



PUBLIC DISCLOSURE

APRIL 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BANKLIBERTY
RSSD# 379171**

**16 WEST FRANKLIN STREET
LIBERTY, MISSOURI 64068**

**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.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING:

This Institution is rated: **Satisfactory**
The Lending Test is rated: **Satisfactory**
The Community Development Test is rated: **Satisfactory**

Lending Test

- BankLiberty's (the bank's) average net loan-to-deposit (NLTD) ratio reflects a reasonable effort to extend credit given the bank's size, business activities, financial condition, and the credit needs of its delineated assessment area (AA).
- A majority of the bank's loans evaluated for this review were originated within its AA.
- The bank's geographic distribution of small business and Home Mortgage Disclosure Act (HMDA) loans reflected reasonable dispersion of lending throughout its AA.
- The bank's distribution of lending to businesses of different revenue sizes within its AA was reasonable, and the distribution of HMDA lending to borrowers of different income levels was poor.

Community Development Test

- The bank's level of qualified community development (CD) loans, investments, donations, and services demonstrated an adequate responsiveness to the CD needs of its AA considering the capacity and the availability of viable opportunities within the bank's AA.

SCOPE OF EXAMINATION

The bank's Community Reinvestment Act (CRA) performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions*. The procedures require an overall rating based on an evaluation of the bank's performance under two equally weighted tests: the lending test and CD test.

The lending test considered the bank's NLTD ratio, the level of lending inside its AA, the distribution of loans by geographic income level, and lending to borrowers of different income levels and to businesses of different revenue sizes. The bank's responsiveness to CRA complaints, the fifth core lending test criterion used to assess lending performance, was not evaluated, as neither the bank nor the Federal Reserve Bank of Kansas City has received any CRA-related complaints since the prior examination.

Conclusions regarding the lending test criteria were based on data compiled from the bank's major product lines, which were commercial and HMDA-related loans. The major product lines were determined through discussions with bank management, a review of the bank's September 30, 2016 Reports of Condition and Income (Call Report), and a review of the number of outstanding loan originations since the previous evaluation. The CRA evaluation was based on a statistical sample of 50 small business loans selected from a universe of 66 outstanding loans originated between October 1, 2015 and September 30, 2016, and the universe of 184 residential real estate loans originated between January 1, 2014 and December 31, 2015, that were reported on the bank's HMDA Loan/Application Registers (LARs). As defined under the CRA, small business loans included those with loan amounts of \$1 million (MM) or less.

For evaluative purposes, the bank's HMDA data was compared to local demographic data using the U.S. Census 2006-2010 five-year estimate American Community Survey (ACS) data and was also compared to 2014 and 2015 aggregate lending data, which is a summary of the lending activity of all institutions subject to HMDA in the same Metropolitan Statistical Area (MSA). Small business lending was compared to 2016 Dun & Bradstreet (D&B) demographic data. The geographic distribution analysis was based on the bank's dispersion of loans within the AA by income level of geography, particularly low- and moderate-income (LMI) geographies. Geographies were classified based on the corresponding year's (2014, 2015, and 2016) FFIEC Census tract designations. The borrower distribution analysis was based on the bank's lending dispersion to borrowers of different income levels, including LMI borrowers, and to businesses of different revenue sizes, including those with gross annual revenues of \$1MM or less. Borrower income levels were based on the 2014 and 2015 estimated median family income (MFI) listing from the FFIEC.

The CD test included a review of all qualified CD loans, investments, donations, and services initiated between the dates of December 2, 2013 and April 10, 2017. The bank's CD activities were compared to the performance of other intermediate small banks and the level of CD opportunities in the area, as well as, competition for such activities among other local financial institutions.

To augment the CRA evaluation, two community contacts that were recently conducted as part of the CRA public evaluations for two area financial institutions were reviewed for information relevant to the bank's CRA performance. These contacts represented an economic development entity and a local housing authority.

DESCRIPTION OF INSTITUTION

The bank is a \$431.1MM institution headquartered in Kansas City, Missouri and is a wholly owned subsidiary of Liberty Bancorp, Inc., a one-bank holding company also located in Kansas City. The bank operates a total of 12 branches in the Kansas City, Missouri-Kansas MSA, with 11 of these branches located in Clay and Platte Counties (an area referred to locally as the Northland). The bank also operates one branch in contiguous Jackson County in nearby

Independence, Missouri. Drive-through facilities are available at 10 of the 12 branch locations. In addition, the bank has a total of 12 automated teller machines (ATMs), including one cash-dispensing ATM located at each physical location, with the exception of its commercial banking center, and one cash-dispensing ATM at the Park University Student Center in Parkville, Missouri.

The bank offers a wide variety of traditional loan and deposit products and services although its primary focus is on commercial lending, along with a significant asset concentration in commercial real estate loans. According to the June 30, 2016 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 12th out of 58 FDIC-insured institutions within its delineated AA, with a 1.3 percent market share. The bank's market share in the Kansas City MSA is significantly more diluted based on a ranking of 28th out of 135 financial institutions and a market share of 0.7 percent. According to the September 30, 2016 Call Report, the bank reported total loans of \$346.4MM. Table 1 illustrates the distribution of the bank's loan portfolio by product type.

Loan Type	Amount \$(000)	Percent of Total
Commercial	269,740	77.9
Residential Real Estate	72,754	21.0
Consumer	2,042	0.6
Agricultural	1,805	0.5
Other	103	0.0
Gross Loans	346,444	100.0

The bank has the ability to meet the credit needs of its AA based on its asset size, product offerings, and financial condition. There are no legal or financial factors impeding the institution's ability to meet the credit needs of its AA. The Office of the Comptroller of the Currency assigned a Satisfactory rating as part of the bank's last CRA evaluation on December 2, 2013.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

Census Tract Characteristics

The bank's delineated AA is comprised of Platte, Clay, and Jackson Counties in their entirety. All three of these AA counties are part of the Kansas City, Missouri-Kansas MSA, which contains a total of 14 counties. The AA is comprised of 48 low-, 69 moderate-, 79 middle-, and 61 upper-income tracts and six census tracts in which the income is unknown. The distribution of LMI tracts includes 2 moderate-income tracts in Platte County, 14 moderate-income tracts in Clay County, and 48 low- and 53 moderate-income tracts in Jackson County.

Population Trends and Characteristics

According to the 2010 U.S. Census data, the AA contained a population of 985,419 residents. The AA's most significant population is located in Jackson County (674,158), followed by Clay County (221,939) and Platte County (89,322). The population in the AA has noted an increase of 8.0 percent since the 2000 decennial census. A majority of the residents in the AA are between the ages of 25 to 64, which provides a significant base of potential borrowers in the AA. Working-age adults reflected a majority of the population in the AA at 63.1 percent. This figure was slightly above the MSA and statewide averages of working-age adults, at 62.4 percent and 62.2 percent, respectively.

Economic and Employment Characteristics

Economic conditions within the AA are favorable, with positive growth since the economic crisis. The area reported employment numbers at an all-time high due to rising incomes and increasing construction activity. These factors have all attributed to the decreasing trend in unemployment as illustrated in Exhibit 1.

Major employers in Clay and Platte Counties include Cerner Corporation (electronic medical records); Ford Motor Company (assembly plant); Harley-Davidson Motor Company (motorcycle assembly plant); Hallmark Cards, Inc.; Harrah's, ARGOSY, and AMERISTAR Casinos; North Kansas City, Liberty, and St. Luke's Northland Hospitals; Johnson Controls (automotive parts supplier); Kansas City Manufacturing (automotive parts maker); Yanfeng USA Automotive Trim Systems, Inc. (automotive parts maker); Kansas City Aviation Department; local school districts; Park University; and William Jewell College. Jackson County is home to a number of large employers and Fortune 500 companies. The top employment sectors in Jackson County include administrative, sales, management, food service, and production. Top industries in Jackson County include healthcare, retail, manufacturing, professional and technical services, and education.

EXHIBIT 1 ANNUAL UNEMPLOYMENT RATES (Source: BLS; Not Seasonally Adjusted)			
Area	2013	2014	2015
Platte County	5.7	5.1	4.2
Clay County	6.1	5.4	4.5
Jackson County	7.7	7.1	5.9
Kansas City MSA	6.3	5.6	4.8
Missouri	6.7	6.1	5.0

A community contact stated that local employers have been constrained by a labor pool that includes a limited number of qualified employees. However, new training and educational programs are being implemented by several of the community colleges in the area to ensure local residents have an opportunity to obtain the necessary skillset sought by a number of employers.

Income Characteristics

In 2010, the MFI for the AA was \$63,286, which is above the state of Missouri figure of \$57,661, but below the MSA figure of \$68,846. The percentage of families in the AA that were classified as LMI was higher, at 42.4 percent, than both the figures for MSA and the state of Missouri, at 37.9 percent and 38.6 percent, respectively. The AA included 9.7 percent of families living below poverty level, which is above the MSA figure of 8.0 percent, but slightly below the figure of 10.0 percent for the state of Missouri.

Housing Characteristics

In 2010, the median housing value in the AA was \$141,365, which is above the state of Missouri, at \$137,700, but below the MSA figure of \$158,603. The median age of housing stock in the AA was 40 years, which is above the identical figures for the state and MSA, at 35 years. More than half of the total housing units in the AA were owner-occupied, at 58.3 percent, compared to the MSA, at 62.2 percent, and the state of Missouri, at 61.2 percent. Median gross rent for the AA was \$733, which is above the figure for the state of Missouri, at \$667, but below the MSA figure of \$760. The composition of rental units in the AA, at 30.6 percent, was above the state of Missouri, at 26.2 percent, and the MSA, at 28.2 percent.

One community contact indicated that housing inventory is limited in the AA, and there is a need for affordable housing, particularly in Clay County. Another community contact noted that roughly half of Clay County's land area remains undeveloped, which is prime space for business and residential relocation. However, the contact stated that building affordable housing is difficult because most builders are unable to construct homes for less than \$200,000 in Clay County. The second community contact also indicated that there is limited housing inventory due to the high demand for single-family homes in the area.

Table 2 includes a breakdown of demographic and D&B data relative to the AA.

TABLE 2 ASSESSMENT AREA DEMOGRAPHICS BANKLIBERTY ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	48	18.3	26,931	10.8	8,603	31.9	58,931	23.7
Moderate	69	26.2	61,398	24.7	8,686	14.1	46,560	18.7
Middle	79	30.0	91,974	37.0	4,824	5.2	53,695	21.6
Upper	61	23.2	68,537	27.5	1,980	2.9	89,654	36.0
Unknown	6	2.3	0	0.0	0	0.0	0	0.0
Total AA	263	100.0	248,840	100.0	24,093	9.7	248,840	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	62,303	20,292	7.9	32.6	28,266	45.4	13,745	22.1
Moderate	125,976	58,957	22.9	46.8	49,984	39.7	17,035	13.5
Middle	151,322	99,604	38.7	65.8	40,199	26.6	11,519	7.6
Upper	101,738	78,579	30.5	77.2	16,400	16.1	6,759	6.6
Unknown	10	0	0.0	0.0	10	100.0	0	0.0
Total AA	441,349	257,432	100.0	58.3	134,859	30.6	49,058	11.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4,395	10.7	3,716	10.1	640	15.5	39	13.7
Moderate	10,136	24.7	8,833	24.1	1,255	30.4	48	16.8
Middle	14,121	34.4	12,821	35.0	1,195	29.0	105	36.8
Upper	12,354	30.1	11,255	30.7	1,008	24.4	91	31.9
Unknown	74	0.2	47	0.1	25	0.6	2	0.7
Total AA	41,080	100.0	36,672	100.0	4,123	100.0	285	100.0
	Percentage of Total Businesses:		89.3		10.0		0.7	
Based on 2010 ACS five-year estimate, 2016 FFIEC's Census tract designations, and 2016 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 TEST

The bank's record of meeting the credit needs of its AA is considered satisfactory. A review of the bank's 12-quarter average NLTD ratio, distribution of lending within its AA, distribution by income level of geographies, and distribution to businesses of different revenue sizes and borrowers of different income levels was conducted. Data utilized for this analysis included

lending performance data submitted by the bank, area demographic information, aggregate lending data, and information obtained from members of the community.

The analysis indicated that the bank's NLTD ratio was reasonable when compared to the performance of local competitors. Additionally, the analysis indicated that a majority of the bank's loans were made within its AA, and a reasonable distribution of loans was originated among geographies of different income levels. While lending to businesses of different revenue sizes was also adequate, lending to borrowers of different income levels was poor; however, performance did not impact the overall rating.

Net Loan-to-Deposit Ratio:

The bank's NLTD ratio reflected a reasonable effort to extend credit based on the size and financial condition of the institution, the credit needs of the AA, and a comparison to the NLTD ratios of other local competitors and similarly situated banks. As of September 30, 2016, the bank's 12-quarter NLTD ratio was 88.0 percent, which was above the NLTD ratios of six similarly situated lenders in the AA. Three of the competitors had NLTD ratios slightly below the bank's ratio, at 79.2 percent, 86.2 percent, and 86.8 percent, respectively, while the lowest competitor ratio was 64.6 percent. Although the bank's ratio is higher than the six similarly situated competitors, the close proximity of its NLTD to three of the lenders denotes reasonable performance.

Assessment Area Concentration:

Table 3 illustrates that a majority of the bank's HMDA and small business loans were originated within its delineated AA. The total percentage of HMDA and small business lending originated inside the AA, at 82.1 percent by number and 66.2 percent by dollar, is indicative of the bank's ability to lend within its AA. Only loans originated within the bank's AA are considered for the remaining lending test components discussed in this Performance Evaluation.

TABLE 3 LENDING INSIDE AND OUTSIDE THE BANK'S ASSESSMENT AREA BANKLIBERTY ASSESSMENT AREA								
Bank Loans	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Home Purchase	74	10,419	83.1	76.7	15	3,159	16.9	23.3
Home Refinance	67	17,608	82.7	77.2	14	5,205	17.3	22.8
Home Improvement	8	429	100.0	100.0	0	0	0.0	0.0
Multifamily	3	13,647	50.0	87.5	3	1,950	50.0	12.5
Total HMDA-related	152	42,103	82.6	80.3	32	10,314	17.4	19.7
Small Business	40	511,766	80.0	65.2	10	272,720	20.0	34.8
TOTAL LOANS	192	553,869	82.1	66.2	42	283,034	17.9	33.8

Distribution by Income Level of Geographies:

This criterion compares the bank's lending throughout its AA to the percentages of owner-occupied housing units and small businesses located in each income tract level, emphasizing lending in LMI tracts. The evaluation reviewed both the number and dollar volume of loans originated.

Table 4 illustrates the geographic distribution of HMDA loans.

TABLE 4 DISTRIBUTION OF 2015 HOME MORTGAGE DISCLOSURE ACT LOANS BY INCOME LEVEL OF GEOGRAPHY BANKLIBERTY ASSESSMENT AREA							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner- Occupied Units ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	2	1,645	2.6	6.0	2.6	3.2	7.9
Moderate	12	2,348	15.8	8.6	16.1	12.4	22.9
Middle	24	3,917	31.6	14.3	39.3	33.8	38.7
Upper	38	19,551	50.0	71.2	42.0	50.5	30.5
Home Purchase Loans							
Low	0	0	0.0	0.0	2.3	1.7	7.9
Moderate	6	531	16.2	10.4	16.6	10.7	22.9
Middle	11	1,427	29.7	28.1	39.2	34.4	38.7
Upper	20	3,124	54.1	61.5	41.8	53.1	30.5
Home Refinance Loans							
Low	2	1,645	5.9	15.6	2.4	1.7	7.9
Moderate	5	1,773	14.7	16.8	14.7	9.6	22.9
Middle	10	2,203	29.4	20.9	39.9	34.1	38.7
Upper	17	4,927	50.0	46.7	43.1	54.6	30.5
Home Improvement Loans							
Low	0	0	0.0	0.0	4.5	2.2	7.9
Moderate	1	44	25.0	13.3	20.2	11.4	22.9
Middle	3	287	75.0	86.7	37.5	34.1	38.7
Upper	0	0	0.0	0.0	37.8	52.1	30.5
Multifamily Loans							% of Multifamily Units²
Low	0	0	0.0	0.0	29.0	18.3	21.0
Moderate	0	0	0.0	0.0	31.6	33.6	35.0
Middle	0	0	0.0	0.0	29.0	29.2	27.8
Upper	1	11,500	100.0	100.0	10.3	18.9	16.3

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.
² The percentage of owner-occupied housing and multifamily units by tract are based on 2015 FFIEC's Census tract boundaries and 2010 ACS data.
 (NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Total Home Mortgage Loans

The geographic distribution of the bank's 2015 HMDA-reportable loans is considered reasonable. The bank's lending in the low-income census tracts, at 2.6 percent by number and 6.0 percent by dollar, is equivalent by number and above the dollar amount of aggregate lending data, at 2.6 percent and 3.2 percent, respectively. Performance by both the bank and aggregate lenders was below the percentage of owner-occupied units in the low-income census tracts, at 7.9 percent. The bank's lending in the moderate-income census tracts, at 15.8 percent by number and 8.6 percent by dollar, was below aggregate lending data, at 16.1 percent by number and 12.4 percent by dollar as well as the percentage of owner-occupied units, at 22.9 percent.

The bank's lending in middle-income census tracts was 31.6 percent by number, compared to aggregate lending data and the percentage of owner-occupied units, at 39.3 percent and 38.7 percent, respectively. The bank's percentage of lending in the upper-income census tracts was 50.0 percent by number, compared to aggregate lending data and the percentage of owner-occupied units, at 42.0 percent and 30.5 percent, respectively.

The bank's performance in 2014 for total HMDA loans was slightly better, as lending in the AA's moderate-income tracts at 21.1 percent by number and 23.2 percent by dollar, exceeded aggregate data and was similar to the demographic data.

The following sections describe the bank's lending distribution and performance ratings for home purchase, home refinance, and home improvement loans reported on the bank's 2015 HMDA LAR. Reference to the bank's distribution of HMDA lending in 2014 will also be discussed. While multifamily loans are included in Table 4, lending volume was insufficient to render meaningful analysis; therefore, multifamily loans were not evaluated as an individual product.

Home Purchase Loans

The geographic distribution of the bank's home purchase loans reflects a reasonable dispersion throughout the AA. The bank made no home purchase loans in low-income census tracts; however, the performance by aggregate lenders in the area's low-income census tracts was relatively low, at 2.3 percent by number and 1.7 percent by dollar. The bank's lending in moderate-income census tracts, at 16.2 percent by number and 10.4 percent by dollar, was slightly below aggregate lending data, at 16.6 percent by number and 10.7 percent by dollar, but trailed the percentage of owner-occupied units at 22.9 percent. As noted previously, a community contact indicated that inventory levels were low in the AA, which would impact the overall levels of home purchase loans.

The distribution of loans in middle-income census tracts was 29.7 percent by number, which was below aggregate lending data and the percentage of owner-occupied units, at 39.2 percent and 38.7 percent, respectively. Lending in the upper-income census tracts was 54.1 percent by number, which was above aggregate lending data, at 41.8 percent, and the

percentage of owner-occupied units located in upper-income census tracts, at 30.5 percent.

The bank's lending data for 2014 was identical to the 2015 distribution in low-income census tracts, with no originations, although lending in moderate-income tracts exceeded aggregate lending data, thereby supporting the rating for home purchase lending.

Home Refinance Loans

The bank's geographic distribution of home refinance loans reflects a reasonable dispersion throughout the AA. The distribution of home refinance loans originated in low-income census tracts, at 5.9 percent by number and 15.6 percent by dollar, is well-above aggregate lending data, at 2.4 percent by number and 1.7 percent by dollar, and slightly below the percentage of owner-occupied units, at 7.9 percent. The bank's lending in moderate-income census tracts, at 14.7 percent by number and 16.8 percent by dollar, is equivalent to aggregate lending data by number and nearly double the dollar amount of 9.6 percent extended by aggregate lenders. Bank performance, however, was below the demographic figure of 22.9 percent.

Lending in the middle-income tracts for home refinance loans was 29.4 percent by number, which was below aggregate lending data and the demographic figure, at 39.9 percent and 38.7 percent, respectively. Lending within the upper-income tracts was 50.0 percent by number, which was above aggregate lending data at 43.1 percent, and the demographic figure of 30.5 percent.

The bank's home refinance lending in 2014 lagged its 2015 performance in the LMI census tracts within the AA. Despite the lower performance in 2014, bank lending over both years was considered reasonable.

Home Improvement Loans

The geographic distribution of the bank's home improvement loans reflects an excellent dispersion throughout the AA. The bank had no home improvement loans in low-income census tracts although aggregate lending in low-income census tracts was also relatively low, at 4.5 percent by number and 2.2 percent by dollar, and below the percentage of owner-occupied units in low-income census tracts, at 7.9 percent. The bank's lending in moderate-income census tracts, at 25.0 percent by number and 13.3 percent by dollar, was above aggregate lending data, at 20.2 percent by number and 11.4 percent by dollar, and the demographic figure of 22.9 percent. It should be noted, however, that home improvement lending during 2015 was limited to four loans, including one loan in a moderate-income census tract that accounted for the distribution of 25.0 percent by number, as noted in Table 4.

Lending in the area's middle-income census tracts was 75.0 percent by number, compared to aggregate lending data, at 37.5 percent by number, and the demographic figure of 38.7 percent. The bank did not originate any home improvement loans within the AA's upper-income census tracts.

The bank had no loans in low-income census tracts during 2014, replicating 2015

performance. However, the bank originated 75.0 percent of percent of its home improvement loans in moderate-income census tracts during 2014. Similar to 2015, the total number of originations during 2014 was limited to four loans although three of the loans were in moderate-income census tracts and one loan was in a middle-income census tract, unlike the 2015 distribution. Based on the distribution over both years, the bank’s performance was excellent although very limited weight was assigned to this product based on insignificant loan volume.

Table 5 illustrates the geographic distribution of small business loans.

TABLE 5 DISTRIBUTION OF SMALL BUSINESS LOANS BY INCOME LEVEL OF GEOGRAPHY BANKLIBERTY ASSESSMENT AREA					
Census Tract Income Level	Small Business Loans¹				% of Businesses²
	#	\$(000)	#%	\$%	
Low	5	6,163	12.5	1.2	10.7
Moderate	13	210,580	32.5	41.1	24.7
Middle	12	153,413	30.0	30.0	34.4
Upper	10	141,608	25.0	27.7	30.1

¹ CRA data reports only business loans in the amount of \$1MM or less.
² Based on 2016 FFIEC's census tract designations and 2016 D&B data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Business Loans

The bank’s distribution of small business lending by income level of geography was reasonable. The percentage of small business loans originated in low-income census tracts was 12.5 percent by number, which is above the percentage of businesses in the AA’s low-income census tracts, at 10.7 percent. Lending to businesses in moderate-income census tracts was 32.5 percent by number, which exceeded the percentage of businesses operating within the AA’s moderate-income census tracts, at 24.7 percent. While lending in the low-income census tracts was low by dollar volume at 1.2 percent, the bank had higher levels of lending by dollar volume in the moderate-income census tracts at 41.1 percent.

Lending to businesses in middle-income census tracts was 30.0 percent by number, which was comparable to the demographic figure of 34.4 percent. Lending in upper-income census tracts was 25.0 percent by number, which was slightly below the percentage of businesses located in the AA’s upper-income census tracts, at 30.1 percent.

Distribution by Borrower Income and Revenue Size of the Businesses:

This criterion evaluates the bank's lending to borrowers of different income levels, particularly LMI individuals, and the bank's lending to businesses of different revenue sizes, particularly those with gross annual revenues of \$1MM or less.

Table 6 illustrates the distribution of HMDA loans by borrower income level.

TABLE 6 DISTRIBUTION OF 2015 HOME MORTGAGE DISCLOSURE ACT LOANS BY BORROWER INCOME LEVELS BANKLIBERTY ASSESSMENT AREA							
Borrower Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans³							
Low	3	108	3.9	0.4	9.8	4.9	23.7
Moderate	9	904	11.8	3.3	19.0	12.9	18.7
Middle	19	3,030	25.0	11.0	20.4	17.7	21.6
Upper	26	4,918	34.2	17.9	29.0	36.2	36.0
Unknown	19	18,501	25.0	67.4	21.8	28.3	0.0
Home Purchase Loans							
Low	1	50	2.7	1.0	11.5	6.4	23.7
Moderate	5	688	13.5	13.5	21.8	16.6	18.7
Middle	7	957	18.9	18.8	21.2	20.9	21.6
Upper	14	2,423	37.8	47.7	28.0	39.5	36.0
Unknown	10	964	27.0	19.0	17.5	16.6	0.0
Refinanced Loans							
Low	2	58	5.9	0.5	7.3	3.9	23.7
Moderate	4	216	11.8	2.0	14.9	10.5	18.7
Middle	12	2,073	35.3	19.7	19.2	16.9	21.6
Upper	9	2,208	26.5	20.9	30.1	39.9	36.0
Unknown	7	5,993	20.6	56.8	28.4	28.9	0.0
Home Improvement Loans							
Low	0	0	0.0	0.0	8.1	3.8	23.7
Moderate	0	0	0.0	0.0	17.7	12.0	18.7
Middle	0	0	0.0	0.0	23.4	20.7	21.6
Upper	3	287	75.0	86.7	37.4	51.5	36.0
Unknown	1	44	25.0	13.3	13.4	12.0	0.0
¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers. ² Based on 2010 ACS five-year estimate data. ³ Multifamily loans are not considered in the Borrower Analysis. (NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)							

Total Home Mortgage Loans

The distribution of home mortgage lending to borrowers of different income levels is poor. The bank's dispersion of loans to low-income borrowers, at 3.9 percent by number and 0.4 percent by dollar, was significantly below aggregate lending data, at 9.8 percent by number and 4.9 percent by dollar, and the percentage of low-income families of 23.7 percent. Bank lending to moderate-income borrowers, at 11.8 percent by number and 3.3 percent by dollar, was also well below aggregate lending data, at 19.0 percent by number and 12.9 percent by dollar, and the demographic figure of 18.7 percent. Although community contacts indicated that housing inventory in the AA is low and that affordable housing is a need, the bank's performance lagged the level of demand within the AA as reflected by aggregate lending data.

The bank's lending to middle-income borrowers in 2015 was 25.0 percent by number, which was slightly above aggregate lending data, at 20.4 percent by number, and the percentage of families of 21.6 percent. Lending to upper-income borrowers was 34.2 percent by number, which was also above aggregate lending data, at 29.0 percent, and below the demographic figure of 36.0 percent.

The bank's 2014 distribution of HMDA loans to LMI individuals in the AA lagged 2015 performance and contributed to the overall rating of lending to borrowers of different income levels.

Home Purchase Loans

The distribution of home purchase loans to borrowers of different income levels in the AA was poor. The bank's home purchase originations to low-income borrowers comprised 2.7 percent by number and 1.0 percent by dollar. This performance was well below aggregate lending data, at 11.5 percent by number and 6.4 percent by dollar, and the percentage of low-income families, at 23.7 percent. Lending to moderate-income borrowers, at 13.5 percent by both number and dollar, was well below the aggregate lending data, at 21.8 percent by number and 16.6 percent by dollar, and the demographic figure, at 18.7 percent.

The percentage of bank loans to middle-income borrowers was 18.9 percent, which was slightly below aggregate lending data, at 21.2 percent, and the percentage of families of 21.6 percent. Lending to upper-income borrowers was 37.8 percent, which exceeded the aggregate figure of 28.0 percent and the demographic figure of 36.0 percent. Additionally, 10 of the 37 total home purchase loans, or 27.0 percent, were to borrowers of unknown income.

Lending to low-income borrowers during 2014 was significantly better than 2015 performance although it was still below the aggregate lending data and the percentage of low-income families. However, bank lending to moderate-income borrowers in 2014 was 2.7 percent by number, which was significantly less than the aggregate lending data, at 22.3 percent. Cumulatively, the 2014 distribution of bank lending to LMI borrowers by number was 10.8 percent, compared to the combined aggregate lending figure of 33.6 percent by number.

Overall, the bank's performance in 2014 supports the rating for home purchase lending.

Refinance Loans

The distribution of home refinance loans to borrowers of different income levels in the AA was poor. The dispersion of loans to low-income borrowers was 5.9 percent by number and 0.5 percent by dollar, which was lower than the AA's aggregate lending data, at 7.3 percent by number and 3.9 percent by dollar, and well below the percentage of low-income families of 23.7 percent. Lending to moderate-income borrowers, at 11.8 percent by number and 2.0 percent by dollar, was also below the aggregate lending data, at 14.9 percent by number and 10.5 percent by dollar as well as the demographic figure of 18.7 percent.

Lending to middle-income borrowers was 35.3 percent by number and 19.7 percent by dollar, which was above the aggregate lending figure of 19.2 percent by number and comparable to the percentage of families of 21.6 percent. Lending to upper-income borrowers was 26.5 percent by number, which was below the aggregate figure of 30.1 percent and the demographic figure of 36.0 percent.

Although lending in 2015 was below both the aggregate lending data and the percentage of families, the performance in 2014 carried the most weight in assessing the overall rating for home refinance lending. There were no loans to low-income borrowers in 2014, and two loans to moderate-income borrowers, at 6.1 percent by number. This distribution was significantly lower than the corresponding aggregate figure of 16.3 percent and the demographic figure of 18.7 percent.

Home Improvement Loans

The 2015 distribution of home improvement loans to borrowers of different income levels in the AA was reasonable, although loan volume was low. Of the four home improvement loans originated during 2015, three were to upper-income borrowers and one was to a borrower of unknown income; there were no loans to LMI borrowers.

In 2014 the bank made a total of four home improvement loans, including two loans to moderate-income borrowers. The remaining two loans were distributed to an upper-income borrower and to a borrower with an unknown income; there were no loans to low-income borrowers. The bank's lending in 2014 to moderate-income borrowers, at 50.0 percent by number, was well-above aggregate lending data, at 17.5 percent by number and the percentage of families of 18.7 percent. At 10.2 percent by dollar, lending was comparable to aggregate lending data, at 13.4 percent by dollar. This distribution contributed significantly to the reasonable rating for home improvement loans. However, as previously noted, lending volumes for this product were very low and carried minimal weight in the overall borrower distribution rating.

Table 7 illustrates the distribution of business loans by revenue size.

**TABLE 7
DISTRIBUTION OF BUSINESS LOANS BY REVENUE SIZE
BANKLIBERTY ASSESSMENT AREA**

Business Revenue By Size	Small Business Loans ¹				% of Businesses ²
	#	\$(000)	#%	\$%	
\$1MM or less	26	502,003	65.0	98.1	89.3
Over \$1MM	14	9,762	35.0	1.9	10.0
Not Known	0	0	0.0	0.0	0.7

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

² Based on 2016 D&B data

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

Small Business Loans

Overall, the loan distribution to small businesses was considered reasonable. The bank originated 65.0 percent by number and 98.1 percent by dollar to small businesses or those with gross annual revenues of \$1MM or less. Performance in this area by number was below the percentage of small businesses of 89.3 percent, but exceeded the percentage by dollar. This performance is considered reasonable as the majority of bank loans were to small businesses. The bank's lending to businesses over \$1MM was 35.0 percent, which exceeded the demographic number of 10.0 percent.

COMMUNITY DEVELOPMENT TEST

The bank's CD performance, based on the level of qualified CD loans, investments, donations, and services, demonstrated adequate responsiveness to the CD needs of its AA. The bank's level of CD activity was compared to the availability of such opportunities in the AA as well as competition for qualified activities by other financial institutions. Table 8 shows the number and dollar amount of the bank's CD activities between December 2, 2013 and April 10, 2017.

**TABLE 8
COMMUNITY DEVELOPMENT ACTIVITIES
BANKLIBERTY ASSESSMENT AREA**

Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	4	1,626	0	0	0	0	0	0	0
Community Services	0	0	0	0	19	15.4	19	15.4	4
Economic Development	0	0	1	250	0	0	1	250	0
Revitalization and Stabilization	0	0	0	0	0	0	0	0	0
Neighborhood Stabilization Plan	0	0	0	0	0	0	0	0	0
Totals	4	1,626	1	250	19	15.4	20	265.4	4

During the evaluation period, the bank originated four qualified CD loans. All four loans were related to multifamily structures, with a percentage of each loan amount qualifying as affordable housing as defined by the CRA. However, the bank had one large-dollar loan that contributed significantly to the Satisfactory rating assigned for the CD test.

The bank also had one CD investment to a CD Financial Institution located in Jackson County. There are a variety of investment opportunities within the bank's AA in which it could participate which would help bolster the level of CD investment performance.

The bank had 19 qualified donations which totaled \$15,417; all donations were to organizations that helped LMI families and individuals. The organizations offered a variety of programs including financial aid (rent aid), financial counseling, home improvements, dental services, housing counseling, and domestic abuse intervention. All of the organizations had income qualifications that were specifically targeted to LMI families and individuals.

The bank had four qualified services during the evaluation period. One bank employee provided budget counseling to LMI families and individuals through a partnering program with an organization that serves as a transformational housing intermediary designed to provide families with rent-free, utility-free temporary shelter and supportive services. Furthermore, the bank provided a private office for the employee and families/individuals to meet to discuss budgetary goals. A second employee served on the board of directors of the same organization, and provided financial expertise and assisted with fundraising over a three-year time frame.

As stated above, the overall CD performance for the bank is rated Satisfactory. Although the bank had a low number amount of CD loans, the dollar amount of one loan significantly bolstered its performance.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. A review of bank policies and procedures, credit applications, loans and denials, and staff interviews revealed no prohibited practices designed to discourage loan applicants. In addition, the bank has not engaged in any illegal credit practices inconsistent with helping to meet the credit needs of the community.

APPENDIX A

2014 – Kansas City, Missouri Metropolitan Statistical Area Assessment Area Home Mortgage Disclosure Act Loan Distribution

**TABLE A-1
DISTRIBUTION OF 2014 HOME MORTGAGE DISCLOSURE ACT LOANS
BY INCOME LEVEL OF GEOGRAPHY
BANKLIBERTY ASSESSMENT AREA**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner- Occupied Units ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	1	143	1.3	1.0	3.2	4.8	7.9
Moderate	16	3,402	21.1	23.2	17.0	12.3	22.9
Middle	25	4,964	32.9	33.9	39.6	33.3	38.7
Upper	33	5,892	43.4	40.2	40.1	49.4	30.5
Unknown ³	1	241	1.3	1.6	0.1	0.1	0.0
Home Purchase Loans							
Low	0	0	0.0	0.0	2.4	1.7	7.9
Moderate	7	620	18.9	11.6	16.1	9.9	22.9
Middle	14	2,390	37.8	44.8	39.9	34.6	38.7
Upper	16	2,327	43.2	43.6	41.5	53.7	30.5
Unknown ³	0	0	0.0	0.0	0.1	0.1	0.0
Home Refinance Loans							
Low	1	143	3.0	2.0	3.8	2.6	7.9
Moderate	4	605	12.1	8.6	18.5	12.1	22.9
Middle	10	2,506	30.3	35.5	39.5	35.7	38.7
Upper	17	3,565	51.5	50.5	38.2	49.4	30.5
Unknown ³	1	241	3.0	3.4	0.1	0.1	0.0
Home Improvement Loans							
Low	0	0	0.0	0.0	6.8	3.3	7.9
Moderate	3	30	75.0	30.6	16.2	10.6	22.9
Middle	1	68	25.0	69.4	37.8	34.9	38.7
Upper	0	0	0.0	0.0	39.2	51.1	30.5
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0
Multifamily Loans							% of Multifamily Units²
Low	0	0	0.0	0.0	22.6	34.9	21.0
Moderate	2	2,147	100.0	100.0	37.2	30.4	35.0
Middle	0	0	0.0	0.0	25.5	15.6	27.8
Upper	0	0	0.0	0.0	14.6	19.2	16.3
Unknown ³	0	0	0.0	0.0	0.0	0.0	0.0

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

² The percentage of owner-occupied housing and multifamily units by tract are based on 2014 FFIEC's Census tract boundaries and 2010 ACS data.

³ Does not include tracts where the income level is unknown, which is 0.1 percent by number and 0.1 percent by dollar for aggregate data. Only includes tract locations not known.

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

**TABLE A-2
DISTRIBUTION OF 2014 HOME MORTGAGE DISCLOSURE ACT LOANS
BY BORROWER INCOME LEVELS
BANKLIBERTY ASSESSMENT AREA**

Borrower Income Level	Bank Loans			Aggregate HMDA Data ¹		% of Families ²	
	#	\$(000)	#%	#\$	#\$		
Total Home Mortgage Loans³							
Low	3	152	3.9	1.0	10.3	5.1	23.7
Moderate	5	358	6.6	2.4	19.9	13.6	18.7
Middle	14	1,962	18.4	13.4	20.3	17.7	21.6
Upper	28	6,107	36.8	41.7	28.4	36.1	36.0
Unknown	26	6,063	34.2	41.4	21.1	27.4	0.0
Home Purchase Loans							
Low	3	152	8.1	2.8	11.3	5.9	23.7
Moderate	1	115	2.7	2.2	22.3	16.5	18.7
Middle	6	809	16.2	15.2	20.7	20.4	21.6
Upper	11	1,670	29.7	31.3	27.5	40.1	36.0
Unknown	16	2,591	43.2	48.5	18.2	17.1	0.0
Refinanced Loans							
Low	0	0	0.0	0.0	8.9	5.0	23.7
Moderate	2	233	6.1	3.3	16.3	11.7	18.7
Middle	8	1,153	24.2	16.3	19.8	17.3	21.6
Upper	16	4,369	48.5	61.9	29.4	38.1	36.0
Unknown	7	1,305	21.2	18.5	25.6	27.9	0.0
Home Improvement Loans							
Low	0	0	0.0	0.0	8.0	4.9	23.7
Moderate	2	10	50.0	10.2	17.5	13.4	18.7
Middle	0	0	0.0	0.0	21.5	21.6	21.6
Upper	1	68	25.0	69.4	35.6	45.8	36.0
Unknown	1	20	25.0	20.4	17.4	14.2	0.0

¹ Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA filers.
² Based on 2010 ACS five-year estimate data.
³ Multifamily loans are not considered in the Borrower Analysis.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)