



PUBLIC DISCLOSURE

April 15, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Commerce
RSSD# 862057

101 West Main Street
Chanute, Kansas 66720

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

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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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**

Bank of Commerce (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment areas (AAs) credit needs.
- A majority of the bank's loans are originated inside its two delineated AAs.
- A poor geographic distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.
- Community development (CD) activity reflects adequate responsiveness to CD needs of the bank's AAs.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs.

In addition, available aggregate data for the most recent three years (2020, 2021, and 2022) was referenced for additional perspective to gauge credit demand within the bank's two AAs. The Southeast Kansas AA was assessed using a full-scope review, while the Wichita Metropolitan AA was assessed using a limited-scope review. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio,
- A statistical sample of 150 outstanding small farm loans selected from a universe of 582 loans, a statistical sample of 104 outstanding small business loans from a universe of 214 loans, and a statistical sample of 58 outstanding home mortgage loans from a universe of 77 loans, all originated between January 1, 2023 and December 31, 2023, and

- CD loans, qualified investments, and CD services from November 5, 2019 to December 31, 2023.

For this evaluation, greater weight was placed on the bank’s performance within the Southeast Kansas AA when determining the overall institution rating due to the presence of a substantial majority of the bank’s lending and deposit activities. Regarding performance weighting among specific loan products, the bank’s small farm lending was given greater weight in the analysis given the bank’s loan portfolio composition and numbers of loan originations.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Chanute, Kansas. The bank’s characteristics include:

- The bank is a wholly owned subsidiary of Southeast Bancshares Inc.
- The bank has total assets of \$459.2 million as of December 31, 2023.
- In 2020, the bank merged with two other depository institutions, which added branches in Chetopa and Neodesha, Kansas. In April 2023, the bank acquired an institution which added a branch in Oxford, Kansas and subsequently created the bank’s new Wichita Metropolitan AA. In September 2023, the bank acquired another institution which added a branch in Yates Center, Kansas.
- The bank operates 15 branches consisting of 13 full service and 2 drive-through only locations and 16 automated teller machines (ATM) throughout the AAs.
- As shown in the table below, the bank has a diversified loan portfolio with concentrations in agricultural, commercial, and real estate loans.

Table 1

Composition of Loan Portfolio as of December 31, 2023		
Loan Type	\$(000)	%
Construction and Land Development	8,459	2.9
Farmland	77,646	26.6
1- to 4-Family Residential Real Estate	73,954	25.4
Multifamily Residential Real Estate	0	0.0
Nonfarm Nonresidential Real Estate	27,794	9.5
Agricultural	51,779	17.8
Commercial and Industrial	35,052	12.0
Consumer	13,300	4.6
Other	3,492	1.2
Gross Loans	291,476	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its November 4, 2019 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA¹

LENDING TEST

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the Southeast Kansas AA (full-scope review) and concludes with a brief discussion of performance in the Wichita Metropolitan AA (limited-scope review).

The bank's overall lending test performance is Satisfactory. The conclusion was reached based on a reasonable NLTD ratio, a majority of loans originated within the bank's AAs, a poor geographic distribution of loans, and a reasonable borrower distribution of loans.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, loan portfolio composition, market conditions and geographic proximity.

The bank's NLTD ratio is reasonable. The bank's 18-quarter average NLTD ratio fell within the performance of the four similarly situated institutions with ratios ranging from 45.8 percent to 85.9 percent.

¹ The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to assessment areas.

Table 2

Comparative NLTD Ratios September 30, 2019 – December 31, 2023			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			18 Quarter Average
Bank of Commerce	Chanute, KS	459,152	68.3
Similarly Situated Institutions			
Goppert State Service Bank	Garnett, KS	271,946	85.9
Citizens State Bank	Gridley, KS	315,368	57.6
Community Bank and Trust Company	Neosho, MO	388,447	52.1
American Bank of Baxter Springs	Baxter Springs, KS	141,185	45.8

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. The bank originated a majority of total loans, by number and dollar volume, inside the AAs. The bank originated a majority of its home mortgage, small business, and small farm loans, respectively, by number volume within the AAs. The bank originated a majority of its lending by dollar volume within the AAs, with the exception of home mortgage lending, which had a majority of its lending by dollar volume originated outside the AAs. The average home mortgage loan amount within the AAs is approximately \$73,000, while the average home mortgage loan outside of the AAs is approximately \$371,000; as such, the opportunity for originating higher dollar volumes of home mortgage loans is limited. Additionally, three of the ten loans originated outside the AA were in loan amounts of \$600,000 or more. The concentration of home mortgage lending by dollar volume outside of the AA did not impact the conclusion.

Table 3

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Residential Loans	48	82.8	3,514	48.6	10	17.2	3,717	51.4
Small Business	91	87.5	3,746	54.6	13	12.5	3,111	45.4
Small Farm	133	88.7	8,856	87.9	17	11.3	1,219	12.1
Total Loans	272	87.2	16,116	66.7	40	12.8	8,047	33.3

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of loans reflects poor distribution among the different census tracts and dispersion throughout the Southeast Kansas AA among all products reviewed; however, performance in the Wichita Metropolitan AA exceeded the performance in the Southeast Kansas AA, although the

Wichita Metropolitan AA had very limited lending in comparison to the full-scope AA. An analysis of the dispersion of loans aligns with the overall performance conclusion, as conspicuous gaps and lapses in lending were noted, particularly with respect to the dispersion of lending among LMI tracts.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses and farms of different revenue sizes. The bank's lending has an overall reasonable distribution among individuals of different income levels and businesses and farms of different sizes for both AAs. Lending performance for the borrower distribution in the Wichita Metropolitan AA was consistent with the performance in the full-scope AA.

COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank's responsiveness to CD needs of its AAs through CD loans, qualified investments, and CD services, considering the bank's capacity and the need and availability of such opportunities in the bank's AAs.

The bank's overall CD test performance is Satisfactory and demonstrates adequate responsiveness. The bank's CD activity reflects adequate responsiveness in the Southeast Kansas AA. Performance in the Wichita Metropolitan AA was below that of the full-scope AA, although this did not impact the overall rating.

A substantial majority of the qualifying CD activity consisted of CD loans originated through the U.S. Small Business Administration's Paycheck Protection Program (PPP), originated in response to the Coronavirus Disease 2019 Pandemic (pandemic). The bank originated 284 PPP loans totaling \$6.0 million.

Table 4

Community Development Activity - All									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	0	0	0	0	0	0	10
Community Services	1	773	7	2,207	10	3	17	2,210	37
Economic Development	41	3,593	0	0	0	0	0	0	5
Revitalization and Stabilization	296	6,713	9	3,534	2	6	11	3,540	13
Outside Activities	0	0	0	0	0	0	0	0	0
Totals	338	11,079	16	5,741	12	9	28	5,750	65

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**SOUTHEAST KANSAS ASSESSMENT AREA
NONMETROPOLITAN AREA
(Full-Scope Review)**

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE SOUTHEAST KANSAS AA

The bank's Southeast Kansas AA consists of the entirety of Allen, Chautauqua, Cherokee, Cowley, Elk, Labette, Montgomery, Neosho, Wilson, and Woodson Counties in Kansas. The AA also consists of a portion of Greenwood County in Kansas. See Appendix A for an AA map and Appendix B for additional demographic data.

- The AA is comprised of one low-, fourteen moderate-, thirty-nine middle-, and two upper-income census tracts based on the most recent 2016-2020 American Community Survey (ACS) data.
- Since the previous examination, the bank has added Cowley, Chautauqua, Elk, Greenwood, Montgomery, Labette, and Cherokee Counties to the AA as a result of merger and acquisition activity. Since the previous examination, the AA has increased by one low-, twelve moderate-, twenty-eight middle-, and two upper-income census tracts.
- The AA contains distressed and/or underserved middle-income tracts as designated by the FFIEC in 2023 in the following counties: Allen, Elk, Wilson and Woodson.
- In addition to the main office, the bank has thirteen branch locations throughout the AA. The main office and eleven branch locations have automated teller machines (ATM).
- According to the June 30, 2023 FDIC Summary of Deposits Market Share Report, the bank held a market share of 8.9 percent, ranking 2nd of 31 institutions operating from 104 offices in the area.
- To further augment the CRA performance evaluation, three community contacts recently conducted as part of the CRA evaluations of different financial institutions with offices in the bank's AAs were referenced to ascertain the credit needs of the community, the responsiveness of area banks in meeting those credit needs, and perspectives on local economic and demographic characteristics. The community members represented a local economic development organization, a local real estate firm, and a local farm service cooperative.

Table 5

Population Change			
Assessment Area: Southeast Kansas			
Area	2015 Population	2020 Population	Percent Change
Southeast Kansas	166,635	157,628	(5.4)
Allen County, KS	13,081	12,526	(4.2)
Chautauqua County, KS	3,520	3,379	(4.0)
Cherokee County, KS	20,952	19,362	(7.6)
Cowley County, KS	36,079	34,549	(4.2)
Elk County, KS	2,683	2,483	(7.5)
Greenwood County, KS	6,393	6,016	(5.9)
Labette County, KS	21,048	20,184	(4.1)
Montgomery County, KS	34,184	31,486	(7.9)
Neosho County, KS	16,423	15,904	(3.2)
Wilson County, KS	9,061	8,624	(4.8)
Woodson County, KS	3,211	3,115	(3.0)
NonMSA Kansas	922,403	892,006	(3.3)
Kansas	2,892,987	2,937,880	1.6
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- As illustrated in Table 5, the Southeast Kansas AA 2020 population accounts for just 5.4 percent of the statewide population.
- The AA had a negative population growth of 5.4 percent, in contrast to the overall state, which experienced a positive growth of 1.6 percent.
- Elk, Cherokee and Montgomery County had significantly greater decreases in population compared to other counties in the AA.

Table 6

Median Family Income Change Assessment Area: Southeast Kansas			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Southeast Kansas	56,130	59,596	6.2
Allen County, KS	55,031	58,702	6.7
Chautauqua County, KS	50,142	48,526	(3.2)
Cherokee County, KS	56,354	57,736	2.5
Cowley County, KS	59,547	60,888	2.3
Elk County, KS	52,907	60,000	13.4
Greenwood County, KS	56,119	60,325	7.5
Labette County, KS	56,374	59,070	4.8
Montgomery County, KS	54,675	57,279	4.8
Neosho County, KS	55,577	63,316	13.9
Wilson County, KS	53,544	65,345	22.0
Woodson County, KS	54,806	63,654	16.1
NonMSA Kansas	62,527	65,467	4.7
Kansas	72,535	77,620	7.0
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The Southeast Kansas AA had a similar median family income (MFI) growth compared to the overall state of Kansas.
- Chautauqua County was the only county with a negative change in median family income. This trend has continued, as the county’s sole income tract was recategorized from a middle- to a moderate-income tract in 2022.

Table 7

Housing Cost Burden						
Assessment Area: Southeast Kansas						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Southeast Kansas	61.9	13.5	33.4	50.9	16.1	15.2
Allen County, KS	70.3	17.1	38.5	43.7	20.4	13.4
Chautauqua County, KS	30.8	4.4	18.8	47.3	12.2	18.5
Cherokee County, KS	56.4	1.7	31.5	51.1	18.1	15.8
Cowley County, KS	66.4	15.3	30.1	50.3	13.5	14.1
Elk County, KS	27.0	7.3	14.8	47.5	14.0	15.7
Greenwood County, KS	58.6	15.6	30.0	38.6	13.1	13.5
Labette County, KS	66.8	24.1	39.0	55.3	19.1	16.1
Montgomery County, KS	65.6	15.3	38.7	53.7	17.3	16.4
Neosho County, KS	47.6	12.3	25.4	53.3	15.7	16.3
Wilson County, KS	66.3	2.0	35.3	54.3	12.1	13.8
Woodson County, KS	49.1	0.0	25.1	43.9	11.1	11.7
NonMSA Kansas	66.3	20.7	33.9	52.4	20.9	15.1
Kansas	73.6	27.8	38.2	57.4	24.8	15.4

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

- Elk County has a significantly lower housing cost burden for renters compared to other counties in the AA. According to the ACS, Elk County had a median gross rent of \$483, compared to the overall AA figure of \$651.
- According to the ACS, the AA had a median housing value of \$70,794 in 2020. This is 60.4 percent less than the statewide average of \$132,000.

Table 8

Unemployment Rates					
Assessment Area: Southeast Kansas					
Area	2018	2019	2020	2021	2022
Southeast Kansas	4.0	3.9	6.2	3.6	3.0
Allen County, KS	4.0	3.7	5.4	3.1	2.9
Chautauqua County, KS	4.0	3.9	6.1	4.0	2.8
Cherokee County, KS	3.7	3.6	5.2	3.0	2.6
Cowley County, KS	3.4	3.5	6.5	3.5	3.0
Elk County, KS	3.4	3.9	4.9	3.0	2.7
Greenwood County, KS	3.5	3.3	5.3	2.9	2.4
Labette County, KS	4.0	4.1	5.6	3.5	3.0
Montgomery County, KS	4.3	4.2	7.3	4.0	3.1
Neosho County, KS	4.9	4.8	6.3	4.3	3.6
Wilson County, KS	4.4	4.1	7.8	4.1	3.1
Woodson County, KS	4.4	4.3	6.0	3.5	3.5
NonMSA Kansas	3.2	3.2	4.5	2.8	2.5
Kansas	3.4	3.3	5.8	3.3	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- A member of the community stated that local economic conditions have been stable to strong, which is reflected in gradually decreasing unemployment rates since 2020.
- The AA has eleven counties, which includes a high diversity of industries. Community contacts interviewed stated primary industries include agriculture, food processing, manufacturing, healthcare, and government.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SOUTHEAST
KANSAS AA**

LENDING TEST

The bank's performance in the Southeast Kansas AA is reasonable. The evaluation of loans in this AA was comprised of 89 small business, 132 small farm and 47 home mortgage loans from January 1, 2023 through December 31, 2023. The geographic distribution of loans was poor for all products reviewed. The borrower distribution of loans was excellent for small business and reasonable for small farm and home mortgage lending. Regarding performance weighting among specific loan products, the bank's small farm lending was given greater weight in the analysis given the bank's loan portfolio composition and number of loans originated. The bank is not a CRA or Home Mortgage Disclosure Act (HMDA) reporter; therefore, direct comparisons to residential real estate, small business and small farm lending data were not made. However, aggregate lending data compiled from HMDA and CRA filers over the last three years was evaluated to gauge credit demand in the AA.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects poor distribution for all loan products among the different census tracts throughout the AA.

An analysis of the dispersion of loans aligns with the overall performance conclusion, as conspicuous gaps and lapses in lending were noted, particularly with respect to the dispersion of lending among moderate-income tracts.

Home Mortgage Lending

The geographic distribution of home mortgage lending is poor. As illustrated in the table below, the bank made no home mortgage loans in the low-income census tract and only two loans in moderate-income census tracts. Lending in low-income census tracts is considered comparable to the demographic figure, which represent the percentage of owner-occupied units in each census tract, as lending opportunities are limited. Lending in moderate-income census tracts is below the demographic figure. While aggregate HMDA data is not a direct comparison as the bank is not a HMDA reporter, aggregate home mortgage lending data reported by HMDA filers from a three-year period was reviewed to gauge credit demand in the AA. Aggregate data indicated that 19.7 percent by number of home mortgage loans was made in moderate-income census tracts, which closely aligns with the demographic figure.

An analysis of the dispersion of loans further supports the poor conclusion, as conspicuous gaps and lapses in lending, including in LMI tracts, were noted.

Table 9

Distribution of 2023 Residential Lending By Income Level of Geography					
Assessment Area: Southeast Kansas					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.8
Moderate	2	4.3	81	2.3	21.3
Middle	45	95.7	3,387	97.7	73.3
Upper	0	0.0	0	0.0	4.7
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	47	100.0	3,467	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The geographic distribution of small business lending is poor. As illustrated in the table below, the bank made no loans to businesses in the AA’s low-income census tract and four loans to businesses in moderate-income census tracts. Bank lending in the low-income census tract is considered comparable to the demographic figure, which represents the percentage of total businesses operating in each census tract. Small business lending in moderate-income census tracts is below the demographic figure. When comparing the bank’s performance to aggregate CRA filers, aggregate data indicated that 23.1 percent by number and 24.5 percent by dollar of loans were made to small businesses in moderate-income census tracts, which closely aligns with the demographic figure.

An analysis of the dispersion of loans further supports the poor conclusion, as gaps and lapses in lending were noted, including in LMI tracts.

Table 10

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Southeast Kansas					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	2.0
Moderate	4	4.5	65	1.7	27.9
Middle	85	95.5	3,661	98.3	66.9
Upper	0	0.0	0	0.0	3.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	89	100.0	3,726	100.0	100.0

Source: 2023 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Lending

The geographic distribution of small farm lending is poor. As illustrated in the table below, the bank made no loans in the low-income census tract and two loans in moderate-income census tracts. The distribution of small farm lending is considered comparable to the demographic figure, which represents the percentage of total farms operating in each census tract, in the low-income census tract and below the demographic figure in moderate-income census tracts. When comparing the bank’s performance to aggregate CRA filers, aggregate small farm lending data indicated that 9.6 percent by number and 8.5 percent by dollar of loans were made to small businesses.

An analysis of the dispersion of loans further supports the poor conclusion, as gaps and lapses in lending were noted, including in LMI tracts.

Table 11

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Southeast Kansas					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	2	1.5	114	1.3	5.8
Middle	130	98.5	8,732	98.7	89.9
Upper	0	0.0	0	0.0	4.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	132	100.0	8,846	100.0	100.0

Source: 2023 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The bank’s lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes. The borrower distribution was reasonable for both home mortgage lending and small farm lending and excellent for small business lending.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. As illustrated in the table below, lending to low-income borrowers is below the demographic figure, which represents the percentage of families by family income, while lending to moderate-income borrowers is considered comparable to the demographic figure. Although not a direct comparison, as the bank is not a HMDA reporter, aggregate HMDA data was reviewed to gauge credit demand for home mortgage lending within the AA. The bank’s performance is comparable to the three-year HMDA data for low-income borrowers, which is 10.2 percent by number volume. The bank’s performance is also comparable to the three-year HMDA data for moderate-income borrowers, which is 19.7 percent by number volume.

Table 12

Distribution of 2023 Residential Lending By Borrower Income Level					
Assessment Area: Southeast Kansas					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	7	14.9	170	4.9	22.3
Moderate	11	23.4	523	15.1	19.8
Middle	12	25.5	915	26.4	23.1
Upper	17	36.2	1,858	53.6	34.7
Unknown	0	0.0	0	0.0	0.0
Total	47	100.0	3,467	100.0	100.0

*Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey*

Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The borrower distribution of small business lending is excellent. As illustrated in the table below, lending to small businesses with gross annual revenues of \$1 million or less, at 93.3 percent, is comparable to the demographic figure, which represents the percentage of total businesses by income level. Additionally, 92.1 percent of all loans originated are for amounts of \$100M or less, which are loan amounts typically demanded by smaller entities. When comparing the bank’s performance to aggregate CRA filers, aggregate small business lending to businesses with \$1MM or less in revenue was 49.3 percent, almost half of the bank’s lending figure by loan volume. Additionally, the three-year aggregate figure by dollar percentage was 34.3 percent, which is also considerably below the bank’s dollar percentage of 78.9 percent. In consideration of both the number and dollar distribution, the bank’s rating for borrower distribution of small business lending was considered excellent.

Table 13

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Southeast Kansas					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	83	93.3	2,939	78.9	88.3
Over \$1 Million	6	6.7	787	21.1	9.1
Revenue Unknown	0	0.0	0	0.0	2.6
Total	89	100.0	3,726	100.0	100.0
By Loan Size					
\$100,000 or Less	82	92.1	2,296	61.6	
\$100,001 - \$250,000	5	5.6	594	15.9	
\$250,001 - \$1 Million	2	2.2	836	22.4	
Total	89	100.0	3,726	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	78	94.0	2,109	71.8	
\$100,001 - \$250,000	4	4.8	494	16.8	
\$250,001 - \$1 Million	1	1.2	336	11.4	
Total	83	100.0	2,939	100.0	
<i>Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. As illustrated in the table below, lending to small farms with \$1MM or less in revenues is comparable to the demographic figure, which represents the percentage of total farms by income level. Additionally, 80.3 percent of all loans are for amounts of \$100M or less, which are loan amounts typically demanded by smaller entities. When comparing the bank’s performance to aggregate CRA filers, aggregate small farm lending to farms with \$1MM or less in revenue was 55.9 percent while the bank’s lending was at 91.7 percent by number volume. However, by dollar amount, the three-year aggregate figure was 71.4 percent, which closely aligned with the bank’s lending by dollar percentage of 73.4 percent. Given these factors, the bank’s small farm lending is considered reasonable.

Table 14

Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Southeast Kansas					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	121	91.7	6,496	73.4	98.6
Over \$1 Million	11	8.3	2,349	26.6	1.0
Revenue Unknown	0	0.0	0	0.0	0.3
Total	132	100.0	8,846	100.0	100.0
By Loan Size					
\$100,000 or Less	106	80.3	2,916	33.0	
\$100,001 - \$250,000	16	12.1	2,552	28.8	
\$250,001 - \$500,000	10	7.6	3,377	38.2	
Total	132	100.0	8,846	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	103	85.1	2,791	43.0	
\$100,001 - \$250,000	13	10.7	2,084	32.1	
\$250,001 - \$500,000	5	4.1	1,621	25.0	
Total	121	100.0	6,496	100.0	
<i>Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank’s responsiveness to CD needs of its AAs through originations of CD loans, the purchase of qualified investments, and participation in providing CD services, considering the bank’s capacity and the need and availability of such opportunities in the AA. The bank’s overall CD performance demonstrates adequate responsiveness in the Southeast Kansas AA.

As noted in the table below, the majority of the bank’s CD lending activity was related to PPP lending for revitalization and stabilization efforts in the AA. An additional example of CD lending in this AA includes a \$772,500 loan to a local school district where a majority of students are eligible for free and reduced lunch programs. This loan helped the school install fire safety alarm systems.

Table 15

Community Development Activity Assessment Area: Southeast Kansas									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services #
	#	\$(000)	Investments		Donations		Total Investments		
			#	\$(000)	#	\$(000)	#	\$(000)	
Affordable Housing	0	0	0	0	0	0	0	0	10
Community Services	1	773	7	2,207	10	3	17	2,210	37
Economic Development	41	3,593	0	0	0	0	0	0	5
Revitalization and Stabilization	296	6,713	9	3,534	2	6	11	3,540	13
Totals	338	11,079	16	5,741	12	9	28	5,750	65

**WICHITA METROPOLITAN ASSESSMENT AREA
METROPOLITAN AREA
(Limited-Scope Review)**

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE WICHITA METROPOLITAN AA

The bank's Wichita Metropolitan AA is comprised of the entirety of Sumner County, one of four counties that make up the Wichita, KS Metropolitan Statistical Area (MSA). See Appendix A for an AA map and Appendix B for additional demographic data.

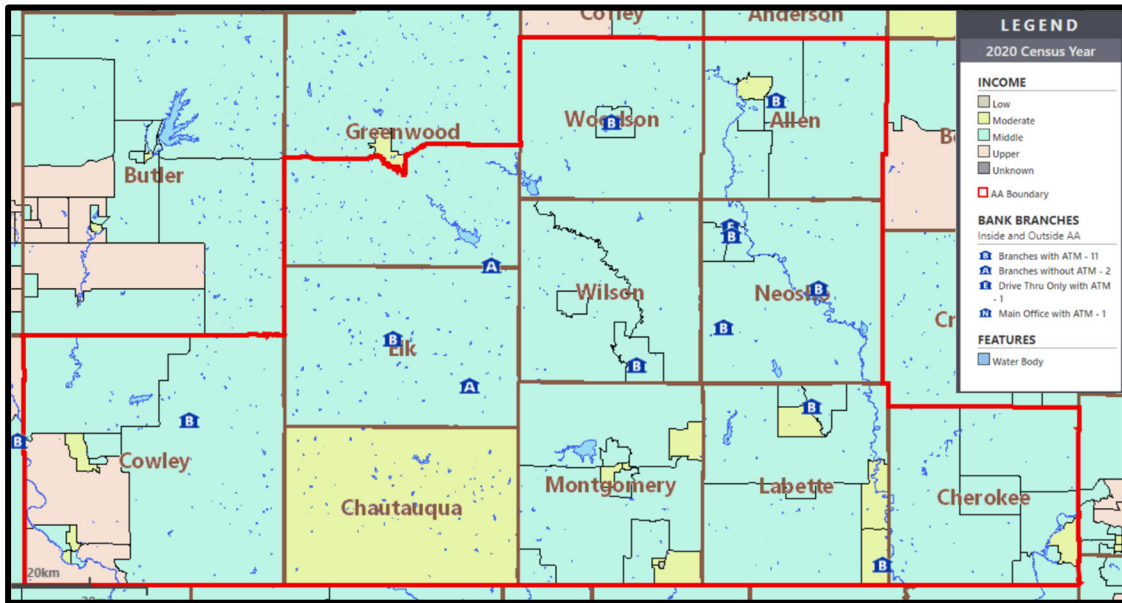
- The AA is comprised of six census tracts, including five middle- and one upper-income census tract. This AA was added to the bank's overall delineation based on the acquisition of another institution in 2023.
- The bank operates a single full-service branch in Oxford, Kansas, on the eastern edge of Sumner County. The office offers drive-thru facilities and maintains a drive-up ATM. The bank is located within a middle-income census tract.
- Based on 2020 ACS data, the AA population was 22,382.
- The AA's composition of families by income level includes 23.3 percent low-, 16.7 percent moderate-, 24.2 percent middle-, and 35.8 percent upper-income families.
- According to the June 30, 2023 FDIC Summary of Deposits Market Share Report, the bank held a 1.0 percent market share, ranking 10th of 10 institutions operating from 15 offices in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WICHITA METROPOLITAN AA

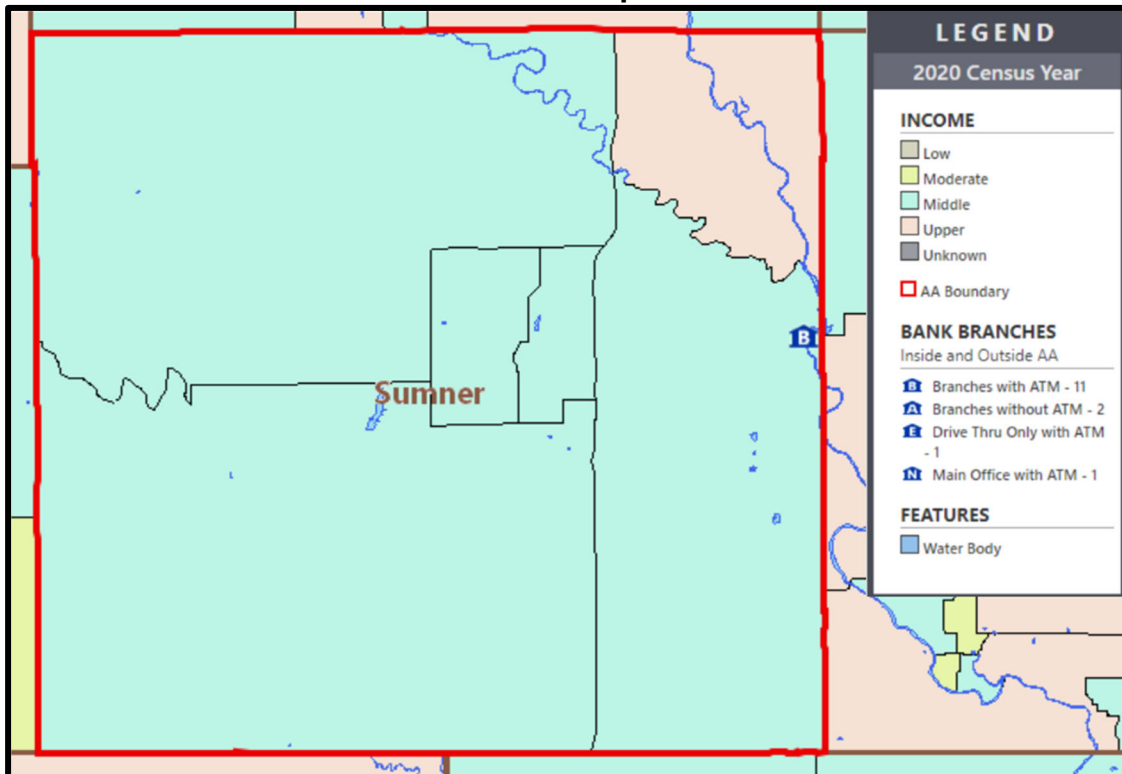
The institution's lending performance in this AA is consistent with the institution's lending performance overall. The institution's CD performance in the AA is below the performance of the institution overall; however, it did not impact the overall rating for the institution.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Map A-1
Southeast Kansas



Map A-2
Wichita Metropolitan



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2023 Southeast Kansas AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.8	346	0.9	141	40.8	9,014	22.3
Moderate	14	25.0	9,170	22.7	1,505	16.4	8,008	19.8
Middle	39	69.6	29,014	71.9	2,875	9.9	9,318	23.1
Upper	2	3.6	1,824	4.5	40	2.2	14,014	34.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	56	100.0	40,354	100.0	4,561	11.3	40,354	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	976	353	0.8	36.2	510	52.3	113	11.6
Moderate	19,457	9,645	21.3	49.6	5,938	30.5	3,874	19.9
Middle	55,430	33,227	73.3	59.9	11,602	20.9	10,601	19.1
Upper	2,654	2,124	4.7	80.0	262	9.9	268	10.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	78,517	45,349	100.0	57.8	18,312	23.3	14,856	18.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	104	2.0	88	1.9	15	3.2	1	0.8
Moderate	1,443	27.9	1,264	27.6	144	30.5	35	26.3
Middle	3,461	66.9	3,068	67.1	300	63.6	93	69.9
Upper	169	3.3	152	3.3	13	2.8	4	3.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,177	100.0	4,572	100.0	472	100.0	133	100.0
Percentage of Total Businesses:				88.3		9.1		2.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	34	5.8	33	5.7	1	16.7	0	0.0
Middle	524	89.9	518	90.1	4	66.7	2	100.0
Upper	25	4.3	24	4.2	1	16.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	583	100.0	575	100.0	6	100.0	2	100.0
Percentage of Total Farms:				98.6		1.0		0.3
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – LIMITED-SCOPE REVIEW ASSESSMENT AREA TABLES

Table C-1

Distribution of 2023 Residential Lending By Income Level of Geography					
Assessment Area: Wichita Metropolitan					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	1	100.0	47	100.0	78.2
Upper	0	0.0	0	0.0	21.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	1	100.0	47	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table C-2

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Wichita Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	2	100.0	20	100.0	80.5
Upper	0	0.0	0	0.0	19.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	2	100.0	20	100.0	100.0

Source: 2023 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table C-3

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Wichita Metropolitan					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	1	100.0	10	100.0	95.1
Upper	0	0.0	0	0.0	4.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	1	100.0	10	100.0	100.0

Source: 2023 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Table C-4

Distribution of 2023 Residential Lending By Borrower Income Level					
Assessment Area: Wichita Metropolitan					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	23.3
Moderate	1	100.0	47	100.0	16.7
Middle	0	0.0	0	0.0	24.2
Upper	0	0.0	0	0.0	35.8
Unknown	0	0.0	0	0.0	0.0
Total	1	100.0	47	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Table C-5

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Wichita Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	1	50.0	10	50.0	88.1
Over \$1 Million	0	0.0	0	0.0	8.9
Revenue Unknown	1	50.0	10	50.0	3.0
Total	2	100.0	20	100.0	100.0
By Loan Size					
\$100,000 or Less	2	100.0	20	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	2	100.0	20	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	100.0	10	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	10	100.0	
<i>Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Table C-6

Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Wichita Metropolitan					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	1	100.0	10	100.0	100.0
Over \$1 Million	0	0.0	0	0.0	0.0
Revenue Unknown	0	0.0	0	0.0	0.0
Total	1	100.0	10	100.0	100.0
By Loan Size					
\$100,000 or Less	1	100.0	10	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	1	100.0	10	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	100.0	10	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	1	100.0	10	100.0	
<i>Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Table C-7

2023 Wichita Metropolitan 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	1,449	23.3
Moderate	0	0.0	0	0.0	0	0.0	1,040	16.7
Middle	5	83.3	4,810	77.3	500	10.4	1,509	24.2
Upper	1	16.7	1,415	22.7	93	6.6	2,227	35.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	6,225	100.0	593	9.5	6,225	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	8,835	5,265	78.2	59.6	2,261	25.6	1,309	14.8
Upper	2,179	1,465	21.8	67.2	471	21.6	243	11.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	11,014	6,730	100.0	61.1	2,732	24.8	1,552	14.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	649	80.5	575	81.0	54	75.0	20	83.3
Upper	157	19.5	135	19.0	18	25.0	4	16.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	806	100.0	710	100.0	72	100.0	24	100.0
Percentage of Total Businesses:				88.1		8.9		3.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	155	95.1	155	95.1	0	0.0	0	0.0
Upper	8	4.9	8	4.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	163	100.0	163	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX D – GLOSSARY

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

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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

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

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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