



## **PUBLIC DISCLOSURE**

FEBRUARY 20, 2007

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

**SOLUTIONSBANK  
RSSD# 449953**

**7401 WEST 135TH STREET  
OVERLAND PARK, KANSAS 66223**

**Federal Reserve Bank of Kansas City  
925 Grand Boulevard  
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 OVERALL CRA RATING:** *This institution is rated **Satisfactory***

SolutionsBank (the bank) has a satisfactory record of helping to meet the credit needs of its assessment areas (AA), including small businesses, in a manner consistent with its resources, operating philosophy, and credit needs of the community. Four of the five criteria used in evaluating small bank lending performance were relevant to this review and are listed as follows:

- Loan-to-Deposit Ratio (LTD)
- Lending Inside the AA
- Lending to Businesses of Different Revenue Sizes
- Geographic Distribution of Loans

The bank's responsiveness to complaints under the Community Reinvestment Act (CRA), the fifth core criterion used to assess small bank performance, was not evaluated because the bank has not received any such complaints.

The bank's LTD ratio is excellent considering the AA credit needs, the bank's financial position, and the ratios of other similarly situated financial institutions operating in the area. Furthermore, a majority of the bank's loans were originated to borrowers within its AA. The bank's distribution of loans to businesses of different revenue sizes reflected a reasonable lending performance. In addition, the geographic distribution of loans was generally consistent with the demographics of the AA.

**SCOPE OF EXAMINATION**

The bank's performance under the CRA was evaluated using the interagency small bank examination procedures. Conclusions regarding the four performance criteria were based on data compiled from the bank's major product line, which is commercial lending. The commercial loan sample included 56 loans selected from a universe of 78 loans originated between June 28, 2006 and December 27, 2006.

For banks with branches located in more than one state of a multistate Metropolitan Statistical Area (MSA), the interagency small bank examination procedures require an overall rating for the institution, as well as a rating for the multistate MSA and a state rating for the nonmetropolitan AA in the state of Kansas. There were no nonmetropolitan AAs in the state of Missouri; therefore, a rating for the state of Missouri was not assigned. Since a majority of the bank's lending occurred in the multistate MSA AA (Kansas City MO-KS), significantly more weight was placed on its lending in this AA to determine the overall performance rating.

**DESCRIPTION OF INSTITUTION**

First Medicine Lodge Bancshares, Inc. is a one-bank holding company that owns 100 percent of the bank. SolutionsBank was formerly known as the First Bank of Medicine Lodge, chartered in Medicine Lodge, Kansas in 1881. The bank's transition to the Kansas City market began in 1998 when a loan production office in Overland Park, Kansas was converted to a full-service branch. In February 2002, First Bank of Medicine Lodge became a state-member bank. The bank subsequently moved its main headquarters to the Overland Park location in May 2005, and changed its name to SolutionsBank in June 2005.

The main headquarters is located at 7401 West 135<sup>th</sup> Street, Overland Park, Kansas. The bank has full-service branch offices in Medicine Lodge, Isabel, Ottawa and Gardner, Kansas, and its newest branch is located in downtown Kansas City, Missouri at 127 West 10<sup>th</sup> Street. Each branch facility offers regular lobby hours and automated teller machine (ATM) services. Drive-up services are offered at all locations, except for Isabel and downtown Kansas City.

As of the September 30, 2006 Consolidated Reports of Condition and Income (Call Report), the bank's assets totaled \$270,003M, of which net loans comprised \$217,913M, or 80.7 percent. Based on its financial condition, size, resources, and credit product offerings, the bank has the ability to meet the credit needs of its AA. As illustrated in Table 1, commercial loans comprise the majority of the bank's loan portfolio by dollar volume at 86.5 percent.

<b>Loan Type</b>	<b>Amount (\$000)</b>	<b>Percent of Total</b>
Commercial	190,954	86.5
Real Estate	14,934	6.8
Agricultural	11,082	5.0
Consumer	3,549	1.6
Other	277	0.1
<b>Gross Loans</b>	<b>220,796</b>	<b>100.0</b>

No legal or financial impediments exist that would significantly impact the bank's ability to meet the credit needs of its AA. The bank's CRA performance was last assessed by the Federal Reserve Bank of Kansas City on February 3, 2003, when a satisfactory rating was assigned.

**DESCRIPTION OF THE BANK'S OVERALL ASSESSMENT AREA**

SolutionsBank has two distinct markets that are geographically distant and different in character. Both areas comprise a separate CRA AA. The bank has two branches in the first market area in and around the community of Medicine Lodge, Kansas, the county seat of

Barber County (county population 5,300), which is 2 hours southwest of Wichita, Kansas. This AA is comprised of five counties (Barber, Comanche, Harper, Kingman and Pratt) on the south central boundary of Kansas and abutting Oklahoma. One branch and a stand-alone ATM are located in Medicine Lodge, and a second branch is located in Isabel, approximately 14 miles north of Medicine Lodge. The area economy relies heavily on agriculture.

The second AA consists of nine counties in the 15-county Kansas City, Missouri-Kansas (KC MO-KS) multistate MSA. Five counties are located in Kansas and include Johnson, Wyandotte, Leavenworth, Franklin, and Miami. The remaining four AA counties are located in Missouri and include Jackson, Clay, Platte, and Cass. The nine multistate MSA AA counties are all contiguous and include some of the most and least affluent areas within the 15-county KC MO-KS multistate MSA.

The overall AA is comprised of 506 tracts, including 46 low-income, 123 moderate-income, 203 middle-income, 122 upper-income, and 12 unknown-income tracts. The AA median family income was \$55,589, which is higher than the multistate MSA figure of \$55,031 as well as the states of Kansas and Missouri at \$49,624 and \$46,044, respectively. Median family income by county revealed that Johnson County, Kansas, was most affluent at \$72,987, while Comanche County, Kansas, had the lowest at \$36,790.

The AA unemployment rate was 4.2 percent, which is slightly lower than the multistate MSA rate of 4.3 percent. Statewide unemployment figures showed that while the unemployment rate of 4.2 percent for the state of Kansas was approximate to the AA, the state of Missouri's respective rate was notably higher at 5.3 percent. Economic data supplied by Moody's indicates that job growth in Kansas City has improved in recent months, with gains through professional and business services as well as the leisure and hospital industries. The area's largest employers include Sprint Corporation, HCA Inc., and McDonald's Corporation. For the state of Kansas, Moody's also reports that the economy is expanding, in part through construction and government employment, but growth has slowed over the past year. The state's largest employers include Boeing Aircraft Wichita, The University of Kansas, and Cessna Aircraft Company.

For additional information on individual AA demographics, please refer to the description of each AA noted in subsequent sections of this evaluation.

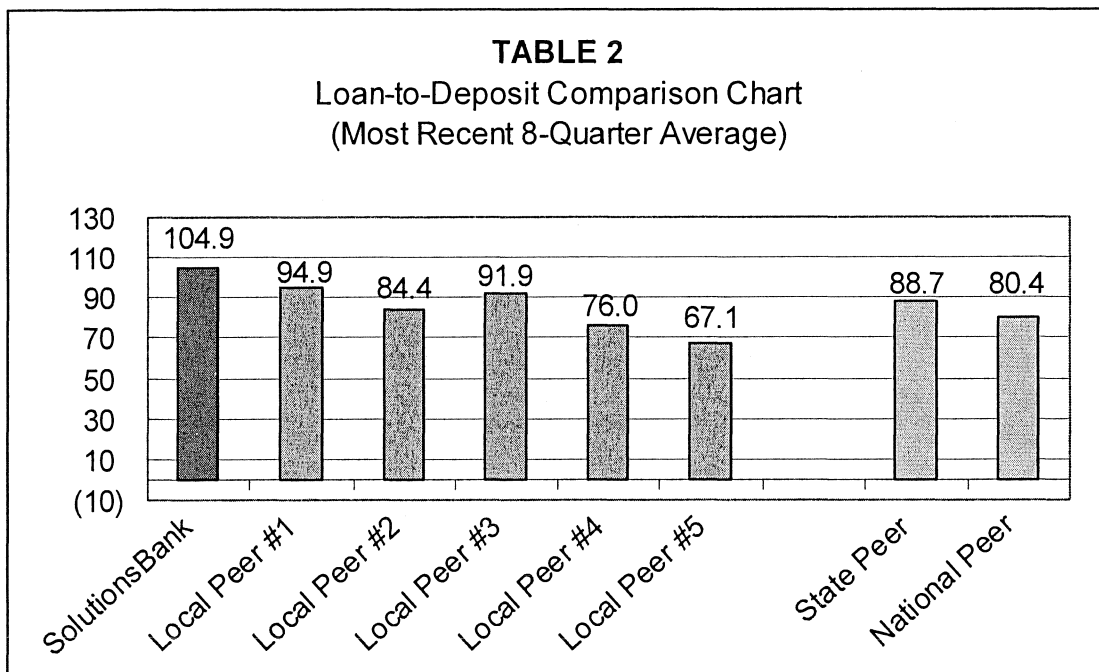
## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The factors considered in evaluating the bank's overall CRA performance include a review of the bank's level of lending in relation to its deposits and those of other comparable financial institutions; the penetration of loan originations inside and outside the bank's designated AA; the bank's level of lending to businesses of different revenue sizes; and, the level of lending across geographies of different income classifications. The bank has not received any complaints relative to its performance under the CRA since the last examination; therefore, the bank's responsiveness to CRA complaints was not included in the evaluation. In addition,

interviews with members of AA communities were considered in the performance evaluation to assess the availability of credit and the commitment of area financial institutions to meet local credit needs.

**Loan-to-Deposit Ratio**

Based on the bank's size, financial condition, local economic conditions, and credit demand of the area, the bank's average loan-to-deposit ratio is considered excellent, as it relates to the CRA. During the 16-quarter period since the previous CRA evaluation, the net LTD ratio averaged 94.0 percent. Over the most recent eight quarters, the bank's net LTD averaged 104.9 percent. The bank's LTD ratio was compared to five similarly situated competitor banks operating in the bank's AA. The competitor ratios ranged between 67.1 percent and 94.9 percent, as noted in the chart below. In addition, the bank's LTD ratio was markedly higher than its state and national peer group ratios of 88.7 percent and 80.4 percent, respectively. The state peer group ratio is composed of all banks located in the Kansas City MO-KS MSA with total assets between \$100 million and \$300 million. The bank's national peer group ratio is composed of all insured commercial banks having assets between \$100 million and \$300 million in a metropolitan area with three or more full-service offices.



**Summary of Lending Performance**

<b>TABLE 3 SUMMARY OF LENDING PERFORMANCE</b>								
<b>Lending within the Overall Assessment Area</b>								
	<b>Inside AA</b>				<b>Outside AA</b>			
	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Commercial	44	78.6	34,019	68.6	12	21.4	15,603	31.4
<b>TOTAL</b>	44	78.6	34,019	68.6	12	21.4	15,603	31.4
<b>Distribution by Income Level of Geographies</b>								
	<b>% of Bank Loans</b>				<b>% of Businesses<sup>1</sup></b>			
	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
Business Loans	9.1	9.1	54.5	27.3	4.2	17.8	45.3	31.7
<b>Distribution by Revenue Size of Business</b>								
	<b>% of Bank Loans<sup>2</sup></b>				<b>% of Small Businesses<sup>3</sup></b>			
	Small Business Loans	68.2				86.2		

<sup>1</sup> 1.0 percent of the businesses that reported revenue were in tracts with an unknown income level.

<sup>2</sup> The business revenue was unknown for 4.5 percent of the commercial loans.

<sup>3</sup> 2.8 percent of the businesses did not report revenues.

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

The bank's overall performance for this criterion is considered satisfactory. As illustrated in Table 3, a majority of the bank's commercial loans were originated within the overall AA. Of the total loans sampled, 78.6 percent or 44 loans were originated within the AA. Further analysis revealed that 70.0 percent of the loans in the AA were originated in the Kansas City MO-KS MSA AA (the area); therefore, the lending in this AA had a larger impact on the bank's overall performance rating.

**Geographic Distribution of Loans**

The overall geographic distribution of loans is considered reasonable given economic and demographic factors of the bank's AA. This criterion places emphasis on the bank's distribution of lending within low- and moderate-income (LMI) geographies for all loans originated within the AA regardless of the size of the business. Table 3 illustrates that 9.1 percent of the loans to businesses were in both the LMI tracts, compared to the percentage of businesses in low-income tracts at 4.2 percent and in moderate-income tracts at 17.8 percent, according to 2006 Dunn & Bradstreet (D&B) data. A more detailed analysis of the bank's geographic distribution of lending in each AA is presented in subsequent sections of this evaluation.

### **Lending to Businesses of Different Revenue Sizes**

The overall distribution of loans to businesses of different revenue sizes is considered reasonable when considering economic and demographic factors of the AA and the bank's business strategy. This criterion places emphasis on lending to small businesses as defined by the CRA, which are businesses with gross annual revenues of \$1 million or less. As revealed in Table 3, the bank's percentage of loans to small businesses was 68.2 percent, compared to 86.2 percent of small businesses reporting revenue, according to 2006 D&B data. A more detailed analysis of the bank's lending to businesses of different revenue sizes in each AA is presented in subsequent sections of this evaluation.

### **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, credit applications, and loans and denials revealed no prohibited practices designed to discourage applicants. In addition, the bank has not engaged in other illegal credit practices inconsistent with helping to meet the credit needs of the community.



**INSTITUTION'S KANSAS CITY MISSOURI-KANSAS MULTISTATE MSA RATING:** *This assessment area is rated **Satisfactory***

A majority of the bank's lending activity occurred in the multistate MSA AA; therefore, the institution's performance in this area has greater significance on the bank's overall performance rating. Moreover, the demographic characteristics and credit markets of this area are uniquely different than the nonmetropolitan (South Central Kansas) AA and require a separate analysis.

**DESCRIPTION OF THE BANK'S KANSAS CITY MO- KS MSA ASSESSMENT AREA**

The metropolitan AA consists of five contiguous counties in the state of Kansas comprised of Johnson, Wyandotte, Leavenworth, Franklin, and Miami, and four contiguous counties in the state of Missouri comprised of Cass, Clay, Jackson, and Platte. As previously mentioned, the main headquarters is located in Overland Park, Kansas, with branch facilities in the cities of Gardner, Ottawa, and the newest location in downtown Kansas City, Missouri.

According to the 2000 U.S. Census, the area has a total population of approximately 1.7 million, which represents nearly 94 percent of the entire MSA. The area is comprised of 46 low-income tracts, 123 moderate-income tracts, 192 middle-income tracts, 121 upper-income tracts, and 12 unknown-income tracts. Demographic data suggests that the area was less affluent than the MSA as a whole, as the Housing and Urban Development (HUD) estimated median family income was \$55,939, compared to \$67,600 for the MSA. This data indicates that the area is still middle-income overall, at 82.8 percent of the MSA's respective median family income.

The main headquarters is located in an upper-income tract; the Ottawa branch is in a moderate-income tract; and, the Gardner and downtown Kansas City branches are in middle-income tracts. Banking competition in the area is strong. According to Federal Deposit Insurance Corporation (FDIC) market share data, there were 132 FDIC-Insured institutions operating in the area as of June 30, 2006. In addition, the bank was ranked 42<sup>nd</sup>, with a 0.46 percent market share of the deposits.

The area unemployment rate was 4.2 percent, which is approximate to the entire MSA at 4.3 percent. Additional data indicates that the area's lowest unemployment rate was in Johnson County, Kansas at 2.3 percent, while Wyandotte County, Kansas had the highest unemployment rate at 8.2 percent. Data supplied by the U.S. Bureau of Labor Statistics for the MSA as a whole noted that both government and professional and business services had the highest non-seasonally adjusted employment percentages by industry during 2005.

A member of the local community stated that new business is growing throughout Franklin County, Kansas, with the city of Ottawa reporting a 95 percent occupancy rate in August 2006. A community contact for Johnson County, Kansas indicated that while the economy in Johnson County is booming and the overall business climate is considered solid, start-up

businesses inherently have more difficulty obtaining financing from area banks, as they generally lack sufficient capital or consist of service-related businesses with inadequate levels of collateral. The overall perception of the community contacts revealed that local banks are actively involved in the community initiatives and are effective in serving the area's credit needs.

Additional demographic data, including information on area housing stock, is summarized in Table 4.

**TABLE 4**  
**2006 DEMOGRAPHICS FOR THE BANK'S**  
**KANSAS CITY MO- KS MSA ASSESSMENT AREA**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	46	9.3	20,107	4.4	6,132	30.5	80,998	17.8
Moderate-income	123	24.9	82,056	18.0	10,656	13.0	83,834	18.4
Middle-income	192	38.9	212,322	46.7	8,780	4.1	107,077	23.5
Upper-income	121	24.5	140,599	30.9	2,136	1.5	183,175	40.3
Unknown-income	12	2.4	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>494</b>	<b>100.0</b>	<b>455,084</b>	<b>100.0</b>	<b>27,704</b>	<b>6.1</b>	<b>455,084</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	39,000	14,418	3.2	37.0	18,546	47.6	6,036	15.5
Moderate-income	154,402	74,108	16.2	48.0	65,325	42.3	14,969	9.7
Middle-income	334,169	216,067	47.3	64.7	101,966	30.5	16,136	4.8
Upper-income	192,581	152,167	33.3	79.0	32,853	17.1	7,561	3.9
Unknown-income	6	3	0.0	50.0	3	50.0	0	0.0
<b>Total</b>	<b>720,158</b>	<b>456,763</b>	<b>100.0</b>	<b>63.4</b>	<b>218,693</b>	<b>30.4</b>	<b>44,702</b>	<b>6.2</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	2,521	4.3	2,113	4.1	336	4.9	72	5.9
Moderate-income	10,738	18.2	8,927	17.5	1,629	23.6	182	14.9
Middle-income	25,774	43.6	22,645	44.4	2,569	37.3	560	45.7
Upper-income	19,423	32.9	16,894	33.2	2,129	30.9	400	32.6
Unknown-income	639	1.0	400	0.8	228	3.3	11	0.9
<b>Total</b>	<b>59,095</b>	<b>100.0</b>	<b>50,979</b>	<b>100.0</b>	<b>6,891</b>	<b>100.0</b>	<b>1,225</b>	<b>100.0</b>
<b>Percentage of Total Businesses with Reported Revenues:</b>			<b>86.3</b>		<b>11.7</b>		<b>2.1</b>	

Based on 2000 Census data and 2006 MSA designations.

Business demographics based on 2006 D&B information.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The factors considered in evaluating the bank's CRA performance in the area include the bank's level of lending across geographies of different income levels and the distribution of lending to businesses of different revenue sizes. A review of the bank's level of lending in relation to its deposits, and those of other comparable financial institutions, and the penetration of loan originations inside and outside the bank's delineated AA was conducted in the overall AA analysis and will not be included in the separate performance reviews of the MSA and state of Kansas.

**Summary of Lending Performance**

<b>TABLE 5 SUMMARY OF LENDING PERFORMANCE IN THE BANK'S KANSAS CITY MO-KS MSA ASSESSMENT AREA</b>								
<b>Distribution by Income Level of Geographies</b>								
	<b>% of Bank Loans</b>				<b>% of Businesses<sup>1</sup></b>			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Business Loans	12.9	12.9	35.5	38.7	4.3	18.2	43.6	32.9
<b>Distribution by Revenue Size of Business</b>								
	<b>% of Bank Loans<sup>2</sup></b>				<b>% of Small Businesses<sup>3</sup></b>			
Small Business Loans	61.3				86.3			

<sup>1</sup> 1.0 percent of the small businesses that reported revenue were in tracts with an unknown income level.

<sup>2</sup> The business revenue was unknown for 6.5 percent of the commercial loans.

<sup>3</sup> 2.1 percent of the businesses did not report revenues.

**Geographic Distribution of Loans**

The bank's geographic distribution of loans in this AA is considered reasonable. The evaluation of the bank's geographic distribution places emphasis on the loan penetration in LMI tracts to all businesses regardless of revenue size. A review of the bank's business loans revealed that the penetration in the low-income tracts was 12.9 percent, which exceeded the percentage of businesses in the area's low-income tracts of 4.3 percent. For the area's moderate-income tracts, conversely, the bank's lending to businesses (12.9 percent) was below the percentage of businesses in moderate-income tracts (18.2 percent). Refer to Table 5 for a summary of the bank's tract lending percentages.

Factors reasonably impacting the bank's ability to penetrate the moderate-income tracts include strong competition in the Kansas City market and a limited presence in downtown Kansas City where a larger concentration of the moderate-income tracts are located. The downtown Kansas City branch has been open for approximately one year and does not

presently have a commercial lender on-site. In addition, the branch has focused on its mortgage lending and retail deposit operations.

**Lending to Businesses of Different Revenue Sizes**

The bank's lending performance to businesses of different revenue sizes in the area is considered reasonable. As illustrated in Table 5, the bank's percentage of loans to small businesses at 61.3 percent was below the area's percentage of small businesses reporting revenues at 86.3 percent according to demographic data. However, 73.7 percent of the loans were in amounts of \$100 thousand or less, which are amounts typically needed by small business operations. The bank also participates in the Small Business Administration (SBA) lending program, which aides in providing loans with government guarantees to small businesses.

Factors reasonably impacting the bank's loan distribution include strong competition in the Kansas City market and the bank's current strategic business focus. A larger volume of the bank's present business has been obtained through existing customer relationships and referrals. The bank's business focus has also included establishing commercial relationships that utilize additional cash management services including account analysis (for business inventory receivables), lock box (cash management services), or automated clearing house (ACH) origination services, which may be appropriate for larger business entities.

**INSTITUTION'S STATE OF KANSAS (NONMETROPOLITAN) RATING:** *This assessment area is rated **Satisfactory***

As previously mentioned, a majority of the bank's lending activity occurred in the Kansas City MO-KS MSA AA. Accordingly, the institution's performance in this AA has less significance on the bank's overall performance rating.

**DESCRIPTION OF THE BANK'S SOUTH CENTRAL KANSAS ASSESSMENT AREA**

The South Central Kansas AA consists of the five contiguous counties of Barber, Comanche, Harper, Kingman, and Pratt. As previously noted, full-service branches are located in Medicine Lodge and Isabel. Both of the branches are located in Barber County.

According to 2000 U.S. Census data, the area has a total population of 32,130, with the highest population percentage in Pratt County at 30.0 percent, and the lowest residing in Comanche County at 6.1 percent. The area has no LMI tracts, 11 middle-income tracts, and 1 upper-income tract. Similarly, there were no low-income tracts in statewide rural areas. Demographic data suggests that the area was less affluent, as the HUD estimated median family income was \$41,602, compared to \$49,800 in statewide rural areas. This data indicates that the area is middle-income overall, at 83.5 percent of the statewide rural area's respective median family income.

According to FDIC market share data, there were 16 FDIC-Insured institutions operating in the area as of June 30, 2006. The bank was ranked sixth, with a 7.2 percent market share of the deposits. Its market share of the deposits in Barber County, where the Medicine Lodge and Isabel branches are located, was significantly higher at 42.4 percent.

Unemployment was significantly lower in the area at 2.9 percent compared to 4.5 percent in statewide rural areas. Data supplied by the U.S. Bureau of Labor Statistics for the area revealed that the non-seasonally adjusted unemployment rate for the second quarter of 2006 ranged from 2.4 percent in Comanche County to 3.8 percent in Kingman County. The area's largest industries include agriculture and retail trade.

A member of the local community in Harper County indicated the area economy is stable. Another resident in Comanche County stated that the community is reliant on agriculture, with some economic improvement due to a small oil and gas boom that began around 1998 and the recent recovery of agricultural commodity prices and yields. The overall perception conveyed by the contact was that community banks are meeting the area's credit needs, but with a more conservative lending approach.

Additional demographic data, including information on area housing stock, is summarized in Table 6.

**TABLE 6**  
**2006 DEMOGRAPHICS FOR THE BANK'S**  
**SOUTH CENTRAL KANSAS ASSESSMENT AREA**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,483	16.5
Moderate-income	0	0.0	0	0.0	0	0.0	1,728	19.3
Middle-income	11	91.7	8,186	91.3	636	7.8	2,309	25.8
Upper-income	1	8.3	777	8.7	58	7.5	3,443	38.4
<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>8,963</b>	<b>100.0</b>	<b>694</b>	<b>7.7</b>	<b>8,963</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Middle-income	14,458	9,128	91.9	63.1	3,110	21.5	2,220	15.4
Upper-income	1,125	808	8.1	71.8	168	14.9	149	13.2
<b>Total</b>	<b>15,583</b>	<b>9,936</b>	<b>100.0</b>	<b>63.8</b>	<b>3,278</b>	<b>21.0</b>	<b>2,369</b>	<b>15.2</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Middle-income	1,577	95.5	1,398	95.4	111	98.2	68	94.4
Upper-income	74	4.5	68	4.6	2	1.8	4	5.6
<b>Total</b>	<b>1,651</b>	<b>100.0</b>	<b>1,466</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>
<b>Percentage of Total Businesses with Reported Revenues:</b>			<b>88.8</b>		<b>6.8</b>		<b>4.4</b>	

Based on 2000 Census data and 2006 MSA designations.

Business demographics based on 2006 D&B information.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The factors considered in evaluating the bank’s CRA performance in the State of Kansas include the bank’s level of lending across geographies of different income levels and the distribution of lending to businesses of different revenue sizes. A review of the bank’s level of lending in relation to its deposits, and those of other comparable financial institutions, and the penetration of loan originations inside and outside the bank’s delineated AA was conducted in the overall AA analysis and will not be included in this section.

**Summary of Lending Performance**

<b>TABLE 7 SUMMARY OF LENDING PERFORMANCE IN THE BANK’S SOUTH CENTRAL KANSAS ASSESSMENT AREA</b>				
<b>Distribution by Income Level of Geographies</b>				
	<b>% of Bank Loans</b>		<b>% of Businesses</b>	
	Middle	Upper	Middle	Upper
Business Loans	100.0	0.0	95.5	4.5
<b>Distribution by Revenue Size of Business</b>				
	<b>% of Bank Loans</b>		<b>% of Small Businesses<sup>1</sup></b>	
Small Business Loans	84.6		88.8	

<sup>1</sup> 4.4 percent of the businesses did not report revenues.

**Geographic Distribution of Loans**

The bank’s geographic distribution of loans in this AA is considered reasonable. As previously noted, the geographic distribution places emphasis on loan penetration in LMI tracts. Since there were no LMI tracts in the AA, this analysis has a limited impact on the bank’s performance rating. Table 7 illustrates that all of the bank’s small business loans penetrated middle-income geographies, which is similar to the demographic indication that a substantial majority of the area’s businesses are located in the middle-income tracts.

**Lending to Businesses of Different Revenue Sizes**

The bank’s distribution of loans to businesses of different revenue sizes is considered reasonable. As displayed in Table 7, the bank’s percentage of loans to small businesses of 84.6 percent was similar to the percentage of small businesses reporting revenues of 88.8 percent according to demographic data. In addition, 92.3 percent of the loans were in amounts of \$100 thousand or less, which are amounts typically needed by small business operations.



## GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

**Assessment Area** – The geographic area(s) delineated by the bank and used in evaluating the bank’s record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

**Census Tracts** – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons and average about 4,000 inhabitants.

**Community Development** – Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, designated distressed or underserved nonmetropolitan middle-income areas or designated disaster areas.

**Community Development Loan** – A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank).

1. Has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan and
2. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

**Community Development Service** – A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank’s retail banking services, benefits the banks assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area and has not been claimed by other affiliated institutions.

**Consumer Loans** – Loans to individuals for household, family and other personal expenditures. These loans do not include real estate-secured loans.

**Dun & Bradstreet Data** – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

**Geography** – A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Income Level** – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In nonMSA areas, the level is based on the statewide, nonMSA median income.

**Low-Income** – Less than 50 percent of the area median income

**Moderate-Income** – At least 50 percent and less than 80 percent of the area median income

**Middle-Income** – At least 80 percent and less than 120 percent of the area median income

**Upper-Income** – At least 120 percent or more of the area median income

**Metropolitan Statistical Area (MSA)** – The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

**Qualified Investment** – A lawful investment, deposit, membership share or grant that has as its primary purpose community development.

**Small Business** – A business with gross annual revenues of \$1 million or less.

**Small Business Loan** – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”

**Small Farm** – A farm with gross annual revenues of \$1 million or less.

**Small Farm Loan** – A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by farmland” or “Loans to finance agricultural production and other loans to farmers.”