



PUBLIC DISCLOSURE

July 22, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Halstead Bank
RSSD# 747257

314 Main Street
Halstead, Kansas 67056

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.

TABLE OF CONTENTS

Institution's Community Reinvestment Act Rating	2
Scope of Examination	2
Description of Institution	3
Description of Assessment Area	4
Conclusions With Respect to Performance Criteria	7
Fair Lending or Other Illegal Credit Practices Review	16
Appendix A – Map of the Assessment Area	17
Appendix B – Demographic Information	18
Appendix C – Glossary	19

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

The Halstead Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- 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.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for 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 AA. Lending performance was assessed within the bank's single AA. Examiners reviewed the following data:

- The bank's 17-quarter average NLTD ratio;
- The universe of 62 home mortgage loans reported on the bank's 2023 Home Mortgage Disclosure Act (HMDA) Loan/Application Register;
- A statistical sample of 105 small business loans from a universe of 217 loans; and
- A statistical sample of 90 small farm loans from a universe of 162 loans.
- All loans in the review were originated between January 1, 2023 and December 31, 2023.
- With respect to the lending analysis, more weight was placed on small business and small farm lending, with the least weight placed on home mortgage lending, due to the volume of originations.

DESCRIPTION OF INSTITUTION

Halstead Bank is a community bank headquartered in Halstead, Kansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Williams Holding Company, Inc., headquartered in Halstead, Kansas.
- The bank has total assets of \$169.0 million (MM) as of March 31, 2024.
- In addition to the main office in Halstead, the bank has three additional offices located in the communities of Halstead, Maize, and Valley Center, Kansas. The bank closed a branch, located in Bentley, Kansas on December 31, 2022, but still maintains a full-service automated teller machine (ATM) at the former location.
- Each of the bank's four locations operates a cash-dispensing ATM, in addition to the full-service ATM located in Bentley, Kansas.
- As shown in the table below, the bank's primary business focus is agricultural and commercial lending.

Table 1

Composition of Loan Portfolio as of March 31, 2024		
Loan Type	\$(000)	%
Construction and Land Development	12,388	10.2
Farmland	21,479	17.6
1- to 4-Family Residential Real Estate	28,821	23.6
Multifamily Residential Real Estate	1,898	1.6
Nonfarm Nonresidential Real Estate	12,934	10.6
Agricultural	20,878	17.1
Commercial and Industrial	13,510	11.1
Consumer	9,880	8.1
Other	241	0.2
Gross Loans	122,029	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 August 31, 2020 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.

DESCRIPTION OF ASSESSMENT AREA

The bank's Wichita Metropolitan AA consists of the entirety of Harvey and Sedgwick counties, two of the four counties that comprise the Wichita, Kansas Metropolitan Statistical Area (MSA) (see Appendix A for an AA map and Appendix B for additional demographic data).

- The AA delineation remains unchanged since the prior evaluation.
- The AA consists of 142 total census tracts including 8 low-, 42 moderate-, 56 middle-, 34 upper-, and 2 unknown-income census tracts. Although the delineation of the AA is consistent with the last evaluation, the number of census tracts and their designations have changed due to changes in the American Community Survey (ACS) data. At the prior evaluation, the AA consisted of 130 census tracts including 15 low-, 37 moderate-, 38 middle-, and 40 upper-income census tracts.
- The Federal Deposit Insurance Corporation (FDIC) Market Share Report for June 30, 2023, indicates the bank has a 0.7 percent market share, ranking 18th out of 41 FDIC-insured depository institutions operating from 174 offices in the AA.
- To further augment the evaluation, one interview with a community member was conducted and a previously conducted interview was reviewed to ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and for perspectives on local economic conditions. These community members represent an affordable housing service and an economic development organization.

Table 2

Population Change Assessment Area: Wichita Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Wichita Metropolitan	541,364	557,848	3.0
Harvey County, KS	34,835	34,024	(2.3)
Sedgwick County, KS	506,529	523,824	3.4
Wichita, KS MSA	631,094	647,610	2.6
Kansas	2,892,987	2,937,880	1.6
Source: 2020 U.S. Census Bureau: Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey			

- According to the 2020 ACS data, 93.9 percent of the AA's population is located in Sedgwick County.
- The AA contains 212,716 households, of which 135,581 are considered families.
- Wichita is the largest city in the AA with a population of 397,532, comprising 71.3 percent of the AA population.

Table 3

Median Family Income Change Assessment Area: Wichita Metropolitan			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Wichita Metropolitan	69,367	72,755	4.9
Harvey County, KS	71,430	69,739	(2.4)
Sedgwick County, KS	69,683	73,508	5.5
Wichita, KS MSA	70,287	74,120	5.5
Kansas	72,535	77,620	7.0
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- As Table 3 above illustrates, the increase in median family income in the AA was below the MSA and the state of Kansas.
- Harvey County was comprised of 16.4 percent low- and 21.9 percent moderate-income families, while Sedgwick County was comprised of 20.3 percent low- and 18.6 percent moderate-income families.
- Within the AA, 9.0 percent of families were below the poverty level, which is above the MSA and statewide rates of 8.7 percent and 7.6 percent, respectively.

Table 4

Housing Cost Burden Assessment Area: Wichita Metropolitan						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Wichita Metropolitan	75.4	24.9	40.4	57.4	23.8	15.2
Harvey County, KS	67.2	20.0	39.7	52.3	17.4	12.3
Sedgwick County, KS	75.9	25.1	40.4	57.7	24.4	15.4
Wichita, KS MSA	74.8	24.2	40.2	56.3	24.8	15.2
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						

- The percentage of AA residents considered cost burdened was higher in Sedgwick County than in Harvey County for both low- and moderate-income renters and borrowers.
- According to the 2020 ACS five-year average, the median housing value in the AA was \$145,219. The median housing value was higher in Sedgwick County, at \$146,300, than in Harvey County, at \$131,000. Both values are below the statewide median housing value of \$157,600.

- Of the 235,461 housing units in the AA, 6.3 percent were located in Harvey County and 93.7 were located in Sedgwick County. Within the AA, 56.7 percent of houses are owner-occupied, 33.6 percent are rentals, and 9.7 percent are vacant. The owner-occupancy rate within low- and moderate-income tracts (24.9 percent and 39.4 percent, respectively) is significantly lower than in middle- and upper-income tracts (62.9 percent and 74.1 percent, respectively).
- Within the AA, the housing affordability ratio¹ of 39.6 is above the state of Kansas ratio of 38.8, but below the Wichita MSA ratio of 40.4. The housing affordability ratio in Sedgwick County (39.3) is below the ratio in Harvey County (44.9), indicating more affordable housing in Harvey County.
- A community member stated that there is a significant need for affordable housing and that housing at the lower end of price ranges tends to be in poor condition. The community member further stated that housing, including in LMI areas, is in short supply and is usually sold in one day.

Table 5

Unemployment Rates					
Assessment Area: Wichita Metropolitan					
Area	2018	2019	2020	2021	2022
Wichita Metropolitan	3.7	3.5	8.5	4.5	3.1
Harvey County, KS	3.2	3.0	5.3	3.0	2.5
Sedgwick County, KS	3.8	3.6	8.8	4.6	3.1
Wichita, KS MSA	3.7	3.5	8.3	4.4	3.1
Kansas	3.4	3.3	5.8	3.3	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Major employers in the AA include Spirit AeroSystems, Inc., Textron Aviation, McConnell Air Force Base, and local government (city and county). These entities are largely located within Wichita.
- AA unemployment rates held steady from 2018 to 2019 before experiencing an increase in 2020 throughout the AA due to the Coronavirus Disease 2019 pandemic. Unemployment rates decreased throughout the AA starting in 2021, returning to pre-pandemic levels in 2022.
- A community member stated that the economy is heavily dependent on the aerospace industry, though there have been efforts to better diversify the local economy by further venturing into computing and logistics.
- Another community member stated the efforts to diversify the local economy have seen success with a recent computer chip plant project creating 2,000 jobs.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending test performance is Satisfactory. This conclusion was reached based on a reasonable NLTD ratio, a substantial majority of loans originated in the bank's AA, as well as a reasonable geographic and borrower distribution of lending. Throughout the evaluation, equal weight was placed on small business and small farm lending performance, as they are the bank's primary lending products and had a greater volume of originations, with the least weight given to home mortgage lending due to the lower volume of originations and not being a strategic focus for the bank.

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 AA, and in comparison, to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and area where they operate.

The bank's NLTD ratio is reasonable. As illustrated in Table 6, the bank's 17-quarter average NLTD ratio of 72.6 percent is within the range of other similarly situated institutions whose ratios ranged from 33.9 percent to 81.6 percent.

Table 6

Comparative NLTD Ratios March 31, 2020 – March 31, 2024			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			17 Quarter Average
The Halstead Bank	Halstead, KS	168,997	72.6
Similarly Situated Institutions			
Vintage Bank Kansas	Leon, KS	246,181	68.3
Walton State Bank	Walton, KS	14,098	33.9
Citizens State Bank of Cheney	Cheney, KS	80,047	57.3
Conway Bank	Conway Springs, KS	104,614	81.6
Valley State Bank	Belle Plaine, KS	191,351	67.5

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a substantial majority of loans, by number and dollar, inside the AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Home Improvement	1	100.0	39	10.00	0	0.0	0	0.0
Home Purchase - Conventional	32	82.1	5,933	83.4	7	17.9	1,180	16.6
Other Purpose Closed-End	5	83.3	477	86.4	1	16.7	75	13.6
Refinancing	16	100.0	1,805	100.0	0	0.0	0	0.0
Total HMDA related	54	87.1	8,254	86.8	8	12.9	1,255	13.2
Small Business	98	93.3	5,821	86.8	7	6.7	885	13.2
Small Farm	79	87.8	9,749	84.9	11	12.2	1,729	15.1
Total Loans	231	89.9	23,824	86.0	26	10.1	3,869	14.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

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 reasonable distribution among the different census tracts and dispersion throughout the AA. The distribution of small farm and home mortgage loans reflected reasonable performance, while the distribution of small business loans reflected poor performance. The similar weight of small farm lending relative to small business lending and the weight of home mortgage lending supported the overall rating.

Home improvement, home refinance, and multifamily loans were not evaluated at the product level based on lending levels being too low to conduct meaningful analyses.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. The bank originated no loans in low-income census tracts, as illustrated in Table 8, which is comparable to the aggregate lending data and the demographic figure, which represents the percentage of owner-occupied housing units in each census tract income level. Lending levels in moderate-income census tracts were below both the aggregate lending data and the demographic figure.

While this performance is below the aggregate and demographic figures, it is considered reasonable as the bank's branches are not in close proximity to the large concentration of LMI tracts in the city of Wichita. The bank's nearest locations are a considerable distance from the Wichita urban core, which contains a lower rate of owner-occupied housing units; moreover, there are 35 financial institutions operating from 126 offices serving the area, representing significant competition. A community member stated there has been an increase in mortgage seekers gravitating toward online lenders.

Loan dispersion analysis revealed conspicuous lending gaps that included LMI tracts. The gaps were primarily due to a relatively lower number of home mortgage loans dispersed among the AA's 142 census tracts, along with the bank's proximity to the LMI tracts and competition in the area as noted above. Therefore, the overall conclusion was not impacted.

Home Purchase Lending

The geographic distribution of home purchase lending is reasonable. The bank originated no loans in low-income census tracts, which was comparable to the aggregate lending data and the demographic figure. Lending levels in moderate-income census tracts were below both the aggregate lending data and the demographic figure.

While this performance in the moderate-income census tracts is below the aggregate and demographic figures, overall performance is considered reasonable due to the location proximity to the urban core and preponderance of LMI tracts, which have a lower rate of owner-occupied housing units and significant presence of competition.

Table 8

Distribution of 2023 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Wichita Metropolitan							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	
Home Purchase Loans							
Low	0	0.0	1.7	0	0.0	0.9	1.9
Moderate	1	3.1	20.6	88	1.5	12.9	20.1
Middle	26	81.3	43.1	4,345	73.2	38.7	44.4
Upper	5	15.6	34.5	1,500	25.3	47.5	33.4
Unknown	0	0.0	0.1	0	0.0	0.1	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	32	100.0	100.0	5,933	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	2.0	0	0.0	1.2	1.9
Moderate	2	12.5	20.1	173	9.6	15.6	20.1
Middle	11	68.8	45.9	1,230	68.1	41.3	44.4
Upper	3	18.8	31.9	402	22.3	41.8	33.4
Unknown	0	0.0	0.1	0	0.0	0.1	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	16	100.0	100.0	1,805	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	3.4	0	0.0	0.8	1.9
Moderate	0	0.0	16.0	0	0.0	12.9	20.1
Middle	1	100.0	40.5	39	100.0	35.8	44.4
Upper	0	0.0	40.0	0	0.0	50.5	33.4
Unknown	0	0.0	0.1	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	39	100.0	100.0	100.0
Multifamily Loans							Multi-family Units
Low	0	0.0	2.9	0	0.0	6.7	4.0
Moderate	0	0.0	41.1	0	0.0	27.1	34.4
Middle	0	0.0	32.6	0	0.0	26.3	36.1
Upper	0	0.0	20.6	0	0.0	31.1	20.7
Unknown	0	0.0	2.9	0	0.0	8.8	4.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied
Low	0	0.0	1.9	0	0.0	1.6	1.9
Moderate	3	5.6	20.2	261	3.2	14.8	20.1
Middle	42	77.8	43.4	6,031	73.1	37.6	44.4
Upper	9	16.7	34.4	1,962	23.8	45.1	33.4
Unknown	0	0.0	0.2	0	0.0	1.0	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	54	100.0	100.0	8,254	100.0	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.

Due to limited volume in the Other Purpose LOC, Other Purpose Closed/Exempt, and Purpose Not Applicable product categories, these categories are not displayed individually but are included in the total HMDA section of the table.

Small Business Lending

The geographic distribution of small business lending is poor. The bank originated no loans in low-income census tracts, which is comparable to the demographic figure which represents the percentage of businesses in each census tract income level. The percentage of small business loans originated in moderate-income census tracts was below the demographic figure. The analysis revealed loans originated beyond the Wichita urban core, further supporting the conclusion.

Loan dispersion analysis revealed conspicuous lending gaps that included LMI tracts which supports the poor conclusion.

Table 9

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	2.7
Moderate	5	5.1	164	2.8	23.3
Middle	64	65.3	2,840	48.8	37.7
Upper	29	29.6	2,817	48.4	33.0
Unknown	0	0.0	0	0.0	3.3
Tract-Unk	0	0.0	0	0.0	
Total	98	100.0	5,821	100.0	100.0
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.					

Small Farm Lending

The geographic distribution of small farm lending is reasonable. As noted in Table 10, the bank originated no loans in low-income census tracts which is comparable to the demographic figure, representing the number of area farms operating in each census tract income level. The bank originated only one loan in moderate-income census tracts which is below the demographic figure. However, there is limited opportunity to lend in LMI geographies given only 5.1 percent of farms in the AA (22 total farms) are located in LMI tracts.

Loan dispersion analysis revealed conspicuous lending gaps that included LMI tracts. The gaps are primarily driven by the limited number of small farms operating in the AA at 22, limiting the bank's opportunity for small farm loans.

Table 10

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	0.5
Moderate	1	1.3	150	1.5	4.6
Middle	66	83.5	8,563	87.8	54.4
Upper	12	15.2	1,037	10.6	39.9
Unknown	0	0.0	0	0.0	0.7
Tract-Unk	0	0.0	0	0.0	
Total	79	100.0	9,749	100.0	100.0
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.					

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 a reasonable distribution among individuals of different income levels and businesses and farms of different sizes. The distribution of small business and small farm lending reflected reasonable performance, while the distribution of home mortgage lending reflected poor performance. The greater weight given to small business and small farm lending supported the overall rating.

Home improvement, home refinance, and multifamily loans were not evaluated at the product level based on lending levels too low to conduct meaningful analyses.

Home Mortgage Lending

The borrower distribution of home mortgage lending is poor. The bank's home mortgage lending to both low- and moderate-income borrowers is below the aggregate lending data as well as the demographic figure, which represents the percentage of families by income level.

Home Purchase Loans

The borrower distribution of home mortgage purchases is poor. The bank's home purchase lending to both low- and moderate-income borrowers is below the aggregate lending data, by number volume, as well as the demographic figure.

Table 11

Distribution of 2023 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Wichita Metropolitan							
Borrower Income Level	Bank And Aggregate Loans					Families by Family Income %	
	Bank		Agg	Bank			Agg
	#	#%	#%	\$(000)	%		%
Home Purchase Loans							
Low	1	3.1	7.5	160	2.7	3.7	20.0
Moderate	3	9.4	19.4	235	4.0	14.2	18.8
Middle	4	12.5	19.7	771	13.0	18.9	21.4
Upper	14	43.8	27.6	3,162	53.3	38.6	39.8
Unknown	10	31.3	25.8	1,605	27.1	24.6	0.0
Total	32	100.0	100.0	5,933	100.0	100.0	100.0
Refinance Loans							
Low	1	6.3	8.6	53	2.9	4.7	20.0
Moderate	2	12.5	19.7	288	16.0	14.4	18.8
Middle	2	12.5	19.8	112	6.2	17.8	21.4
Upper	5	31.3	30.3	743	41.2	36.8	39.8
Unknown	6	37.5	21.6	609	33.7	26.4	0.0
Total	16	100.0	100.0	1,805	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	7.3	0	0.0	4.3	20.0
Moderate	0	0.0	17.4	0	0.0	11.4	18.8
Middle	0	0.0	23.2	0	0.0	18.1	21.4
Upper	1	100.0	42.2	39	100.0	53.6	39.8
Unknown	0	0.0	9.9	0	0.0	12.5	0.0
Total	1	100.0	100.0	39	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	2	3.7	7.7	213	2.6	3.9	20.0
Moderate	5	9.3	19.3	523	6.3	14.1	18.8
Middle	8	14.8	20.2	1,043	12.6	18.8	21.4
Upper	23	42.6	29.6	4,261	51.6	38.8	39.8
Unknown	16	29.6	23.2	2,214	26.8	24.3	0.0
Total	54	100.0	100.0	8,254	100.0	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.							
Multifamily loans are not included in the borrower distribution analysis.							
Due to limited volume in the Other Purpose LOC, Other Purpose Closed/Exempt, and Purpose Not Applicable product categories, these categories are not displayed individually but are included in the total HMDA section of the table.							

Small Business Lending

The borrower distribution of small business lending is reasonable. Lending to businesses with annual revenues less than or equal to \$1MM (small businesses) was comparable to the demographic figure, which represents the total percentage of small businesses in the AA, as noted in Table 12. Additionally, 95.9 percent of business loans were made in amounts of \$250,000 or less, which further demonstrates the bank's willingness to originate lower loan amounts that are typically demanded by smaller business entities.

Table 12

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Wichita Metropolitan					
	Bank Loans				Total
	#	#%	\$(000)	%	Businesses %
By Revenue					
\$1 Million or Less	71	72.4	3,561	61.2	89.1
Over \$1 Million	12	12.2	1,894	32.5	10.2
Revenue Unknown	15	15.3	366	6.3	0.7
Total	98	100.0	5,821	100.0	100.0
By Loan Size					
\$100,000 or Less	85	86.7	2,383	40.9	
\$100,001 - \$250,000	9	9.2	1,461	25.1	
\$250,001 - \$1 Million	4	4.1	1,976	33.9	
Total	98	100.0	5,821	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	62	87.3	1,754	49.3	
\$100,001 - \$250,000	7	9.9	1,118	31.4	
\$250,001 - \$1 Million	2	2.8	689	19.3	
Total	71	100.0	3,561	100.0	
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.					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. As noted in Table 13, the bank's lending to farms with annual revenues of \$1MM or less (small farms) was comparable to the demographic figure, which represents the percentage of small farms in the AA. Additionally, 88.6 percent of farm loans were made in amounts of \$250,000 or less, which further demonstrates the bank's willingness to originate lower loan amounts that are typically demanded by smaller farming entities.

Table 13

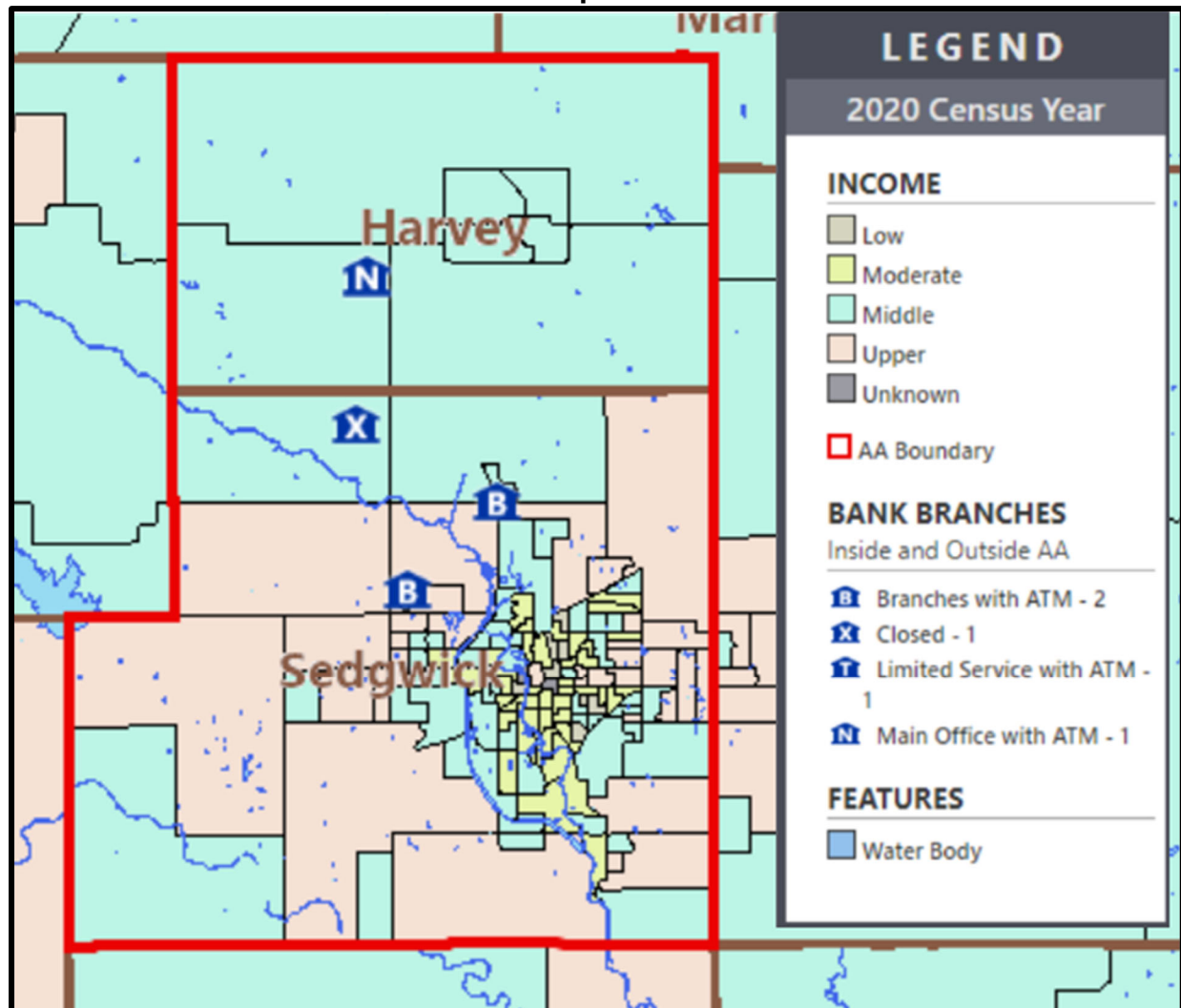
Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Wichita Metropolitan					
	Bank Loans				Total Farms %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	61	77.2	6,318	64.8	98.9
Over \$1 Million	13	16.5	2,746	28.2	1.1
Revenue Unknown	5	6.3	686	7.0	0.0
Total	79	100.0	9,749	100.0	100.0
By Loan Size					
\$100,000 or Less	46	58.2	2,251	23.1	
\$100,001 - \$250,000	24	30.4	4,230	43.4	
\$250,001 - \$500,000	9	11.4	3,268	33.5	
Total	79	100.0	9,749	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	40	65.6	1,847	29.2	
\$100,001 - \$250,000	16	26.2	2,729	43.2	
\$250,001 - \$500,000	5	8.2	1,742	27.6	
Total	61	100.0	6,318	100.0	
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.					

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.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Map A-1



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

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	8	5.6	4,447	3.3	1,641	36.9	27,126	20.0
Moderate	42	29.6	32,267	23.8	5,618	17.4	25,492	18.8
Middle	56	39.4	56,689	41.8	3,605	6.4	28,996	21.4
Upper	34	23.9	41,697	30.8	1,127	2.7	53,967	39.8
Unknown	2	1.4	481	0.4	185	38.5	0	0.0
Total AA	142	100.0	135,581	100.0	12,176	9.0	135,581	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	10,363	2,579	1.9	24.9	5,645	54.5	2,139	20.6
Moderate	68,090	26,791	20.1	39.3	31,830	46.7	9,469	13.9
Middle	94,254	59,296	44.4	62.9	27,989	29.7	6,969	7.4
Upper	60,254	44,656	33.4	74.1	11,944	19.8	3,654	6.1
Unknown	2,500	258	0.2	10.3	1,728	69.1	514	20.6
Total AA	235,461	133,580	100.0	56.7	79,136	33.6	22,745	9.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	527	2.7	471	2.7	56	2.8	0	0.0
Moderate	4,485	23.3	3,939	23.0	526	26.7	20	15.5
Middle	7,246	37.7	6,459	37.7	725	36.8	62	48.1
Upper	6,339	33.0	5,744	33.5	549	27.9	46	35.7
Unknown	630	3.3	517	3.0	112	5.7	1	0.8
Total AA	19,227	100.0	17,130	100.0	1,968	100.0	129	100.0
Percentage of Total Businesses:				89.1		10.2		0.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.5	2	0.5	0	0.0	0	0.0
Moderate	20	4.6	20	4.6	0	0.0	0	0.0
Middle	237	54.4	234	54.3	3	60.0	0	0.0
Upper	174	39.9	172	39.9	2	40.0	0	0.0
Unknown	3	0.7	3	0.7	0	0.0	0	0.0
Total AA	436	100.0	431	100.0	5	100.0	0	0.0
Percentage of Total Farms:				98.9		1.1		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 C – 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 metropolitan statistical area (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.