   |                           | <b>1.0</b>   |

Based on 2010 ACS five-year estimate, 2010 FFIEC census tract designations, and 2015 D&B data.  
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes

Overall, the distribution of lending to borrowers of different income levels and to businesses of different revenue sizes was excellent considering the AA demographics and the local economic conditions. The lending tables that follow only reflect HMDA loan data for 2014 with 2013 loan data considered in context of performance and displayed in Appendix A.

**TABLE 4  
DISTRIBUTION OF 2014 HMDA LOANS BY BORROWER INCOME LEVELS  
MANHATTAN MSA AA**

| Borrower Income Level                        | Bank Loans |         |      |      | Aggregate HMDA Data <sup>1</sup> |      | % of Families <sup>2</sup> |
|--|------------|---------|------|------|----------------------------------|------|----------------------------|
|  | #          | \$(000) | #%   | \$%  | #%                               | \$%  |                            |
| <b>Total Home Mortgage Loans<sup>1</sup></b> |            |         |      |      |                                  |      |                            |
| <b>Low</b>                                   | 4          | 318     | 11.8 | 9.4  | 5.1                              | 2.4  | 14.7                       |
| <b>Moderate</b>                              | 9          | 790     | 26.5 | 23.3 | 14.9                             | 10.6 | 15.7                       |
| <b>Middle</b>                                | 9          | 779     | 26.5 | 23.0 | 28.0                             | 25.5 | 25.6                       |
| <b>Upper</b>                                 | 5          | 763     | 14.7 | 22.5 | 34.4                             | 42.8 | 44.0                       |
| <b>Unknown</b>                               | 7          | 735     | 20.6 | 21.7 | 17.6                             | 18.7 | 0.0                        |
| <b>Home Purchase Loans</b>                   |            |         |      |      |                                  |      |                            |
| <b>Low</b>                                   | 2          | 190     | 13.3 | 10.2 | 2.9                              | 1.5  | 14.7                       |
| <b>Moderate</b>                              | 4          | 438     | 26.7 | 23.6 | 15.4                             | 11.1 | 15.7                       |
| <b>Middle</b>                                | 1          | 128     | 6.7  | 6.9  | 29.2                             | 28.0 | 25.6                       |
| <b>Upper</b>                                 | 5          | 763     | 33.3 | 41.2 | 33.7                             | 41.6 | 44.0                       |
| <b>Unknown</b>                               | 3          | 335     | 20.0 | 18.1 | 18.8                             | 17.8 | 0.0                        |
| <b>Refinanced Loans</b>                      |            |         |      |      |                                  |      |                            |
| <b>Low</b>                                   | 1          | 78      | 7.1  | 5.6  | 8.4                              | 4.4  | 14.7                       |
| <b>Moderate</b>                              | 4          | 337     | 28.6 | 24.2 | 14.3                             | 9.5  | 15.7                       |
| <b>Middle</b>                                | 5          | 576     | 35.7 | 41.4 | 24.8                             | 20.8 | 25.6                       |
| <b>Upper</b>                                 | 0          | 0       | 0.0  | 0.0  | 36.6                             | 46.8 | 44.0                       |
| <b>Unknown</b>                               | 4          | 400     | 28.6 | 28.8 | 16.0                             | 18.5 | 0.0                        |
| <b>Home Improvement Loans</b>                |            |         |      |      |                                  |      |                            |
| <b>Low</b>                                   | 1          | 50      | 20.0 | 35.7 | 10.7                             | 5.8  | 14.7                       |
| <b>Moderate</b>                              | 1          | 15      | 20.0 | 10.7 | 14.3                             | 15.3 | 15.7                       |
| <b>Middle</b>                                | 3          | 75      | 60.0 | 53.6 | 39.3                             | 21.9 | 25.6                       |
| <b>Upper</b>                                 | 0          | 0       | 0.0  | 0.0  | 28.6                             | 39.1 | 44.0                       |
| <b>Unknown</b>                               | 0          | 0       | 0.0  | 0.0  | 7.1                              | 17.9 | 0.0                        |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> Based on 2010 ACS five-year estimate data.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

## Home Mortgage Disclosure Act-Related Loans

### Home Purchase Loans

The 2014 distribution of home purchase loans to borrowers of different income levels in the Manhattan MSA AA is excellent. For home purchase loans, the bank originated 13.3 percent by number (10.2 percent by dollar volume) to low-income borrowers in 2014. This performance was well above the aggregate at 2.9 percent by number (1.5 percent by dollar volume), and slightly below the percentage of families (14.7 percent). Lending to moderate-income borrowers was 26.7 percent by number and 26.3 percent by dollar volume. This compares favorably to the aggregate figure of 15.4 percent and percentage of families at 15.7 percent by number. Combined, lending to LMI borrowers was strong. The bank originated one home purchase loan to a middle-income borrower, representing 6.7 percent, while the

percentage of AA middle-income families was 25.6 percent. The bank's home purchase lending to upper-income borrowers was at 33.3 percent (41.6 percent by dollar volume), compared to the demographic of 44.0 percent.

Performance was strong during 2013, although there were no loans to low-income borrowers. Four of the bank's ten home purchase loans (40.0 percent) were made to moderate-income borrowers, which was well above the aggregate (16.3 percent) and percentage of families (15.2 percent), although one of the ten loans reported unknown income.

#### Refinanced Loans

The 2014 distribution of home refinance loans to borrowers of different income levels in the Topeka MSA AA is excellent. The bank's percentage of lending for refinance loans to low-income borrowers by number and dollar amount was 7.1 percent and 5.6 percent, respectively. By number, this performance was similar to the aggregate data at 8.4 percent by number (4.4 percent by dollar volume) and below the percentage of families (14.7 percent). However, lending to moderate-income borrowers at 28.6 percent by number (24.2 percent by dollar amount), significantly exceeded the aggregate figure of 14.3 percent and the percentage of families at 15.7 percent. The bank's lending to middle-income borrowers at 35.7 percent by number (41.4 percent by dollar volume) exceeded the aggregate figure of 24.8 percent and the percentage of families at 25.6 percent. The bank did not originate any refinance loans to upper-income borrowers in 2014, compared to 44.0 percent of the AA families considered to be upper-income. Lending to upper-income borrowers was also below aggregate data. The percentage of bank loans with unknown incomes was higher than the demographic but not to the extent that it would skew the performance of lending to moderate-income borrowers.

Performance during 2013 was poor as there were no refinanced loans originated to LMI borrowers, compared to four loans to middle-income, six loans to upper-income, and one loan to a borrower with unknown income.

#### Home Improvement Loans

Based on low lending volume during 2014 to LMI borrowers, the two income levels were combined. The bank's two home improvement loans to LMI borrowers represented 40.0 percent by number (46.4 percent by dollar volume), exceeding the combined LMI aggregate and demographic figures of 25.0 percent and 30.4 percent, respectively. Despite low numbers, this still represents strong performance. A majority of the bank's home improvement loans were made to middle-income borrowers, at 60.0 percent, exceeding the aggregate figure of 39.3 percent and the percentage of families at 25.6 percent. The bank did not originate any home improvement loans to upper-income borrowers in 2014, compared to demographic figure of 44.0 percent.

Performance lagged in 2013, as there were no home improvement loans originated within the bank's Manhattan MSA AA.

**Small Business Loans**

The majority of business loans made by the bank were to entities with revenue sizes of \$1 million or less, representing 81.0 percent of business loans made in the AA. In comparison, 89.2 percent of businesses in the AA had reported revenues of \$1 million or less according to 2015 D&B data. Although the bank's level of lending to businesses with annual revenues of less than \$1 million was below the percentage of small businesses in the Manhattan MSA AA, this is still considered reasonable performance given the bank's size, financial condition, and credit needs in the AA. It should be noted that 2015 D&B comparative data was used although the sample included business loans from 2014 and 2015. However, only 5 of the 21 loans reviewed were originated in 2014 and the D&B data for that year was very similar to the 2015 D&B data.

**TABLE 5  
 DISTRIBUTION OF BUSINESS LOANS BY REVENUE SIZE  
 MANHATTAN MSA AA**

| Business Revenue By Size | Business Loans <sup>1</sup> |         |      |      | % of Businesses <sup>2</sup> |
|--------------------------|-----------------------------|---------|------|------|------------------------------|
|                          | #                           | \$(000) | #%   | \$%  |                              |
| \$1MM or less            | 17                          | 819     | 81.0 | 57.7 | 89.2                         |
| Over \$1MM               | 4                           | 600     | 19.0 | 42.3 | 9.9                          |
| Not Known                | 0                           | 0       | 0.0  | 0.0  | 1.0                          |

<sup>1</sup> The CRA defines small business loans as loans in the amount of \$1 million or less.  
<sup>2</sup> Based on 2015 D&B Data.  
 (NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

**Distribution by Income Level of Geography**

Overall, the geographic distribution of lending is considered reasonable given the location of bank's office in the Manhattan MSA AA and demographics of the area. As previously noted, the AA is predominantly rural, and it does not contain any LMI census tracts.

**TABLE 6  
DISTRIBUTION OF 2014 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY  
MANHATTAN MSA AA**

| Census Tract Income Level        | Bank Loans |         |       |       | Aggregate HMDA Data <sup>1</sup> |      | % of Owner Occupied Units <sup>2</sup> |
|----------------------------------|------------|---------|-------|-------|----------------------------------|------|--|
|                                  | #          | \$(000) | #%    | \$%   | #%                               | \$%  |  |
| <b>Total Home Mortgage Loans</b> |            |         |       |       |                                  |      |  |
| Middle                           | 32         | 3,133   | 94.1  | 92.6  | 41.0                             | 32.3 | 54.9                                   |
| Upper                            | 2          | 252     | 5.9   | 7.4   | 59.0                             | 67.7 | 45.1                                   |
| <b>Home Purchase Loans</b>       |            |         |       |       |                                  |      |  |
| Middle                           | 14         | 1,704   | 93.3  | 91.9  | 37.3                             | 29.3 | 54.9                                   |
| Upper                            | 1          | 150     | 6.7   | 8.1   | 62.7                             | 70.7 | 45.1                                   |
| <b>Home Refinance Loans</b>      |            |         |       |       |                                  |      |  |
| Middle                           | 13         | 1,289   | 92.9  | 92.7  | 45.8                             | 37.6 | 54.9                                   |
| Upper                            | 1          | 102     | 7.1   | 7.3   | 54.2                             | 62.4 | 45.1                                   |
| <b>Home Improvement Loans</b>    |            |         |       |       |                                  |      |  |
| Middle                           | 5          | 140     | 100.0 | 100.0 | 53.6                             | 22.3 | 54.9                                   |
| Upper                            | 0          | 0       | 0.0   | 0.0   | 46.4                             | 77.7 | 45.1                                   |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reportedly by all HMDA filers.  
<sup>2</sup> Based on the 2010 ACS five-year estimate data and 2014 FFIEC census tract designations.  
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

## Home Mortgage Disclosure Act-Related Loans

### Home Purchase Loans

The 2014 distribution of home purchase loans to middle- and upper-income census tracts in the Manhattan MSA AA is reasonable. The bank originated 93.3 percent by number (91.9 percent by dollar volume) of its home purchase loans in the middle-income tracts, exceeding the 54.9 percent of owner-occupied units in the Manhattan MSA AA. The bank originated one home purchase loan in the upper-income tract at 6.7 percent by number (8.1 percent by dollar volume), compared to the 45.1 percent of owner-occupied units in that tract.

Home purchase lending in 2013 was similar to 2014 performance, although two of the Manhattan MSA AA tracts were designated as upper-income during 2013. Reclassification of one upper-income tract to a middle-income geography became effective January 1, 2014. An overwhelming majority of the bank's home purchase loans in 2013 were originated in the AA's middle-income tract, compared to the aggregate figure of 9.5 percent and the demographic of 23.3 percent. The bank's only office in this AA is located in the middle-income tract (based on the 2013 delineation), so a greater volume of lending would be expected there.

### Refinance Loans

The 2014 distribution of home refinance loans to middle- and upper-income census tracts is reasonable. The bank originated 92.9 percent of its refinance loans (92.7 percent by dollar

volume) in the middle-income census tracts, exceeding the 54.9 percent of owner-occupied units in the MSA AA. The bank originated one refinance loan, which represented 7.1 percent by number (7.3 percent by dollar volume) in the upper-income census tract, compared to the 45.1 percent of owner-occupied units in the MSA AA.

In 2013, the bank originated 90.9 percent of its refinance loans (84.8 percent by dollar volume) in the AA's one middle-income tract, compared to the aggregate of 14.3 percent and the demographic of 23.3 percent.

Home Improvement Loans

In 2014, the bank originated all of its home improvement loans in middle-income tracts, which was above both the 53.6 percent and 54.9 percent figures noted in the aggregate and demographic data, respectively. Overall lending is considered reasonable due to the bank's somewhat low levels of HMDA-related lending.

The bank did not originate any home improvement loans in the Manhattan MSA AA during 2013.

**Small Business Loans**

The bank's 2014 distribution of small business lending reflects reasonable distribution throughout the AA. The bank's geographic distribution of small business loans originated in the middle-income census tracts represented 95.2 percent by number (98.5 percent by dollar volume) of total small business loans, exceeding the 57.2 percent of small businesses located in the middle-income census tracts in the Manhattan MSA AA. The remainder of the bank's small business loans were made in the upper-income census tract at 4.8 percent by number (1.5 percent by dollar volume), which was below the demographic of 42.8 percent.

**TABLE 7  
 DISTRIBUTION OF SMALL BUSINESS LOANS  
 BY INCOME LEVEL OF GEOGRAPHY  
 MANHATTAN MSA AA**

| Census Tract<br>Income Level | Small Business Loans <sup>1</sup> |         |      |      | % of<br>Businesses <sup>2</sup> |
|------------------------------|-----------------------------------|---------|------|------|---------------------------------|
|                              | #                                 | \$(000) | #%   | \$%  |                                 |
| Middle                       | 20                                | 1,398   | 95.2 | 98.5 | 57.2                            |
| Upper                        | 1                                 | 21      | 4.8  | 1.5  | 42.8                            |

<sup>1</sup> CRA data reports only business loans in the amount of \$1 million or less.

<sup>2</sup> Based on 2015 FFIEC Census Data designations and 2015 D&B data.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

**TOPEKA METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**  
(Full Review)

**DESCRIPTION OF BANK'S OPERATIONS IN THE TOPEKA, KANSAS METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**

The bank's Topeka MSA AA consists of three middle- and one upper-income tracts, including one middle-income tract in both Wabaunsee and Jackson County, and one middle- and one upper-income tract in Shawnee County. The AA includes the bank's limited-service branch in Rossville, Kansas, located on the western edge of the Shawnee County line. Based on data from the June 30, 2015 Deposit Market Share Report, the bank ranked 35<sup>th</sup> out of 38 FDIC-insured institutions operating in the Topeka MSA, representing less than 1.0 percent of deposits in the market. As previously noted, the bank's AA is a subset of the greater Topeka, Kansas MSA, which significantly dilutes its market share percentage. Moreover, the portion of the bank's deposits attributed to this branch was only 14.9 percent, which also factors in to the lower market share percentage in this AA.

Population Characteristics

Total population of the AA is 19,426, which accounts for approximately 8.3 percent of the entire Topeka MSA's population. Households that are families represented 78.7 percent of total households in the AA (7,268), exceeding the 66.5 percent of households that are families in the MSA, and the 66.6 percent of households that are families in the statewide area.

Income Characteristics

According to 2010 Census data, the median family income for the Topeka MSA AA was \$67,627, which is higher than the Kansas statewide and overall Topeka MSA figures of \$62,424 and \$61,110, respectively. In addition, the AA's LMI households represented 28.2 percent of total households (7,268), compared to 38.2 percent in the statewide area and 40.1 percent in the MSA. Households living below poverty in the AA comprised 7.1 percent in comparison to 12.8 percent for the entire MSA and 12.0 percent for the state of Kansas. These numbers appear to support that the AA is somewhat more affluent than the MSA.

Economic and Employment Characteristics

Employment opportunities in the AA are supported by large employers in the area including Kaw Valley School District, Good Year Tire Manufacturing, and Frito Lay. According to data from the Bureau of Labor Statistics in December 2015, the unemployment rate in the Topeka MSA was 3.6 percent, which was lower than the state and national unemployment rates of 3.9 percent and 5.0 percent, respectively. Other employment opportunities available in the Topeka MSA help to mitigate the level of area unemployment.



A community contact noted expansion initiatives planned by several of the area's larger businesses, which should create a number of job opportunities. The contact also noted a job training program that primarily attracts LMI individuals and allows the potential to generate higher incomes in the future. This program should aid in generating additional employment opportunities in Topeka and the surrounding area. The contact also discussed the need for small business loans in the area.

### Housing Characteristics

The majority of housing stock in the AA was owner-occupied at 79.6 percent, exceeding the percentage of owner-occupied properties in the MSA (64.9 percent) and the state (62.6 percent). Only 14.9 percent of property in the AA was considered rental property and 5.6 percent of properties were vacant. The area's housing affordability ratio<sup>1</sup> of 43.5 percent exceeded the MSA and state figures, at 42.3 percent and 40.3 percent, respectively. The median housing value in the AA, at \$136,601, was much higher than the \$114,920 median housing value for the MSA, as well as the \$122,600 figure for the state.

Table 8 summarizes the demographic and economic characteristics of the bank's Topeka MSA AA based on 2010 Census data and 2015 D&B data information.

---

<sup>1</sup> The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio generally reflects less affordable housing.

**TABLE 8  
TOPEKA MSA AA DEMOGRAPHICS**

| Income Categories                      | Tract Distribution        |                                    | Families by Tract Income |                            | Families < Poverty Level as % of Families by Tract |                  | Families by Family Income |                      |   |
|--|---------------------------|------------------------------------|--------------------------|----------------------------|--|------------------|---------------------------|----------------------|---|
|  | #                         | %                                  | #                        | %                          | #  | %                | #                         | %                    |   |
| Low                                    | 0                         | 0.0                                | 0                        | 0.0                        | 0  | 0.0              | 752                       | 13.2                 |   |
| Moderate                               | 0                         | 0.0                                | 0                        | 0.0                        | 0  | 0.0              | 932                       | 16.3                 |   |
| Middle                                 | 3                         | 75.0                               | 3,854                    | 67.4                       | 267  | 6.9              | 1,429                     | 25.0                 |   |
| Upper                                  | 1                         | 25.0                               | 1,862                    | 32.6                       | 40   | 2.1              | 2,603                     | 45.5                 |   |
| <b>Total AA</b>                        | <b>4</b>                  | <b>100.0</b>                       | <b>5,716</b>             | <b>100.0</b>               | <b>307</b>   | <b>5.4</b>       | <b>5,716</b>              | <b>100.0</b>         |   |
|  | Housing Units by Tract    | Housing Type by Tract              |                          |                            |  |                  |                           |                      |   |
|  |                           | Owner-occupied                     |                          |                            | Rental   |                  | Vacant                    |                      |   |
|  |                           | #                                  | % by tract               | % by unit                  | #  | % by unit        | #                         | % by unit            |   |
| Middle                                 | 5,245                     | 4,156                              | 67.9                     | 79.2                       | 775  | 14.8             | 314                       | 6.0                  |   |
| Upper                                  | 2,452                     | 1,968                              | 32.1                     | 80.3                       | 369  | 15.0             | 115                       | 4.7                  |   |
| <b>Total AA</b>                        | <b>7,697</b>              | <b>6,124</b>                       | <b>100.0</b>             | <b>79.6</b>                | <b>1,144</b>                                       | <b>14.9</b>      | <b>429</b>                | <b>5.6</b>           |   |
|  | Total Businesses by Tract | Businesses by Tract & Revenue Size |                          |                            |  |                  |                           |                      |   |
|  |                           |                                    |                          | Less Than or = \$1 Million |  | Over \$1 Million |                           | Revenue Not Reported |   |
|  |                           | #                                  | %                        | #                          | %  | #                | %                         | #                    | % |
| Middle                                 | 532                       | 65.8                               | 487                      | 66.4                       | 22   | 47.8             | 23                        | 79.3                 |   |
| Upper                                  | 276                       | 34.2                               | 246                      | 33.6                       | 24   | 52.2             | 6                         | 20.7                 |   |
| <b>Total AA</b>                        | <b>808</b>                | <b>100.0</b>                       | <b>733</b>               | <b>100.0</b>               | <b>46</b>  | <b>100.0</b>     | <b>29</b>                 | <b>100.0</b>         |   |
| <b>Percentage of Total Businesses:</b> |                           |                                    |                          | <b>90.7</b>                |  | <b>5.7</b>       |                           | <b>3.6</b>           |   |

<sup>1</sup> Based on 2010 ACS five-year estimate, 2014 FFIEC census tract designations, and 2015 D&B data.  
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes**

Overall, the distribution of lending to borrowers of different income levels and to businesses of different revenue sizes was reasonable considering the AA demographics and local economic conditions. The lending tables that follow only reflect HMDA loan data for 2014 with 2013 loan data considered in context of performance and displayed in Appendix A.

**TABLE 9  
DISTRIBUTION OF 2014 HMDA LOANS BY BORROWER INCOME LEVELS  
TOPEKA MSA AA**

| Borrower Income Level            | Bank Loans |         |       |       | Aggregate HMDA Data <sup>1</sup> |      | % of Families <sup>2</sup> |
|----------------------------------|------------|---------|-------|-------|----------------------------------|------|----------------------------|
|                                  | #          | \$(000) | #%    | \$%   | #%                               | \$%  |                            |
| <b>Total Home Mortgage Loans</b> |            |         |       |       |                                  |      |                            |
| Low                              | 4          | 187     | 14.3  | 6.7   | 7.2                              | 3.1  | 13.2                       |
| Moderate                         | 5          | 357     | 17.9  | 12.8  | 15.1                             | 10.1 | 16.3                       |
| Middle                           | 7          | 492     | 25.0  | 17.6  | 26.9                             | 23.1 | 25.0                       |
| Upper                            | 9          | 1,286   | 32.1  | 46.0  | 36.8                             | 49.2 | 45.5                       |
| Unknown                          | 3          | 476     | 10.7  | 17.0  | 14.0                             | 14.5 | 0.0                        |
| <b>Home Purchase Loans</b>       |            |         |       |       |                                  |      |                            |
| Low                              | 4          | 187     | 36.4  | 18.2  | 9.3                              | 4.6  | 13.2                       |
| Moderate                         | 3          | 140     | 27.3  | 13.6  | 16.0                             | 11.3 | 16.3                       |
| Middle                           | 0          | 0       | 0.0   | 0.0   | 27.1                             | 25.7 | 25.0                       |
| Upper                            | 2          | 577     | 18.2  | 56.1  | 31.1                             | 43.4 | 45.5                       |
| Unknown                          | 2          | 125     | 18.2  | 12.1  | 16.4                             | 15.0 | 0.0                        |
| <b>Refinanced Loans</b>          |            |         |       |       |                                  |      |                            |
| Low                              | 0          | 0       | 0.0   | 0.0   | 4.0                              | 1.7  | 13.2                       |
| Moderate                         | 2          | 217     | 12.5  | 12.3  | 14.7                             | 9.0  | 16.3                       |
| Middle                           | 6          | 484     | 37.5  | 27.5  | 26.8                             | 20.6 | 25.0                       |
| Upper                            | 7          | 709     | 43.8  | 40.3  | 42.0                             | 54.9 | 45.5                       |
| Unknown                          | 1          | 351     | 6.3   | 19.9  | 12.5                             | 13.8 | 0.0                        |
| <b>Home Improvement Loans</b>    |            |         |       |       |                                  |      |                            |
| Low                              | 0          | 0       | 0.0   | 0.0   | 14.3                             | 3.4  | 13.2                       |
| Moderate                         | 0          | 0       | 0.0   | 0.0   | 11.4                             | 8.1  | 16.3                       |
| Middle                           | 1          | 8       | 100.0 | 100.0 | 25.7                             | 23.2 | 25.0                       |
| Upper                            | 0          | 0       | 0.0   | 0.0   | 40.0                             | 46.6 | 45.5                       |
| Unknown                          | 0          | 0       | 0.0   | 0.0   | 8.6                              | 18.7 | 0.0                        |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2010 ACS five-year estimate data.  
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

## Home Mortgage Disclosure Act-Related Loans

### Home Purchase Loans

The 2014 distribution of home purchase loans to borrowers of different income levels in the Topeka MSA AA is excellent. The 36.4 percent lending to low-income borrowers exceeded the 9.3 percent aggregate figure and the 13.2 percent of families. The lending to moderate-income borrowers was also excellent (27.3 percent) when compared to aggregate data (16.0 percent) and the percentage of families (16.3 percent). Bank lending by dollar volume to LMI borrowers was 18.2 percent and 13.6 percent, respectively, which exceeded the figures for aggregate lenders, as noted in Table 9. The percentage of loans for which income was not reported was similar for both the bank, and the data reported by aggregate lenders. This information did not appear to skew the analysis. The bank did not originate any home purchase loans to middle-income borrowers, which was below aggregate data (27.1 percent)

and the percentage of families (25.0 percent). The bank's lending to upper-income borrowers at 18.2 percent by number (56.1 percent by dollar volume) was also below aggregate data and the demographic figure.

The bank's performance in 2013 was similar to aggregate and demographic data for low-income borrowers, although it was strong for lending to moderate-income borrowers.

#### Refinanced Loans

The 2014 distribution of home refinance loans to borrowers of different income levels in the Topeka MSA AA is reasonable. Refinanced loans represented the majority of total HMDA-related loans originated by the bank in 2014, at 57.1 percent. The bank did not originate any refinances to low-income borrowers compared to the aggregate data and percentage of families of 4.0 percent and 13.2 percent, respectively. However, the bank's lending to moderate-income borrowers at 12.5 percent was more comparable to the aggregate lenders and demographic figures of 14.7 percent and 16.3 percent, respectively. Bank lending by dollar volume to LMI borrowers (12.3 percent and 27.5 percent) also exceeded the demographic figures. The bank originated 37.5 percent of its refinance loans to middle-income borrowers, compared to the aggregate figure of 26.8 percent and the percentage of families at 25.0 percent. The majority of the bank's refinance loans (43.8 percent) was made to upper-income borrowers, which closely aligned to the aggregate (42.0 percent) and demographic (45.5 percent) figures.

Refinance lending in 2013 was similar to 2014 performance. There were no loans originated to low-income borrowers, and one loan was originated to a moderate-income borrower for a distribution of 20.0 percent by number, compared to the aggregate figure of 11.9 percent and the percentage of families at 15.2 percent. The remaining four loans were originated to middle- and upper-income borrowers.

#### Home Improvement Loans

The bank did not originate any home improvement loans to LMI borrowers during 2014, compared to aggregate performance of 25.7 percent and the percentage of families at 29.5 percent; however, the distribution of lending is considered reasonable due to the bank's overall limited level of HMDA-related lending. There were no home improvement loans originated by the bank to middle-income borrowers, compared to the 25.0 percent of families in the AA classified as middle-income. Home improvement lending to upper-income borrowers represented all of the bank's originations, at one loan, while the percent of upper-income families in the AA was 45.5 percent.

Performance during 2013 was more favorable. The bank's only home improvement loan was originated to a moderate-income borrower.

**Small Business Loans**

As shown in Table 10, the bank’s percentage of lending to businesses with gross annual revenues of less than \$1 million represented 70.0 percent by number and 72.3 percent by dollar volume of all business loans originated during the sample period. While the bank’s level of lending to small business in the Topeka MSA AA was less than demographic of 90.7 percent, it is considered reasonable give the bank’s limited presence in the AA, size, financial condition, and the credit needs of the AA. Due to the small percentage of loans in the sample from 2014, 2015 D&B data was used as the comparative measure for the percentage of businesses by revenue size.

| <b>TABLE 10<br/>                 DISTRIBUTION OF BUSINESS LOANS BY REVENUE SIZE<br/>                 TOPEKA MSA AA</b> |                                   |                |           |            |   |
|--|-----------------------------------|----------------|-----------|------------|---|
| <b>Business<br/>                 Revenue By<br/>                 Size</b>  | <b>Business Loans<sup>1</sup></b> |                |           |            | <b>% of<br/>                 Businesses<sup>2</sup></b> |
|  | <b>#</b>                          | <b>\$(000)</b> | <b>#%</b> | <b>\$%</b> |   |
| <b>\$1MM or less</b>   | 14                                | 304            | 70.0      | 72.3       | 90.7  |
| <b>Over \$1MM</b>  | 6                                 | 117            | 30.0      | 27.7       | 5.7   |
| <b>Not Known</b>   | 0                                 | 0              | 0.0       | 0.0        | 3.6   |

<sup>1</sup> The CRA defines small business loans as loans in the amount of \$1 million or less.  
<sup>2</sup> Based on 2015 D&B Data.  
 (NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

**Distribution by Income Level of Geography**

Overall, the geographic distribution of lending is considered reasonable given the demographic composition of the bank’s AA. The AA is predominantly rural and it does not contain any low- or moderate-income census tracts.

**TABLE 11  
 DISTRIBUTION OF 2014 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY  
 TOPEKA MSA AA**

| Census Tract Income Level        | Bank Loans |         |       |       | Aggregate HMDA Data <sup>1</sup> |      | % of Owner Occupied Units <sup>2</sup> |
|----------------------------------|------------|---------|-------|-------|----------------------------------|------|--|
|                                  | #          | \$(000) | #%    | \$%   | #%                               | \$%  |  |
| <b>Total Home Mortgage Loans</b> |            |         |       |       |                                  |      |  |
| Middle                           | 13         | 1,241   | 46.4  | 44.4  | 71.5                             | 73.3 | 67.9                                   |
| Upper                            | 15         | 1,557   | 53.6  | 55.6  | 28.5                             | 26.7 | 32.1                                   |
| <b>Home Purchase Loans</b>       |            |         |       |       |                                  |      |  |
| Middle                           | 5          | 657     | 45.5  | 63.8  | 72.0                             | 72.0 | 67.9                                   |
| Upper                            | 6          | 372     | 54.5  | 36.2  | 28.0                             | 28.0 | 32.1                                   |
| <b>Home Refinance Loans</b>      |            |         |       |       |                                  |      |  |
| Middle                           | 8          | 584     | 50.0  | 33.2  | 71.0                             | 74.3 | 67.9                                   |
| Upper                            | 8          | 1,177   | 50.0  | 66.8  | 29.0                             | 25.7 | 32.1                                   |
| <b>Home Improvement Loans</b>    |            |         |       |       |                                  |      |  |
| Middle                           | 0          | 0       | 0.0   | 0.0   | 71.4                             | 79.2 | 67.9                                   |
| Upper                            | 1          | 8       | 100.0 | 100.0 | 28.6                             | 20.8 | 32.1                                   |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> Based on 2010 ACS five-year estimate data and 2014 FFIEC census tract designations.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

### Home Mortgage Disclosure Act-Related Loans

#### Home Purchase Loans

The bank's 2014 home purchase lending reflected a reasonable penetration in the middle- and upper-income tracts throughout its AA. Because the aggregate data was similar to the demographic distribution of owner-occupied unit by income level of geography, emphasis will be placed on the latter. Home purchase originations in the middle-income census tracts represented 45.5 percent (63.8 percent by dollar), which was lower than the 67.9 percent of owner-occupied units in the AA's middle-income tracts. The majority of the bank's home purchase loans were originated in the upper-income census tract, at 54.5 percent, compared to 32.1 percent of owner-occupied units in the AA that were located in the upper-income tract.

In 2013, the majority of bank loans were in the AA's upper-income tracts at 72.7 percent (8 loans), compared to the aggregate of 36.4 percent and the demographic of 32.1 percent. The remaining three loans were originated in middle-income tracts.

#### Refinance Loans

The bank's 2014 home refinance lending reflected a reasonable penetration throughout its AA. The bank had an even distribution of refinance loans made in the middle- and upper-income tracts (50.0 percent by number); although dollar volume was significantly lower in the middle-income tracts, at 33.2 percent compared to 66.8 percent in the area's upper-income tract.

Comparatively, the 67.9 percent of owner-occupied units in the AA are located in middle-income tracts and 32.1 percent in the upper-income tract.

Four of the bank's five refinance loans were originated in middle-income tracts during 2013, compared to the aggregate of 71.1 percent and the aggregate of 67.9 percent.

Home Improvement Loans

The bank did not originate any home improvement loans in the middle-income tracts in 2014, compared to 67.9 percent of owner-occupied units located there; however, lending is considered reasonable due to the bank's overall limited level of HMDA-related lending. One home improvement loans was made in the upper-income tract, compared to the demographic of 32.1 percent.

Bank performance by number during 2013 was identical to the 2014 performance.

**Small Business Loans**

The bank's 2014 small business lending reflected reasonable penetration throughout the AA considering the lower levels of lending. The bank's geographic distribution of small business loans in the middle-income tracts represented 30.0 percent by number (17.5 percent by dollar volume), which was lower than the demographic of 65.8 percent, as noted in Table 12. The majority of the bank's small business lending was made in the upper-income census tract at 70.0 percent by number (82.5 percent by dollar volume), exceeding the percent of small businesses located there (34.3 percent), according to D&B data.

**TABLE 12**  
**DISTRIBUTION OF SMALL BUSINESS LOANS**  
**BY INCOME LEVEL OF GEOGRAPHY TOPEKA MSA AA**

| Census Tract<br>Income Level | Small Business Loans <sup>1</sup> |         |      |      | % of<br>Businesses <sup>2</sup> |
|------------------------------|-----------------------------------|---------|------|------|---------------------------------|
|                              | #                                 | \$(000) | #%   | \$%  |                                 |
| Middle                       | 6                                 | 73      | 30.0 | 17.5 | 65.8                            |
| Upper                        | 14                                | 347     | 70.0 | 82.5 | 34.2                            |

<sup>1</sup> CRA data reports only business loans in the amount of \$1 million or less.

<sup>2</sup> Based on 2015 FFIEC Census Data designations and 2014 D&B data.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

COMMUNITY REINVESTMENT ACT APPENDIX A  
ADDITIONAL LENDING ANALYSIS TABLES

A. Manhattan MSA AA – 2013 Lending Tables

| TABLE A-1<br>DISTRIBUTION OF 2013 HMDA LOANS BY BORROWER INCOME LEVELS<br>MANHATTAN MSA AA |            |         |      |      |                                  |      |                               |
|--|------------|---------|------|------|----------------------------------|------|-------------------------------|
| Borrower<br>Income<br>Level  | Bank Loans |         |      |      | Aggregate HMDA Data <sup>1</sup> |      | % of<br>Families <sup>2</sup> |
|  | #          | \$(000) | #%   | \$%  | #%                               | \$%  |                               |
| <b>Total Home Mortgage Loans</b>   |            |         |      |      |                                  |      |                               |
| Low  | 0          | 0       | 0.0  | 0.0  | 5.5                              | 2.6  | 13.1                          |
| Moderate   | 4          | 380     | 19.0 | 18.6 | 14.1                             | 10.3 | 15.2                          |
| Middle   | 7          | 625     | 33.3 | 30.6 | 23.9                             | 21.8 | 23.1                          |
| Upper  | 8          | 933     | 38.1 | 45.7 | 42.1                             | 49.9 | 48.6                          |
| Unknown  | 2          | 102     | 9.5  | 5.0  | 14.5                             | 15.5 | 0.0                           |
| <b>Home Purchase Loans</b>   |            |         |      |      |                                  |      |                               |
| Low  | 0          | 0       | 0.0  | 0.0  | 4.3                              | 2.0  | 13.1                          |
| Moderate   | 4          | 380     | 40.0 | 44.4 | 16.3                             | 11.0 | 15.2                          |
| Middle   | 3          | 322     | 30.0 | 37.7 | 27.1                             | 24.8 | 23.1                          |
| Upper  | 2          | 68      | 20.0 | 8.0  | 41.9                             | 51.8 | 48.6                          |
| Unknown  | 1          | 85      | 10.0 | 9.9  | 10.4                             | 10.6 | 0.0                           |
| <b>Refinanced Loans</b>  |            |         |      |      |                                  |      |                               |
| Low  | 0          | 0       | 0.0  | 0.0  | 5.1                              | 2.7  | 13.1                          |
| Moderate   | 0          | 0       | 0.0  | 0.0  | 12.8                             | 10.0 | 15.2                          |
| Middle   | 4          | 303     | 36.4 | 25.6 | 21.2                             | 18.6 | 23.1                          |
| Upper  | 6          | 865     | 54.5 | 73.0 | 42.4                             | 48.1 | 48.6                          |
| Unknown  | 1          | 17      | 9.1  | 1.4  | 18.5                             | 20.6 | 0.0                           |
| <b>Home Improvement Loans</b>  |            |         |      |      |                                  |      |                               |
| Low  | 0          | 0       | 0.0  | 0.0  | 23.1                             | 14.8 | 13.1                          |
| Moderate   | 0          | 0       | 0.0  | 0.0  | 5.1                              | 2.0  | 15.2                          |
| Middle   | 0          | 0       | 0.0  | 0.0  | 20.5                             | 21.2 | 23.1                          |
| Upper  | 0          | 0       | 0.0  | 0.0  | 41.0                             | 46.8 | 48.6                          |
| Unknown  | 0          | 0       | 0.0  | 0.0  | 10.3                             | 15.2 | 0.0                           |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2010 ACS five-year estimate data.  
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)



**TABLE A-2  
 DISTRIBUTION OF 2013 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY  
 MANHATTAN MSA AA**

| Census Tract Income Level        | Bank Loans |         |      |      | Aggregate HMDA Data <sup>1</sup> |      | % of Owner Occupied Units <sup>2</sup> |
|----------------------------------|------------|---------|------|------|----------------------------------|------|--|
|                                  | #          | \$(000) | #%   | \$%  | #%                               | \$%  |  |
| <b>Total Home Mortgage Loans</b> |            |         |      |      |                                  |      |  |
| Middle                           | 19         | 1,775   | 90.5 | 87.0 | 11.8                             | 7.6  | 23.3                                   |
| Upper                            | 2          | 265     | 9.5  | 13.0 | 88.2                             | 92.4 | 76.7                                   |
| <b>Home Purchase Loans</b>       |            |         |      |      |                                  |      |  |
| Middle                           | 9          | 770     | 90.0 | 90.1 | 9.5                              | 6.0  | 23.3                                   |
| Upper                            | 1          | 85      | 10.0 | 9.9  | 90.5                             | 94.0 | 76.7                                   |
| <b>Home Refinance Loans</b>      |            |         |      |      |                                  |      |  |
| Middle                           | 10         | 1,005   | 90.9 | 84.8 | 14.3                             | 9.0  | 23.3                                   |
| Upper                            | 1          | 180     | 9.1  | 15.2 | 85.7                             | 91.0 | 76.7                                   |
| <b>Home Improvement Loans</b>    |            |         |      |      |                                  |      |  |
| Middle                           | 0          | 0       | 0.0  | 0.0  | 7.7                              | 15.9 | 23.3                                   |
| Upper                            | 0          | 0       | 0.0  | 0.0  | 92.3                             | 84.1 | 76.7                                   |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> Based on 2010 ACS five-year estimate data and 2010 FFIEC census tract designations.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

B. Topeka MSA AA – 2013 Lending Tables

| TABLE B-1<br>DISTRIBUTION OF 2013 HMDA LOANS BY BORROWER INCOME LEVELS<br>TOPEKA MSA AA |            |         |       |       |                                  |      |                               |
|---|------------|---------|-------|-------|----------------------------------|------|-------------------------------|
| Borrower<br>Income<br>Level   | Bank Loans |         |       |       | Aggregate HMDA Data <sup>1</sup> |      | % of<br>Families <sup>2</sup> |
|   | #          | \$(000) | #%    | \$%   | #%                               | \$%  |                               |
| <b>Total Home Mortgage Loans</b>  |            |         |       |       |                                  |      |                               |
| Low   | 1          | 15      | 5.9   | 0.9   | 6.5                              | 3.6  | 13.2                          |
| Moderate  | 5          | 307     | 29.4  | 18.3  | 14.3                             | 9.5  | 16.3                          |
| Middle  | 1          | 205     | 5.9   | 12.2  | 28.3                             | 25.5 | 25.0                          |
| Upper   | 9          | 1,113   | 52.9  | 66.2  | 40.4                             | 48.9 | 45.5                          |
| Unknown   | 1          | 41      | 5.9   | 2.4   | 10.5                             | 12.5 | 0.0                           |
| <b>Home Purchase Loans</b>  |            |         |       |       |                                  |      |                               |
| Low   | 1          | 15      | 9.1   | 1.8   | 5.5                              | 2.8  | 13.2                          |
| Moderate  | 3          | 177     | 27.3  | 21.0  | 19.1                             | 13.8 | 16.3                          |
| Middle  | 0          | 0       | 0.0   | 0.0   | 29.2                             | 28.4 | 25.0                          |
| Upper   | 6          | 609     | 54.5  | 72.3  | 35.2                             | 45.1 | 45.5                          |
| Unknown   | 1          | 41      | 9.1   | 4.9   | 11.0                             | 9.9  | 0.0                           |
| <b>Refinanced Loans</b>   |            |         |       |       |                                  |      |                               |
| Low   | 0          | 0       | 0.0   | 0.0   | 7.2                              | 4.1  | 13.2                          |
| Moderate  | 1          | 42      | 20.0  | 5.6   | 11.9                             | 7.4  | 16.3                          |
| Middle  | 1          | 205     | 20.0  | 27.3  | 27.2                             | 23.9 | 25.0                          |
| Upper   | 3          | 504     | 60.0  | 67.1  | 42.7                             | 50.3 | 45.5                          |
| Unknown   | 0          | 0       | 0.0   | 0.0   | 11.0                             | 14.3 | 0.0                           |
| <b>Home Improvement Loans</b>   |            |         |       |       |                                  |      |                               |
| Low   | 0          | 0       | 0.0   | 0.0   | 5.3                              | 2.5  | 13.2                          |
| Moderate  | 1          | 88      | 100.0 | 100.0 | 10.5                             | 4.8  | 16.3                          |
| Middle  | 0          | 0       | 0.0   | 0.0   | 34.2                             | 28.0 | 25.0                          |
| Upper   | 0          | 0       | 0.0   | 0.0   | 47.4                             | 64.6 | 45.5                          |
| Unknown   | 0          | 0       | 0.0   | 0.0   | 2.6                              | 0.1  | 0.0                           |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.  
<sup>2</sup> Based on 2010 ACS five-year estimate data.  
(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

**TABLE B-2  
 DISTRIBUTION OF 2013 HMDA LOANS BY INCOME LEVEL OF GEOGRAPHY  
 TOPEKA MSA AA**

| Census Tract Income Level        | Bank Loans |         |       |       | Aggregate HMDA Data <sup>1</sup> |      | % of Owner Occupied Units <sup>2</sup> |
|----------------------------------|------------|---------|-------|-------|----------------------------------|------|--|
|                                  | #          | \$(000) | #%    | \$%   | #%                               | \$%  |  |
| <b>Total Home Mortgage Loans</b> |            |         |       |       |                                  |      |  |
| Middle                           | 7          | 727     | 41.2  | 43.2  | 68.7                             | 67.1 | 67.9                                   |
| Upper                            | 10         | 954     | 58.8  | 56.8  | 31.3                             | 32.9 | 32.1                                   |
| <b>Home Purchase Loans</b>       |            |         |       |       |                                  |      |  |
| Middle                           | 3          | 181     | 27.3  | 21.5  | 63.6                             | 59.3 | 67.9                                   |
| Upper                            | 8          | 661     | 72.7  | 78.5  | 36.4                             | 40.7 | 32.1                                   |
| <b>Home Refinance Loans</b>      |            |         |       |       |                                  |      |  |
| Middle                           | 4          | 546     | 80.0  | 72.7  | 71.1                             | 70.8 | 67.9                                   |
| Upper                            | 1          | 205     | 20.0  | 27.3  | 28.9                             | 29.2 | 32.1                                   |
| <b>Home Improvement Loans</b>    |            |         |       |       |                                  |      |  |
| Middle                           | 0          | 0       | 0.0   | 0.0   | 73.7                             | 80.4 | 67.9                                   |
| Upper                            | 1          | 88      | 100.0 | 100.0 | 26.3                             | 19.6 | 32.1                                   |

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.

<sup>2</sup> Based on 2010 ACS five-year estimate data and 2010 FFIEC census tract designations.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)