



## **PUBLIC DISCLOSURE**

September 5, 2017

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Capitol Federal Savings Bank  
**Charter Number 700670**

700 S Kansas Ave  
Topeka, KS 66603-3894

Office of the Comptroller of the Currency

7101 College Boulevard Suite 1600  
Overland Park, KS 66210

**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, and should not 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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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of Capitol Federal Savings Bank with respect to the Lending, Investment, and Service Tests:

Performance Levels	Capitol Federal Savings Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- An overall excellent lending activity of home mortgage loans;
- An overall adequate distribution of loans to borrowers of different income levels given the adequate home mortgage distribution in Kansas where the bank is 2<sup>nd</sup> in deposit market share;
- An overall adequate distribution of loans in geographies of different income levels given the adequate home mortgage distribution in Kansas and the limited lending opportunities in low-income census tracts;
- The level of community development (CD) lending had a neutral impact on lending performance in all AAs;
- An overall adequate level of CD investments that are responsive to AA credit and community needs. The level of statewide and broader regional investments had a significantly positive impact on the investment test performance in Kansas; and
- A branch distribution system that is accessible to essentially all geographies and individuals of different income levels. The bank provides an overall adequate level of CD services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 (MA)/AA.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. CTs generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AAs or outside the AAs provided the bank has adequately addressed the CD needs of its AAs.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, home equity 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 non-relatives 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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A CT 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 conduct business or have banking offices in a metropolitan statistical area (MSA) to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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.

**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 CD.

**Rated Area:** A rated area is a state or multi-state MA. 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 multi-state MA, the institution will receive a rating for the multi-state MA.

**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.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). 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.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Capitol Federal Savings Bank (Capitol Federal or Bank) is a \$9.2 billion interstate financial institution headquartered in Topeka, Kansas. Capitol Federal is wholly owned by Capitol Federal Financial, Inc. a publicly traded holding company, also headquartered in Topeka, Kansas. Capitol Federal is a traditional thrift that focuses on retail lending in regional markets. Capitol Federal is a full-service savings institution that offers both retail and commercial banking services with a primary focus in the residential real estate market. The institution's lending focus is on traditional, conventional loans for home purchases and home refinances. Other product/service offerings include free checking accounts and access to electronic banking services such as mobile banking.

Capitol Federal offers a Home-At-Last (HAL) flexible, affordable housing loan program that is available in all bank AAs. The program includes various loan products to assist low- and moderate-income (LMI) applicants obtain homeownership, including first-time homebuyers and others who may have limited resources. Borrowers who use HAL product options and purchase a home in certain qualified CTs are eligible for reduced costs or down payment assistance through the bank or outside resources. These products are also offered through partnerships with the Federal Home Loan Bank of Topeka (FHLB) and local affordable housing organizations. The HAL program originated 246 loans, totaling \$18.45 million, from 2012 through 2016. This program had an overall neutral impact on lending performance.

As of December 31, 2016, Capitol Federal's loan portfolio, by dollar volume, consisted of 97 percent residential real estate and 3 percent commercial loans. Net loans represented 74 percent of average assets. Tier 1 capital was \$1.24 billion.

Capitol Federal operates 47 full-service branches and 71 deposit-taking Automated Teller Machines (ATMs) in Kansas and Missouri. The Kansas City AA has 24 branches and 23 branches are located in the State of Kansas. Within the State of Kansas, 4 branches are in the Lawrence AA, 2 are in the non-MA AA, 7 are in the Topeka AA, 8 are in the Wichita AA, and 2 are in the Manhattan AA. During the evaluation period, Capitol Federal did not purchase or acquire any other institutions.

There are no known legal, financial, or other factors impeding the institution's ability to help meet credit needs in its assessment areas. Capitol Federal received a "Satisfactory" rating in its previous CRA evaluation dated December 19, 2013.



## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We analyzed home purchase, home improvement, and home refinance mortgage loans reported under the HMDA for the period January 1, 2012 through December 31, 2016. Multifamily, small business, and small farm loans are not a primary product. Therefore, we did not evaluate these products. Primary loan products for this review are products in which the institution originated at least 20 loans within the AA during the evaluation period. We reviewed CD loans, investments, and services for the period January 1, 2014 through December 31, 2016.

### **Data Integrity**

Prior to this CRA evaluation, we performed a data integrity examination to verify the accuracy of the bank's publicly filed information on home mortgage loans. We did not identify any substantive inaccuracies in the data. Therefore, we concluded that data for home mortgage loans is reliable for this examination.

During our CRA evaluation, we reviewed the accuracy of CD loans, investments, and services for accuracy and to determine if they qualified as CD as defined in the CRA regulation.

### **Selection of Areas for Full-Scope Review**

In each state and multistate MA where the bank has an office, a sample of AAs within that state/multistate MA was selected for full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section (as applicable) for details regarding how the areas were selected.

### **Ratings**

The bank's overall rating is a blend of the multistate MA rating and state rating. There are two rating areas: Kansas City MO-KS MA (Kansas City) and the state of Kansas. CRA performance in the state of Kansas carried slightly more weight given that it is ranked 2<sup>nd</sup> in the state for deposit market share compared to a ranking of 5<sup>th</sup> in the Kansas City MO-KS MA. The state of Kansas constitutes 54 percent of the bank's total deposit base. The Kansas City AA constitutes 52 percent of total loans reported during the evaluation period and 51 percent of total branches. In addition, more weight was placed on the bank's performance compared to aggregate peer groups rather than demographic comparators.

Within the home loan category, we gave more weight to home purchase loans followed by home refinance loans. We did not evaluate home improvement loan performance in the Non-MA Kansas AA since the bank made less than 20 of these loans during the evaluation period.

The multistate MA rating and state rating are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Inside/Outside Ratio**

This ratio is a bank-wide calculation and is not calculated by individual AA. Analysis is limited to bank originations and purchases, and does not include any affiliate data. For the evaluation period, Capitol Federal made a majority of all loan products, by number, inside its AAs (68.6 percent). The percentage in number of loans made inside the AAs by loan type are as follows: home purchase (69.1 percent), home refinance (64.2 percent), and home improvement (92.3 percent).

## **Lending Gap Analysis**

We reviewed summary reports to analyze Capitol Federal's home mortgage lending activity over the evaluation period and identify gaps in the geographic distribution of loans. We did not identify any unexplained gaps. The bank's AAs consist of whole geographies, meet the requirements of the regulation, and do not arbitrarily exclude any LMI areas.

## **Other Performance Data/Investment Test**

Capitol Federal adequately addressed the CD needs of its AAs. In addition to the qualified CD investments made within the bank's AAs and broader regional and statewide areas that include the bank's AAs, the bank made six prior period investments in Low Income Housing Tax Credit (LIHTC) projects totaling \$329 thousand. These investments do not have a purpose/mandate/function (P/M/F) to serve one or more of the bank AAs and had a neutral impact on the investment test rating for the bank.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Multistate Metropolitan Area Rating

### Kansas City, MO-KS

#### CRA rating for the Kansas City, MO-KS MA<sup>1</sup>: Needs to Improve

The lending test is rated: **Needs to Improve**

The investment test is rated: **Low Satisfactory**

The service test is rated: **High Satisfactory**

The major factors that support this rating:

- Excellent home mortgage lending activity;
- Geographic distribution was poor, as demonstrated by an overall poor distribution of home mortgage loans in geographies of different income levels;
- Borrower distribution was poor, as demonstrated by an overall poor distribution of home mortgage loans to borrowers of different income levels;
- An adequate level of CD investments; and
- A branch distribution system that is accessible to essentially all individuals living in geographies of different income levels in the assessment area (AA). Bank employees provided an adequate level of CD services.

### Description of Institution's Operations in Kansas City, MO-KS MA

The Kansas City MO-KS (Kansas City) AA includes all of Johnson and Wyandotte Counties in Kansas, and all of Clay and Platte Counties in Missouri. The AA also includes CTs within the city limits of Kansas City located in Jackson County, Missouri. Capitol Federal operates 24 branches in the Kansas City AA.

As of June 30, 2016, the bank ranked fifth in total deposits within the entire Kansas City, MO-KS MA with a 4.6 percent market share. The bank's Kansas City AA deposits at June 30, 2016 totaled \$2.4 billion and account for 46.1 percent of total bank deposits.

Refer to the community profile for the Kansas City, MO-KS MA in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **Scope of Evaluation in Kansas City, MO-KS MA**

We performed a full-scope review in the Kansas City, MO-KS MA. Ratings are based on the results of performance in the Kansas City AA. Refer to the table in Appendix A for more information.

We did not evaluate small business or small farm lending since the bank did not make any of these loans during the evaluation period. As discussed above, we did not evaluate multifamily loans as the bank did not originate or purchase a sufficient number of these loans during the evaluation period to analyze.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KANSAS CITY, MO-KS MA**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in the Kansas City, MO-KS MA is rated "Needs to Improve". Based on full-scope reviews, the bank's performance in the Kansas City AA is poor.

#### **Lending Activity**

Refer to Table 1 Lending Volume in the "Multistate Metropolitan Area" section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity in the Kansas City AA is excellent.

As of June 30, 2016, Capitol Federal had a deposit market share of 5.9 percent and ranked 5<sup>th</sup> among 84 depository institutions. Competition is strong with 476 home purchase lenders and 388 home refinance lenders in the AA. Based on 2015 peer data, the bank ranked 7<sup>th</sup> in both home purchase and home refinance lending with a market share of 3.3 percent and 3.0 percent, respectively. Bank rankings are within the top 2 percent in the market for both home purchase and home refinance loans. The top five lenders in the market accounted for 28.2 percent of home purchase loans and 27.3 percent of home refinance loans. For home improvement loans, Capitol Federal ranks first with an 11.3 percent market share.

#### **Distribution of Loans by Income Level of the Geography**

##### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the "Multistate Metropolitan Area" section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Overall, the geographic distribution of home mortgage loans in the Kansas City AA is poor.

We placed more weight on performance in moderate-income geographies due to the significantly higher volume of owner occupied units in these CTs. When conducting our evaluation, consideration was given to the low level of owner-occupied units, high level of rental units, and high level of vacant properties in low-income geographies.

#### Home Purchase Loans

The overall geographic distribution of home purchase loans during the evaluation period was poor. Overall performance in low-income geographies was adequate. The percentage of loans in low-income CTs was near to the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was significantly below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was poor. The percentage of loans in moderate-income tracts was below the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was significantly below demographics.

#### Home Improvement Loans

The overall geographic distribution of home improvement loans during the evaluation period was adequate. Overall performance in low-income geographies was excellent. The percentage of loans in low-income CTs exceeded the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was near to the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was very poor. The percentage of loans in moderate-income tracts was significantly below both demographics and the aggregate industry distribution of loans in these tracts.

#### Home Refinance Loans

The overall geographic distribution of home refinance loans during the evaluation period was very poor. Overall performance in low-income geographies was very poor. The percentage of loans in low-income CTs was significantly below both the aggregate industry distribution of loans and the percentage of owner-occupied units in these tracts. Overall performance in moderate-income geographies was very poor. The percentage of loans in moderate-income CTs was significantly below both demographics and the aggregate industry distribution of loans in these geographies.

### **Distribution of Loans by Income Level of the Borrower**

#### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the "Multistate Metropolitan Area" section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall, the borrower distribution of home mortgage lending is poor. We gave consideration to the high housing costs for low-income individuals.

#### Home Purchase Loans

The overall borrower distribution of home purchase loans during the evaluation period was poor. Overall performance to low-income borrowers was poor considering the high cost of

housing. The percentage of loans to low-income borrowers was significantly below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was poor. The percentage of loans to moderate-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below demographics.

#### Home Improvement Loans

The overall borrower distribution of home improvement loans during the evaluation period was poor. Overall performance to low-income borrowers was poor. The percentage of loans to low-income borrowers was significantly below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was poor. The percentage of loans to moderate-income borrowers was below both demographics and the aggregate industry distribution of loans to these borrowers.

#### Home Refinance Loans

The overall borrower distribution of home refinance loans during the evaluation period was poor. Overall performance to low-income borrowers was poor, considering the high housing costs in the AA. The percentage of loans to low-income borrowers was significantly below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was also significantly below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was poor. The percentage of loans to moderate-income borrowers was below both demographics and the aggregate industry distribution of loans to these borrowers.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the "Multistate Metropolitan Area" section of Appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Capitol Federal's level of CD lending had a neutral impact on the overall lending performance in the Kansas City AA. During the evaluation period, the bank originated one CD loan for \$498 thousand. This CD loan was made to a nonprofit organization that focuses on affordable housing. Loan funds helped rehabilitate an apartment complex in the AA.

### **INVESTMENT TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in the Kansas City, MO-KS MA is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Kansas City AA is adequate.

Refer to Table 14 in the “Multistate Metropolitan Area” section of Appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

During the evaluation period, Capitol Federal originated 36 investments and grants totaling 9.2 million. In addition, there were 17 prior period investments outstanding at the end of the evaluation period with a total book value of \$2.5 million. The total investments of \$11.7 million in the AA represented 2.1 percent of the allocated tier 1 capital. All grants (\$309 thousand of total current period investments) are originated through Capitol Federal’s affiliate, Capitol Federal Foundation.

The bank’s responsiveness to CD needs is adequate. There are ample opportunities in the AA for the bank to provide investments or grants to CD organizations. Identified needs in the AA include housing for LMI individuals. In total dollar amount, 98.0 percent of the bank’s investments and grants were associated with affordable housing and 2.0 percent with community services targeted to LMI individuals. Current period investments totaling \$8.9 million and all prior period investments consist of mortgage backed securities that provided affordable housing.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank’s performance under the service test in the Kansas City, MO-KS MA is rated “High Satisfactory”. Based on full-scope reviews, the bank’s performance in the Kansas City AA is good.

### **Retail Banking Services**

Refer to Table 15 in the “Multistate Metropolitan Area” section of Appendix D for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings.

In the Kansas City AA, Capitol Federal’s overall branch distribution is good. Branches were accessible to geographies and individuals of different income levels in the AA. Access to branches in low-income tracts was good. Access to branches in moderate-income tracts was also good considering the additional accessibility provided by near-to branches. Near-to branches are those located in middle- or upper-income geographies that are within one-half mile from a low- or moderate-income geography.

Capitol Federal did not open or close any branches in the AA during the evaluation period. Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals, throughout the evaluation period.

In addition to the traditional in-bank services, Capitol Federal provides a variety of alternative delivery systems and products. These include full-service ATMs, mobile banking, bill-pay, and online banking. No significant weight was placed on these services as no data was available to determine their impact on LMI individuals or geographies.

## **Community Development Services**

Overall, the level of CD Services provided is adequate. Bank employees provided an adequate level of CD services. Four employees provided CD services to four different CD organizations that included a total of 10 services totaling 140 hours during the evaluation period. Bank employees assisted two local community organizations with financial education workshops to LMI youth and adults. Employees also provided assistance to an affordable housing organization with home buyer education, technology support, and fundraising.



## State Rating

### State of Kansas

<b>CRA Rating for Kansas<sup>2</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>Low Satisfactory</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- Excellent home mortgage lending activity in the Topeka MA, Wichita MA, and Lawrence MA AAs. Lending activity in the Non-MA Kansas AA is adequate;
- Geographic distribution was adequate, as demonstrated by an overall adequate distribution of home mortgage loans in geographies of different income levels in the Wichita and Lawrence AAs. The geographic distribution of loans in the Topeka MA and non-MA Kansas AAs was poor and good, respectively;
- Borrower distribution was adequate, as demonstrated by an overall adequate distribution of home mortgage loans to borrowers of different income levels in the Topeka MA, Lawrence MA, and non-MA Kansas AAs. The borrower distribution of loans was poor in the Wichita MA AA;
- An overall adequate level of CD investments, after considering broader statewide and regional area investments; and
- A branch distribution system that is accessible to essentially all individuals living in geographies of different income levels in the AAs. The distribution of branches is good in the Wichita MA, Topeka MA and Lawrence MA AAs. Branch distribution is excellent in the Non-MA Kansas AA. The overall level of CD services provided was adequate.

### Description of Institution's Operations in Kansas

Capitol Federal has six AAs in the state. They include four MSAs: Topeka, Wichita, Lawrence, and Manhattan. The bank also has two Non-MA AAs: Saline County and Lyon County. We combined the Non-MA counties for analysis purposes. The Lawrence AA includes the entire MSA. The Wichita AA includes all of Butler and Sedgwick counties, and the Manhattan AA includes the entire county of Riley. The Topeka AA consists of a majority of Shawnee county CTs; three tracts were excluded (two upper- and one middle-income).

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

As of June 30, 2016, the bank ranked second in total deposits within the entire state of Kansas with a 7.3 percent market share. The bank's deposits in the state of Kansas at June 30, 2016 totaled \$2.8 billion and account for 54 percent of total bank deposits.

Refer to the community profiles for the state of Kansas in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

## **Scope of Evaluation in Kansas**

For the state of Kansas, we performed full-scope reviews in the Topeka, Wichita, Lawrence, and Non-MA Kansas AAs. We performed a limited-scope review in the Manhattan AA. These areas were selected based on their high percent of deposits and/or loans in the state, the bank's significance to the AAs, and their different economic and demographic compositions. Based on deposits, the Topeka, Wichita, Lawrence, and non-MA Kansas AAs accounted for 50.5 percent, 18.9 percent, 15.5 percent, and 8.8 percent of the bank's total deposits in Kansas, respectively. Based on the number of loans reported during the evaluation period, the Topeka, Wichita, Lawrence, and non-MA Kansas AAs accounted for 23.9 percent, 53.3 percent, 14.2 percent, and 2.9 percent, respectively. The number of branches in full-scope areas represents 91.3 percent of the bank's branch network in the state.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KANSAS**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Kansas is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the non-MA Kansas AA is good. In the Wichita, Topeka and Lawrence AAs, performance is adequate.

#### **Lending Activity**

Refer to Table 1 Lending Volume, in the state of Kansas section of Appendix D, for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity in the state of Kansas is excellent

#### Wichita AA

The bank's overall lending activity in the Wichita AA is excellent.

As of June 30, 2016, Capitol Federal had a deposit market share of 3.9 percent and ranked 6<sup>th</sup> among 45 depository institutions. Competition is strong with 226 home purchase and home refinance lenders, respectively, in the AA. Based on 2015 peer data, the bank ranked 3<sup>rd</sup> in both home purchase and home refinance lending with a market share of 4.5 percent and 4.6 percent, respectively. Bank rankings are within the top 2 percent of both home purchase and

home refinance lenders in the market. For home improvement loans, Capitol Federal ranks 4<sup>th</sup> with a 3.6 percent market share and ranks within the top five percent of lenders in the market.

### Topeka AA

The bank's overall lending activity in the Topeka AA is excellent.

As of June 30, 2016, Capitol Federal had a deposit market share of 33.4 percent and ranked 1<sup>st</sup> among 22 depository institutions. Competition is strong with 157 home purchase lenders and 143 home refinance lenders in the AA. Based on 2015 peer data, the bank ranked 4<sup>th</sup> in home purchase and home improvement lending with a market share of 7.0 percent and 7.6 percent respectively. Capitol Federal ranks within the top 3 percent of home purchase lenders and is within the top 10 percent of home improvement lenders in the market. For home refinance loans, Capitol Federal ranks 3<sup>rd</sup> with a 7.3 percent market share, which ranks within the top 3 percent of lenders in the market. For home purchase and home improvement loans, the top three lenders in the market accounted for 32.3 percent and 30.8 percent of the market, respectively. Competition for home purchase loans include a large bank and a mortgage company with nationwide focus. For home refinance loans, the top two lenders account for 22.8 percent of the market and includes a nationwide mortgage lender and large credit union.

### Lawrence AA

The bank's overall lending activity in the Lawrence AA is excellent.

As of June 30, 2016, Capitol Federal had a deposit market share of 20.2 percent and ranked 2<sup>nd</sup> among 22 depository institutions. Competition is strong with 149 home purchase lenders and 146 home refinance lenders in the AA. Based on 2015 peer data, the bank ranked 2<sup>nd</sup> in home purchase lending with a market share of 8.0 percent. Capitol Federal ranked 1<sup>st</sup> in home improvement lending and 4<sup>th</sup> in home refinance lending with a market share of 11.0 percent and 5.8 percent, respectively. The bank ranks within the top 2 percent of home purchase lenders in the market. Capitol Federal ranks within the top 3 percent of home improvement and home refinance lenders, respectively, in the market. For home refinance loans, the top three lenders account for 22.5 percent of the market, which includes a large bank with nationwide focus.

### Non-MA Kansas AA

The bank's overall lending activity in the non-MA Kansas AA is adequate.

As of June 30, 2016, Capitol Federal had a deposit market share of 12.75 percent and ranked 3<sup>rd</sup> among 19 depository institutions. Competition is strong with 98 home purchase lenders and 94 home refinance lenders in the AA. Market lenders include two large banks with a nationwide focus and a nationwide mortgage lender. Based on 2015 peer data, the bank ranked 10<sup>th</sup> in home purchase and home refinance lending with a market share of 3.1 percent and 2.9 percent, respectively. For home improvement loans, the bank ranked 17<sup>th</sup> with a market share of 1.3 percent. The bank ranks in the top 15 percent of home purchase and home refinance lenders in the market. For home purchase, home refinance, and home

improvement loans, the top five lenders account for 40.2 percent, 38.0, and 67.5 percent of the market, respectively.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of home mortgage loans is adequate.

We placed more weight on performance in moderate-income geographies due to the significantly higher volume of owner occupied units in these CTs. When conducting our evaluation, consideration was given to the level of owner-occupied units, rental units, and vacant properties in LMI geographies. As discussed above in the lending activity comments, there were very large numbers of financial institutions and mortgage companies competing for home mortgage loans.

In the Non-MA Kansas AA, we did not evaluate home improvement loans since the bank did not originate or purchase a sufficient number of loans during the evaluation period to analyze.

### Wichita AA

The overall geographic distribution of home mortgage loans in the Wichita AA is adequate. Lending opportunities within moderate-income tracts were limited with 44.4 percent rental units and 44.7 percent vacant properties.

### Home Purchase Loans

The overall geographic distribution of home purchase loans during the evaluation period was adequate. Overall performance in low-income geographies was good. The percentage of loans in low-income CTs exceeded the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was very poor. The percentage of loans in moderate-income tracts was significantly below both demographics and the aggregate industry distribution of loans in these tracts.

### Home Improvement Loans

The overall geographic distribution of home improvement loans during the evaluation period was adequate. Overall performance in low-income geographies was excellent. The percentage of loans in low-income CTs exceeded the aggregate industry distribution of loans in these tracts. The institution's performance of these loans also exceeded the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was very poor. The percentage of loans in moderate-income tracts was significantly below both demographics and the aggregate industry distribution of loans in these tracts.

Home Refinance Loans

The overall geographic distribution of home refinance loans during the evaluation period was very poor. Overall performance in low-income geographies was very poor. The percentage of loans in low-income CTs was significantly below the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was also significantly below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was very poor. The percentage of loans in moderate-income tracts was significantly below both demographics and the aggregate industry distribution of loans in these tracts.

Topeka AA

The overall geographic distribution of home mortgage loans in the Topeka AA is poor.

Home Purchase Loans

The overall geographic distribution of home purchase loans during the evaluation period was poor. Overall performance in low-income geographies was poor. The percentage of loans in low-income CTs was somewhat lower than the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was significantly below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was poor. The percentage of loans in moderate-income tracts was below both demographics and the aggregate industry distribution of loans in these tracts.

Home Improvement Loans

The overall geographic distribution of home improvement loans during the evaluation period was adequate. Overall performance in low-income geographies was good. The percentage of loans in low-income CTs exceeded the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was very poor. The percentage of loans in moderate-income tracts was significantly below both demographics and the aggregate industry distribution of loans in these tracts.

Home Refinance Loans

The overall geographic distribution of home refinance loans during the evaluation period was poor. Overall performance in low-income geographies was very poor. The percentage of loans in low-income CTs was significantly below the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was poor. The percentage of loans in moderate-income tracts was below the aggregate industry distribution of these loans. The institution's performance of these loans was significantly below demographics.

## Lawrence AA

The overall geographic distribution of home mortgage loans in the Lawrence AA is adequate.

### Home Purchase Loans

The overall distribution of home purchase loans during the evaluation period was adequate. Overall performance in low-income geographies was adequate. The percentage of loans in low-income CTs was below the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was near to the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was adequate. The percentage of loans in moderate-income tracts was somewhat below both demographics and the aggregate industry distribution of these loans.

### Home Improvement Loans

The overall distribution of home improvement loans during the evaluation period was adequate. Overall performance in low-income geographies was good. The percentage of loans in low-income CTs exceeded the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was somewhat below the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was adequate. The percentage of loans in moderate-income tracts was somewhat below the aggregate industry distribution of these loans. The institution's performance of these loans was near to demographics.

### Home Refinance Loans

The overall distribution of home refinance loans during the evaluation period was adequate. Overall performance in low-income geographies was good. The percentage of loans in low-income CTs was near to the aggregate industry distribution of loans in these tracts. The institution's performance of these loans exceeded the percentage of owner-occupied units in these geographies. Overall performance in moderate-income geographies was adequate. The percentage of loans in moderate-income tracts was somewhat below both demographics and the aggregate industry distribution of these loans.

## Non-MA Kansas AA

The overall geographic distribution of home mortgage loans in the Non-MA Kansas AA is good. There are no low-income geographies in this AA.

### Home Purchase Loans

The overall distribution of home purchase loans during the evaluation period was excellent. Overall performance in moderate-income geographies was excellent. The percentage of loans in moderate-income CTs exceeded the aggregate industry distribution of loans in these tracts. The institution's performance of these loans was near to the percentage of owner-occupied units in these geographies.

### Home Refinance Loans

The overall distribution of home refinance loans during the evaluation period was good. Overall performance in moderate-income geographies was good. The percentage of loans in moderate-income CTs exceeded the aggregate industry distribution of loans in these tracts.

The institution's performance of these loans was somewhat below the percentage of owner-occupied units in these geographies.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage lending is adequate. We gave consideration to the high housing costs for low-income individuals.

In the Non-MA Kansas AA, we did not evaluate home improvement loans since the bank did not originate or purchase a sufficient number of loans during the evaluation period to analyze.

### Wichita AA

The overall borrower distribution of home mortgage loans in the Wichita AA is poor.

### *Home Purchase Loans*

The overall distribution of home purchase loans during the evaluation period was poor. Overall performance to low-income borrowers was poor given the high cost of housing for these individuals. The percentage of loans to low-income borrowers was significantly below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was poor. The percentage of loans to moderate-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below demographics.

### *Home Improvement Loans*

The overall distribution of home improvement loans during the evaluation period was good. Overall performance to low-income borrowers was good. The percentage of loans to low-income borrowers exceeded the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was near to the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was adequate. The percentage of loans to moderate-income borrowers was near to the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below demographics.

### *Home Refinance Loans*

The overall distribution of home refinance loans during the evaluation period was poor. Overall performance to low-income borrowers was adequate given the high cost of housing for these individuals. The percentage of loans to low-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was poor. The percentage of loans to moderate-income borrowers was

below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below demographics.

### Topeka AA

The overall borrower distribution of home mortgage loans in the Topeka AA is adequate.

#### Home Purchase Loans

The overall distribution of loans during the evaluation period was adequate. Overall performance to low-income borrowers was adequate. The percentage of loans to low-income borrowers was near to the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was good. The percentage of loans to moderate-income borrowers was somewhat below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans exceeded demographics.

#### Home Improvement Loans

The overall distribution of loans during the evaluation period was adequate. Overall performance to low-income borrowers was adequate. The percentage of loans to low-income borrowers was somewhat below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was good. The percentage of loans to moderate-income borrowers was somewhat below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was near to demographics.

#### Home Refinance Loans

The overall distribution of loans during the evaluation period was poor. Overall performance to low-income borrowers was adequate given the high cost of housing to these individuals. The percentage of loans to low-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was poor. The percentage of loans to moderate-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below demographics.

### Lawrence AA

The overall borrower distribution of home mortgage loans in the Lawrence AA is adequate.

#### Home Purchase Loans

The overall distribution of loans during the evaluation period was adequate. Overall performance to low-income borrowers was adequate, given the high housing costs to these individuals. The percentage of loans to low-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was adequate. The percentage of loans to moderate-income borrowers was



below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was near to demographics.

#### Home Improvement Loans

The overall distribution of loans during the evaluation period was adequate. Overall performance to low-income borrowers was poor. The percentage of loans to low-income borrowers was significantly below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was good. The percentage of loans to moderate-income borrowers was near to the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below demographics.

#### Home Refinance Loans

The overall distribution of loans during the evaluation period was good. Overall performance to low-income borrowers was adequate, given the high housing costs to these individuals. The percentage of loans to low-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was excellent. The percentage of loans to moderate-income borrowers exceeded both demographics and the aggregate industry distribution of loans to these borrowers.

#### Non-MA Kansas AA

The overall borrower distribution of home mortgage loans in the Non-MA AA is adequate.

#### Home Purchase Loans

The overall distribution of loans during the evaluation period was adequate. Overall performance to low-income borrowers was good. The percentage of loans to low-income borrowers exceeded the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was somewhat below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was adequate. The percentage of loans to moderate-income borrowers was below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was near to demographics.

#### Home Refinance Loans

The overall distribution of loans during the evaluation period was adequate. Overall performance to low-income borrowers was poor. The percentage of loans to low-income borrowers was significantly below the aggregate industry distribution of loans to these borrowers. The institution's percentage of these loans was significantly below the percentage of low-income families in the AA. Overall performance to moderate-income borrowers was excellent. The percentage of loans to moderate-income borrowers exceeded both demographics and the aggregate industry distribution of loans to these borrowers.

## Community Development Lending

Refer to Table 1 Lending Volume in the state of Kansas section of Appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending had a neutral impact on lending performance in the Kansas AAs. Capitol Federal did not originate any CD loans in the Kansas AAs during the evaluation period.

### Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Manhattan AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the lending test in the state of Kansas.

Refer to Tables 1 through 13, as applicable, in the state of Kansas section of Appendix D for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Kansas is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Topeka, Wichita, Lawrence, and Non-MA Kansas AAs is adequate considering broader statewide or regional investments. The bank's volume of qualified investments in the broader statewide or regional area had a significantly positive impact on its overall investment test performance. These investments were responsive to CD needs in the bank's AAs. Total CD investments and grants, including investments in broader statewide and regional areas, total \$35.6 million. This represents 2.9 percent of tier 1 capital. All grants are originated through Capitol Federal's affiliate, Capitol Federal Foundation.

Refer to Table 14 in the state of Kansas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

#### Wichita AA

The bank's investment performance in the Wichita AA is adequate considering broader statewide or regional investments. During the evaluation period, Capitol Federal made 13 grants totaling \$164 thousand.

Responsiveness to CD needs is adequate after considering qualified investments made in the broader statewide or regional area. There are ample opportunities in the AA for the bank to provide investments or grants to CD organizations. Identified needs in the AA include affordable housing loans and home improvement loans. Approximately \$140 thousand of the bank's grants represent donations to 12 organizations that focus on providing targeted CD

services for LMI individuals. The remaining \$24 thousand was invested in an organization that focuses on providing affordable housing for LMI individuals.

Refer to the comments below under the Broader Statewide and Regional Investments section for additional information.

#### Topeka AA

The bank's investment performance in the Topeka AA is adequate considering broader statewide or regional investments. During the evaluation period, Capitol Federal made 28 grants totaling \$873 thousand.

Responsiveness to CD needs is adequate after considering qualified investments made in the broader statewide or regional area. There are ample opportunities in the AA for the bank to provide investments or grants to CD organizations. Identified needs in the AA are mortgage, small business, and agriculture loans. Approximately \$550 thousand of the bank's grants represent donations to two organizations that focus on revitalization and/or stabilization efforts, and \$288 thousand was provided to 23 organizations that provide targeted CD services for LMI individuals. The remaining \$35 thousand was invested in three organizations that provide affordable housing for LMI individuals.

Refer to the comments below under the Broader Statewide and Regional Investments section for additional information.

#### Lawrence AA

The bank's investment performance in the Lawrence AA is adequate considering broader statewide or regional investments. During the evaluation period, Capitol Federal made eight grants totaling \$64 thousand.

Responsiveness to CD needs is adequate after considering qualified investments made in the broader statewide or regional area. There are ample opportunities in the AA for the bank to provide investments or grants to CD organizations. Identified needs in the AA are mortgage, home improvement, refinance, small business, and CD lending. Approximately \$38 thousand of bank grants represent donations to six organizations that provide targeted CD services for LMI individuals. The remaining \$26 thousand was invested in two organizations that provide affordable housing for LMI individuals.

Refer to the comments below under the Broader Statewide and Regional Investments section for additional information.

#### Non-MA Kansas AA

The bank's investment performance in the Non-MA Kansas AA is adequate considering broader statewide or regional investments. During the evaluation period, Capitol Federal made five grants totaling \$21 thousand.

Responsiveness to CD needs is adequate after considering qualified investments made in the broader statewide or regional area. There are opportunities in the AA for the bank to provide investments or grants to CD organizations. Identified needs in the AA include affordable housing and rehabilitation of the housing stock in LMI neighborhoods. The bank grants benefited organizations that provide targeted CD services for LMI individuals.

Refer to the comments below under the Broader Statewide and Regional Investments section for additional information.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Manhattan AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test in Kansas. Refer to Table 14 in the state of Kansas section of Appendix D for the facts and data that support these conclusions.

## **Broader Statewide and Regional Investments**

We considered investments made to organizations in the broader statewide and regional area that have a purpose/mandate/function (P/M/F) to potentially benefit the Kansas AAs. These investments had a significantly positive impact on the bank's overall state rating.

### Kansas Statewide Investments

We considered investments made in statewide investment pools that includes the AAs. These were prior period investments totaling \$3.8 million. There were 22 mortgage backed equity investments to LMI borrowers totaling \$3.6 million and three Low-Income Housing Tax Credit (LIHTC) investments in the Kansas Equity Fund totaling \$170 thousand. These investments had a positive impact on the overall investment test rating.

### Broader Regional Area Investments

We considered investments made by the Midwest Housing Equity Group (MHEG), a non-profit tax credit syndicator specializing in affordable housing projects. MHEG's footprint includes Kansas. The bank made three current period MHEG investments totaling \$30 million. There is also one prior period MHEG investment totaling \$617 thousand. We gave these investments significant weight in reaching our overall investment test conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Kansas is rated "High Satisfactory". Based on full-scope reviews, the bank's overall performance in the Wichita, Topeka and Non-MA Kansas AAs is good and in the Lawrence AA is adequate.

### **Retail Banking Services**

Overall, the Retail Banking Services provided good. Retail services provided in the Wichita, Topeka, and Lawrence AAs good and performance is excellent in the non-MA Kansas AA.

Refer to Table 15 in the state of Kansas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### Wichita AA

In the Wichita AA, the bank's overall branch distribution is good. Branches are accessible to geographies and individuals of different income levels in the AA. There are no branches in low-income geographies; however, the population in these CTs is low. Access to branches in moderate-income tracts was excellent as compared to the distribution of the population living in these geographies. We considered the accessibility of near-to branches. Near-to branches are those located in middle- or upper-income geographies that are within one-half mile from a low- or moderate-income geography.

Branch openings and closings have not affected the overall accessibility of the bank's delivery systems to LMI geographies. The bank did not open or close any branches during the evaluation period.

Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals throughout the entire review period.

In addition to traditional in-bank services, Capitol Federal provides a variety of alternative delivery systems and products. These include full-service ATMs, online banking, bill-pay, and mobile banking. No significant weight was placed on these services as no data was available to determine their impact on LMI individuals or geographies.

### Topeka AA

In the Topeka AA, the bank's overall branch distribution is good. Branches are accessible to geographies and individuals of different income levels in the AA. Access to branches in low-income tracts was excellent and access to branches in moderate-income tracts was adequate as compared to the distribution of the population living in these geographies.

Branch openings and closings have not affected the overall accessibility of the bank's delivery systems to LMI geographies. The bank did not open or close any branches during the evaluation period.

Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals throughout the entire review period.

In addition to traditional in-bank services, Capitol Federal provides a variety of alternative delivery systems and products. These include full-service ATMs, online banking, bill-pay, and mobile banking. No significant weight was placed on these services as no data was available to determine their impact on LMI individuals or geographies.

### Lawrence AA

In the Lawrence AA, the bank's overall branch distribution is good. Branches are accessible to geographies and individuals of different income levels in the AA. There are no branches in low-income geographies; however, the population in these CTs is low. Access to branches in moderate-income tracts was excellent as compared to the distribution of the population living in these geographies. We considered the accessibility of near-to branches. Near-to branches are those located in middle- or upper-income geographies that are within one-half mile from a low- or moderate-income geography.

Branch openings and closings have not affected the overall accessibility of the bank's delivery systems to LMI geographies. The bank did not open or close any branches during the evaluation period.

Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals throughout the entire review period.

In addition to traditional in-bank services, Capitol Federal provides a variety of alternative delivery systems and products. These include full-service ATMs, online banking, bill-pay, and mobile banking. No significant weight was placed on these services as no data was available to determine their impact on LMI individuals or geographies.

### Non-MA Kansas AA

In the Non-MA Kansas AA, the bank's overall branch distribution is excellent. Branches are readily accessible to geographies and individuals of different income levels in the AA. There are no low-income geographies in the AA. Access to branches in moderate-income tracts was excellent as compared to the distribution of the population living in these geographies.

Branch openings and closings have not affected the overall accessibility of the bank's delivery systems to LMI geographies. The bank did not open or close any branches during the evaluation period.

Branch services and hours did not vary in a way that would inconvenience portions of the AA, particularly LMI individuals throughout the entire review period.

In addition to traditional in-bank services, Capitol Federal provides a variety of alternative delivery systems and products. These include full-service ATMs, online banking, bill-pay, and mobile banking. No significant weight was placed on these services as no data was available to determine their impact on LMI individuals or geographies.

## **Community Development Services**

Overall, the level of CD Services provided is adequate. Capitol Federal employees in the Topeka AA provided an excellent level of CD Services. In the Wichita and Non-MA Kansas AAs, performance is adequate. Performance in the Lawrence AA is poor.

### Wichita AA

Two bank employees provided CD services to three organizations that included a total of 10 services and 268 hours throughout the evaluation period. Following are some examples of CD services provided:

- Goodwill Industries - provided financial expertise as a Board member. This organization provides assistance to victims of domestic violence, such as shelter, advocacy, and job opportunities.
- Urban League of Kansas - provided financial education classes to LMI individuals, which helps them to facilitate economic self-reliance and an improved quality of life.

### Topeka AA

Thirteen bank employees provided CD services to nine organizations that included a total of 31 services and over 1,200 hours throughout the evaluation period. Following are some examples of CD services provided:

- Topeka/Shawnee County First Opportunity Fund - provided financial expertise as a loan committee member. The organization assists local businesses that are owned by LMI individuals, in economically distressed areas, or provide employment to LMI individuals.
- United Way - provided financial expertise as a committee member. Approximately 90 percent of the clients served by the organization are LMI.
- Housing and Credit Counseling, Inc. - provided financial expertise as a Board member. The organization provides homebuyer education classes for LMI first-time homebuyers.
- Money Smart - provided financial expertise as a committee member. This program offers a comprehensive financial education curriculum to help LMI individuals outside the financial mainstream enhance their financial skills and create positive banking relationships.

### Lawrence AA

One bank employee provided CD services to one organization that included a total of three services and 45 hours throughout the evaluation period. The employee provided financial expertise as a Board member to an affordable housing organization in the AA.

### Non-MA Kansas AA

Two bank employees provided CD services to two organizations that included a total of three services and 99 hours throughout the evaluation period. Following are examples of CD services provided:

- Child Care Aware of Kansas – provided financial expertise as a Board member. The organization provides LMI families with access to affordable, high quality childcare.
- Circles of the Heartland - provides financial education classes to LMI individuals to help end poverty.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Manhattan AA is not inconsistent with the bank's overall "High Satisfactory" performance under the service test in Kansas. Refer to Table 15 in the state of Kansas section of Appendix D for the facts and data that support these conclusions.

### **Broader Regional CD Services**

We considered CD Services made in the broader regional area to an organization with a purpose/mandate/function (P/M/F) to potentially benefit the Kansas AAs. These services had a neutral impact on the bank's overall rating.

#### Broader Regional Area Investments

We considered CD services provided to organizations in the broader regional area of the Midwest. Three bank employees provided services to two organizations that included a total of nine services and 192 hours. Following are examples of CD services provided:

- Midwest Housing Equity Group – provided financial expertise as a committee member. The organization is a non-profit tax credit syndicator specializing in affordable housing projects.

Midwest Housing Development Fund – provided financial expertise as a Board member. The organization is a nonprofit Community Development Financial Institution that provides affordable housing.



# Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 1/1/2012 to 12/31/2016 Investment and Service Tests and CD Loans: 1/1/2014 to 12/31/2016	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Capitol Federal Savings Bank (Capitol Federal) Topeka, Kansas	Home Purchase, Home Improvement, Home Refinance loans; Community Development loans; investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Capitol Federal Foundation	Affiliate	Community Development grants
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Kansas City, MO-KS MA	Full Scope	Johnson and Wyandotte Counties in KS; Clay and Platte Counties in MO; and part of Jackson County, MO
State of Kansas		
Wichita MA	Full Scope	Butler and Sedgwick counties
Topeka MA	Full Scope	Part of Shawnee County
Lawrence MA	Full Scope	
Non-MA Kansas	Full Scope	Saline and Lyon Counties
Manhattan MA	Limited Scope	Riley County

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS		CAPITOL FEDERAL SAVINGS BANK		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Capitol Federal Savings Bank	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Kansas City MO-KS MSA	Needs to Improve	Low Satisfactory	High Satisfactory	Needs to Improve
Kansas	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Appendix C: Community Profiles for Full-Scope Areas

### Kansas City, MO-KS MA

#### Kansas City MA

Demographic Information for Full Scope Area: Kansas City AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	391	15.86	24.81	26.34	29.92	3.07
Population by Geography	1,369,014	10.42	23.03	29.60	36.94	0.01
Owner-Occupied Housing by Geography	357,940	6.80	19.51	31.66	42.03	0.00
Business by Geography	92,693	7.95	19.53	26.07	44.19	2.25
Farms by Geography	2,231	3.90	16.90	34.29	44.42	0.49
Family Distribution by Income Level	345,218	20.66	16.97	20.45	41.93	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	129,889	19.57	34.44	28.83	17.17	0.00
Median Family Income		68,846	Median Housing Value	167,194		
FFIEC Adjusted Median Family Income for 2016		72,500	Unemployment Rate	3.82%		
Households Below Poverty Level		11%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Capitol Federal's Kansas City AA is part of the Kansas City MO-KS MSA. It includes the Kansas counties of Johnson and Wyandotte and the Missouri counties of Clay and Platte. The AA also includes CTs within the city limits of Kansas City, which is in Jackson County, Missouri.

The updated median family income remained relatively stable over the valuation period, from \$73.3 thousand in 2012 to \$72.5 thousand in 2016. LMI tracts are predominately located in Jackson and Wyandotte counties. The Kansas City AA has 391 CTs, which includes 62 low-income, 97 moderate-income, 103 middle-income, and 117 upper-income. The remaining 12 tracts have no income designation. The percentage of households and families living below the poverty level is 11.2 percent and 8.5 percent, respectively.

Strong competition for financial services exists within Capitol Federal's AA, which includes nationwide and regional banks. According to the FDIC market share data as of June 30, 2016, there are 84 financial institutions operating in this market with 434 total banking offices. Capitol Federal ranks fifth in the market with a 5.9 percent deposit market share. Significant competitors include UMB Bank, Commerce Bank, Bank of America, and U.S. Bank. These top four institutions in the market represent 56.3 percent of total deposits in the AA.

Capitol Federal's deposits in the AA total \$2.4 billion, representing 46.1 percent of total bank deposits as of June 30, 2016. The majority of the institution's branches are in this AA. As of December 31, 2016, Capitol Federal has 24 full-service branches in the Kansas City AA. The institution supplements its branch network with 36 deposit-taking ATMs.

### Employment and Economic Factors

The economy in the Kansas City AA is expanding and among the Midwest's best performing large economies according to Moody's Analytics dated February 2017. According to the Bureau of Labor Statistics, the unemployment rate for the AA declined during the evaluation period from 6.7 percent in 2012 to 4.3 percent in 2016. The 2016 national unemployment rate is 4.9 percent.

The Kansas City AA is home to several major industries, including restaurants, hospitals, pharmaceutical, and employment services. The federal and state government also employs large numbers of workers. The top employers in the AA include Cerner Corporation, HCA Midwest Health System, St Luke's Health System, Ford Motor Co., the University of Kansas Hospital, Children's Mercy Hospital and Clinics, and Sprint Corp.

### Housing

Based on reports from the Kansas City Regional Association of Realtors, existing home values increased 22.4 percent from \$134.8 thousand in January 2013 to \$165 thousand in December 2016. However, new home values declined 7.1 percent from \$365 thousand in January 2013 to \$339.1 thousand in December 2016.

There are somewhat limited opportunities for residential mortgage lending in low-income geographies in the AA. Based on 2010 census data, low-income geographies include 17.9 percent rental units and 27.5 percent vacant properties. The average median housing cost is \$167,194. Housing costs are high for LMI households given the median income, particularly for low-income persons. However, there is some affordability for moderate-income households.

### Community Contact

Community contact information from a local housing authority was considered as part of this performance evaluation. Primary needs in the AA are affordable housing and home improvement loans, and increased participation with Community Development Financial Institutions to operate loan pools that provide credit to individuals that don't meet traditional credit standards.

## State of Kansas

### Wichita MA

Demographic Information for Full Scope Area: Wichita AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	137	8.76	33.58	27.01	30.66	0.00
Population by Geography	564,245	6.55	29.59	29.28	34.59	0.00
Owner-Occupied Housing by Geography	146,380	3.28	25.22	30.83	40.67	0.00
Business by Geography	28,836	11.18	23.67	28.59	36.56	0.00
Farms by Geography	1,102	2.27	11.43	41.20	45.10	0.00
Family Distribution by Income Level	142,955	20.44	18.31	20.95	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	55,393	10.09	44.57	27.09	18.25	0.00
Median Family Income		61,402	Median Housing Value	116,801		
FFIEC Adjusted Median Family Income for 2016		65,000	Unemployment Rate	3.82%		
Households Below Poverty Level		12%				

(\* ) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Capitol Federal's Wichita AA includes the entire counties of Butler and Sedgwick, which are located in the Wichita, KS MA. According to the US Census Bureau, Wichita is the largest city in the state of Kansas.

The updated median family income of \$65 thousand was the same in 2012 and 2016. The Wichita AA has 137 CTs, which includes 12 low-income, 46 moderate-income, 37 middle-income and 42 upper-income. The percentage of households and families living below the poverty level is 12.5 percent and 9.8 percent, respectively.

Strong competition for financial services exists within the institution's AA, which includes nationwide and regional banks. According to the FDIC market share data as of June 30, 2016, there are 45 financial institutions operating in this market with 198 total banking offices. Capitol Federal ranks sixth in the market with a 3.9 percent deposit market share. Significant competitors include Bank of America, Intrust Bank, Fidelity Bank, Emprise Bank, and Commerce Bank. These top five institutions in the market represent 71.7 percent of total deposits in the AA.

Capitol Federal's deposits in the AA total \$533 million, representing 10.2 percent of total bank deposits and 18.9 percent of deposits in the state of Kansas as of June 30, 2016. The institution has eight full-service branches in the Wichita AA. The institution supplements its branch network with eight deposit-taking ATMs.

### Employment and Economic Factors

The economy in the Wichita AA is expanding; however, growth has slowed since mid-2016. Services are driving job creation, led by leisure/hospitality, healthcare, and professional services, according to Moody's Analytics dated February 2017. According to the Bureau of

Labor Statistics, the unemployment rate for the AA declined from 7.2 percent in 2012 to 4.4 percent in 2016. The 2016 national unemployment rate was 4.9 percent.

The Wichita AA is home to several major industries. Aircraft remains the largest industry and healthcare is the second largest industry followed by agriculture. The top employers in the AA include Cessna Aircraft Co, Spirit AeroSystems, Hawker Beechcraft, Unified School District 259, government, state/local government, and Boeing Integrated Defense Systems.

### Housing

Based on the American Community Survey, the median value for existing homes in the Wichita metro area was \$119.7 thousand in 2015. Housing costs for low-income households are high. Housing is affordable for moderate-income persons.

There are limited opportunities for residential mortgage lending in LMI geographies in the AA. Based on 2010 census data, low-income geographies consist of 13.3 percent rental units and 18.1 percent vacant properties. Within moderate-income tracts, 44.4 percent were rental units and 44.7 percent were vacant properties.

### Community Contact

Community contact information from a local revitalization, stabilization, and reinvesting organization was considered as part of this performance evaluation. The economy in Wichita is in a slow recovery but stabilizing for the most part with pockets of higher unemployment. New home prices have increased due to construction costs from rising prices of lumber and concrete, but existing home values are currently stable. Primary needs in the community are affordable housing loans and home improvement loans.

## Topeka MA

Demographic Information for Full Scope Area: Topeka AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	43	13.95	25.58	34.88	25.58	0.00
Population by Geography	177,934	10.67	22.77	35.97	30.59	0.00
Owner-Occupied Housing by Geography	48,838	5.35	19.69	38.32	36.64	0.00
Business by Geography	9,510	20.13	17.07	37.14	25.67	0.00
Farms by Geography	336	2.38	8.63	34.52	54.46	0.00
Family Distribution by Income Level	46,676	21.95	16.53	22.24	39.28	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,961	17.12	33.71	32.53	16.65	0.00
Median Family Income		61,110	Median Housing Value	111,440		
FFIEC Adjusted Median Family Income for 2016		62,600	Unemployment Rate	3.67%		
Households Below Poverty Level		14%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Capitol Federal's Topeka AA includes a majority of CTs in the county of Shawnee, which is in the Topeka, KS MA. Three tracts in the county were excluded: two upper- and one middle-income. The city of Topeka is the state capital and the fifth largest city in the state of Kansas.

The updated median family income declined over the evaluation period, from \$64.2 thousand in 2012 to \$62.6 thousand in 2016. The Topeka AA has 43 CTs, which includes 6 low-income, 11 moderate-income, 15 middle-income, and 11 upper-income. The percentage of households and families living below the poverty level is 13.7 percent and 11.1 percent, respectively.

Moderate competition for financial services exists within the institution's AA, which includes nationwide and regional banks. According to the FDIC market share data as of June 30, 2016, there are 22 institutions operating in this market with 79 total banking offices. Capitol Federal ranks first in the market with a 33.4 percent deposit market share. Significant competitors include CoreFirst Bank & Trust, Bank of America, Kaw Valley Bank, Capital City Bank, and U.S. Bank. These top six institutions in the market represent 73.9 percent of total deposits in the AA.

Capitol Federal's deposits in the AA total \$1.4 billion, representing 27.24 percent of total bank deposits and 50.5 percent of deposits in the state of Kansas as of June 30, 2016. Capitol Federal has 7 full-service branches in the Topeka AA. The institution supplements its branch network with 11 deposit-taking ATMs.

### Employment and Economic Factors

According to Moody's Analytics dated February 2017, the economy in the Topeka AA has been in a recession since mid-2016 due to broad-based job losses; however, there is a more recent increase in employment. According to the Bureau of Labor Statistics, the unemployment rate for the AA declined from 6.3 percent in 2012 to 3.8 percent in 2016. The 2016 national unemployment rate was 4.9 percent.

Government and service industries comprise more than 50 percent of the Topeka economy. Major employers in the AA include the state government, Stormont-Vail HealthCare, Unified School District 501, Blue Cross Blue Shield of Kansas, and St. Francis Hospital and Medical Center.

### Housing

Based on the American Community Survey, the median value for existing homes in Topeka area was \$96.5 thousand in 2015. Housing costs are high for low-income households. Housing is affordable for moderate-income persons.

There are somewhat limited opportunities for residential mortgage lending in LMI geographies in the AA. Based on 2010 census data, low-income geographies consist of 19.7 percent rental units and 25.5 percent vacant properties. Within moderate-income tracts, 30.6 percent are rental units and 33.1 percent are vacant properties.

### Community Contact

Community contact information from a local community service organization was considered as part of this performance evaluation. The economy in Topeka is in a slow recovery. The downtown is under redevelopment along the riverfront, which includes a mix of apartments, condos, lofts, and small retail and coffee shops. Primary needs in the Topeka area are mortgage, small business, and agriculture loans. CD investment opportunities include low-income housing tax credits and donations to CD organizations.



## Lawrence MA

Demographic Information for Full Scope Area: Lawrence AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	9.09	22.73	45.45	22.73	0.00
Population by Geography	110,826	8.96	20.19	48.38	22.46	0.00
Owner-Occupied Housing by Geography	22,987	2.25	16.14	50.96	30.65	0.00
Business by Geography	6,170	7.16	24.36	42.33	26.14	0.00
Farms by Geography	260	2.31	10.77	45.38	41.54	0.00
Family Distribution by Income Level	23,335	21.60	16.23	21.87	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,827	9.02	24.24	48.58	18.16	0.00
Median Family Income		68,282	Median Housing Value	183,385		
FFIEC Adjusted Median Family Income for 2016		74,700	Unemployment Rate	3.94%		
Households Below Poverty Level		19%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Capitol Federal's Lawrence AA includes the entire Lawrence MSA. The MSA has one county, which is Douglas. The AA includes the city of Lawrence, which is the sixth largest city in the state of Kansas.

The updated median family income increased over the evaluation period from \$71.5 thousand in 2012 to \$74.7 thousand in 2016. The Lawrence AA has 22 CTs, which include 2 low-income, 5 moderate-income, 10 middle-income, and 5 upper-income. The percentage of households and families living below the poverty level is 18.6 percent and 8.1 percent, respectively.

Strong competition for financial services exists within the institution's AA, which includes nationwide and regional banks. According to the FDIC market share data as of June 30, 2016, there are 22 financial institutions operating in this market with 52 total banking offices. Capitol Federal ranks 2<sup>nd</sup> in the market with a 20.2 percent deposit market share. Significant competitors include U.S. Bank, Central Bank of the Midwest, Commerce Bank, and Bank of America. The top five institutions in the market represent 66.7 percent of total deposits in the AA.

Capitol Federal's deposits in the AA total \$437 million, representing 8.35 percent of total bank deposits and 15.5 percent of deposits in the state of Kansas as of June 30, 2016. Capitol Federal has 4 full-service branches in the Lawrence AA. The institution supplements its branch network with 8 deposit-taking ATMs.

### Employment and Economic Factors

According to Moody's Analytics dated February 2017, Lawrence is one of the best performing MAs in Kansas. Services, including retail and leisure/hospitality, are driving employment growth. According to the Bureau of Labor Statistics, the unemployment rate for the AA

declined from 5.2 percent in 2012 to 3.2 percent in 2016. The 2016 national unemployment rate was 4.9 percent.

The Lawrence AA is home to several major industries, including hospitals, universities, manufacturing, and state government. Top employers in the AA include The University of Kansas, Lawrence Public Schools, City of Lawrence, Lawrence Memorial Hospital, Berry Plastics, and Hallmark Cards, Inc.

### Housing

Based on reports from the Lawrence Board of Realtors, the June 2016 average sales price of existing homes was \$217.5 thousand. Average new home values were \$249.1 thousand in June 2016. Housing costs are high for low-income households. Housing is affordable for moderate-income persons.

There are somewhat limited opportunities for residential mortgage lending in LMI geographies in the AA. Based on 2010 census data, low-income geographies consist of 13.5 percent rental units and 10.4 percent vacant properties. Within moderate-income CTs, 24.8 percent were rental units and 26.9 percent were vacant properties.

### Community Contact

Community contact information from a local community service organization was considered as part of this performance evaluation. Primary needs in the AA are mortgage, home improvement, refinance, small business, and CD lending to clients. CD organizations are in need of committee participation and grant dollars.

## Non-MA Kansas

Demographic Information for Full Scope Area: Non-MA Kansas AAs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	20	0.00	30.00	45.00	25.00	0.00
Population by Geography	89,296	0.00	29.54	46.22	24.24	0.00
Owner-Occupied Housing by Geography	23,059	0.00	21.18	49.52	29.29	0.00
Business by Geography	4,778	0.00	40.37	36.81	22.81	0.00
Farms by Geography	377	0.00	9.55	49.07	41.38	0.00
Family Distribution by Income Level	22,455	18.93	17.50	22.08	41.49	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,180	0.00	39.61	44.87	15.53	0.00
Median Family Income		52,419	Median Housing Value	104,493		
FFIEC Adjusted Median Family Income for 2016		57,300	Unemployment Rate	3.38%		
Households Below Poverty Level		16%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Capitol Federal's Non-MA Kansas AA includes the entire counties of Saline and Lyon. The major cities in Saline and Lyon counties are Salina and Emporia, respectively. According to the U.S. Census Bureau, the 10<sup>th</sup> and 15<sup>th</sup> largest cities in Kansas are Salina and Emporia, respectively.

The updated median family income in the Non-MA Kansas AA increased over the evaluation period from \$54.4 thousand in 2012 to \$57.3 thousand in 2016. The Non-MA Kansas AA has 20 CTs, which includes 6 moderate-income, 9 middle-income, and 5 upper-income. The percentage of households and families living below the poverty level is 15.8 percent and 10.9 percent, respectively.

Moderate competition for financial services exists within the institution's AA from regional and community banks. According to the FDIC market share data as of June 30, 2016, there are 19 financial institutions operating in this market with 37 total banking offices. Capitol Federal ranks 3<sup>rd</sup> in the market with a 12.8 percent deposit market share. In Lyon county and Saline county, the bank ranks 2<sup>nd</sup> (25.7 percent) and 5<sup>th</sup> (8.1 percent), respectively. Significant competitors include The Bennington State Bank, Sunflower Bank, and First Bank Kansas. The top four institutions in the market represent 54.6 percent of total deposits in the AA.

Capitol Federal's deposits in the AA total \$249 million, representing 4.76 percent of total bank deposits and 8.8 percent of deposits in the state of Kansas as of June 30, 2016. Capitol Federal has 2 full-service branches in the non-MA Kansas AA. The institution supplements its branch network with 4 deposit-taking ATMs.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, the unemployment rate for the AA declined from 5.8 percent in 2012 to 4.3 percent in 2016. The 2016 national unemployment rate is 4.9 percent.

The non-MA Kansas AA has expanded from its original base in agribusiness into an economy with a diverse mix of professions. The largest employment sectors are services, wholesale and retail trade, manufacturing and government.

### Housing

Based on the American Community Survey, existing home median values in Emporia were \$88.7 thousand in 2015. The Salina MLS Statistics report from Central Plains Realtors indicates that existing average home values were \$160.4 thousand in April 2016. Housing costs are high for low-income households. Housing is affordable for moderate-income persons.

There are limited opportunities for residential mortgage lending in moderate-income geographies in the AA. Based on 2010 census data, moderate-income geographies consist of 48 percent rental units and 43.1 percent vacant properties.

### Community Contact

Community contact information from community service organizations in Emporia and Salina was considered as part of this performance evaluation. Primary needs identified in Emporia are affordable housing and jobs for students. Primary needs identified in Salina include small business financing and rehabilitation of the housing stock in low- to moderate-income neighborhoods.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate MAs are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no CT is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. CD loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage

distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and

purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## **Tables of Performance Data**

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### **Kansas City MO-KS Multistate Metropolitan Areas**

#### **State of Kansas**



**KANSAS CITY MO-KS MSA – THE FOLLOWING TABLES ARE NOT INCLUDED DUE TO LACK OF DATA: 6, 7, 11, 12, AND 13**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: KANSAS CITY MO-KS MSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Kansas City AA	100.00	9,373	2,220,651	0	0	0	0	1	498	9,374	2,221,149	100.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: KANSAS CITY MO-KS MSA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>†</sup>			
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Kansas City AA	4,635	100.00	6.80	1.55	19.51	7.46	31.66	19.96	42.03	71.02	1.78	14.23	32.13	51.86

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: KANSAS CITY MO-KS MSA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Kansas City AA	1,071	100.00	6.80	6.44	19.51	3.55	31.66	19.98	42.03	70.03	3.35	13.65	28.32	54.69

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE      Geography: KANSAS CITY MO-KS MSA      Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016														
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Kansas City AA	3,664	100.00	6.80	0.46	19.51	4.78	31.66	19.30	42.03	75.46	1.54	11.74	29.87	56.85

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: KANSAS CITY MO-KS MSA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Kansas City AA	2	100.00	16.29	0.00	30.38	100.00	27.31	0.00	26.02	0.00	27.89	35.26	22.11	14.74

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multi-family housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: KANSAS CITY MO-KS MSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Kansas City AA	4,636	100.00	20.66	4.97	16.97	12.65	20.45	18.29	41.93	64.10	10.46	22.51	25.17	41.86

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by BANK.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: KANSAS CITY MO-KS MSA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>†</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Kansas City AA	1,071	100.00	20.66	3.09	16.97	10.06	20.45	22.11	41.93	64.74	7.46	16.18	24.74	51.62

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.4% of loans originated and purchased by BANK.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: KANSAS CITY MO-KS MSA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*								
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp					
<b>Full Review:</b>																			
Kansas City AA	3,664	100.00	20.66	2.93	16.97	10.61	20.45	20.24	41.93	66.21	8.00	17.04	24.79	50.17					

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by BANK.



**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: KANSAS CITY MO-KS MSA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Kansas City AA	17	2,526	36	9,222	53	11,748	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: KANSAS CITY MO-KS MSA Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016																	
DECEMBER 31, 2016																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Kansas City AA	100.00	24	100.00	8.33	12.50	29.17	50.00	0	0	0.00	0.00	0.00	0.00	10.42	23.03	29.60	36.94

**STATE OF KANSAS – THE FOLLOWING TABLES ARE NOT INCLUDED DUE TO LACK OF DATA: 6, 7, 11, 12, AND 13**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: KANSAS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Lawrence AA	14.23	1,205	213,755	0	0	0	0	0	0	1,205	213,755	15.49
Non-MA Kansas AA	2.88	244	25,302	0	0	0	0	0	0	244	25,302	8.82
Topeka AA	23.91	2,025	263,943	0	0	0	0	0	0	2,025	263,943	50.54
Wichita AA	53.26	4,511	731,833	0	0	0	0	0	0	4,511	731,833	18.88
<b>Limited Review:</b>												
Manhattan AA	5.71	484	84,096	0	0	0	0	0	0	484	84,096	6.26

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: KANSAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>†</sup>			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	597	13.77	2.25	2.18	16.14	12.56	50.96	45.06	30.65	40.20	4.10	15.53	51.28	29.09
Non-MA Kansas AA	115	2.65	0.00	0.00	21.18	20.00	49.52	51.30	29.29	28.70	0.00	19.03	47.23	33.75
Topeka AA	972	22.42	5.35	1.34	19.69	10.19	38.32	41.15	36.64	47.33	1.66	15.59	42.52	40.24
Wichita AA	2,375	54.79	3.28	1.85	25.22	6.57	30.83	20.84	40.67	70.74	1.40	18.82	28.98	50.80
<b>Limited Review:</b>														
Manhattan AA	276	6.37	0.00	0.00	14.49	10.87	65.46	45.29	20.04	43.84	0.00	12.90	49.01	38.09

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: KANSAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	120	18.96	2.25	1.67	16.14	14.17	50.96	44.17	30.65	40.00	1.23	22.09	46.63	30.06
Non-MA Kansas AA	11	1.74	0.00	0.00	21.18	9.09	49.52	81.82	29.29	9.09	0.00	10.39	46.75	42.86
Topeka AA	113	17.85	5.35	2.65	19.69	7.08	38.32	38.05	36.64	52.21	2.53	14.35	39.66	43.46
Wichita AA	343	54.19	3.28	10.20	25.22	8.16	30.83	26.24	40.67	55.39	2.59	22.50	30.21	44.70
<b>Limited Review:</b>														
Manhattan AA	46	7.27	0.00	0.00	14.49	13.04	65.46	65.22	20.04	21.74	0.00	21.28	48.94	29.79

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: KANSAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	488	13.94	2.25	2.66	16.14	11.68	50.96	47.13	30.65	38.52	2.79	14.54	51.24	31.42
Non-MA Kansas AA	118	3.37	0.00	0.00	21.18	16.10	49.52	55.08	29.29	28.81	0.00	15.15	46.47	38.38
Topeka AA	939	26.83	5.35	0.32	19.69	8.63	38.32	37.17	36.64	53.89	2.51	14.35	37.97	45.17
Wichita AA	1,793	51.26	3.28	0.39	25.22	6.92	30.83	22.09	40.67	70.61	1.60	18.31	30.90	49.19
<b>Limited Review:</b>														
Manhattan AA	162	4.63	0.00	0.00	14.49	9.88	65.46	56.17	20.04	33.95	0.00	13.16	57.09	29.74

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: KANSAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	0	0.00	19.69	0.00	18.15	0.00	42.99	0.00	19.17	0.00	18.75	37.50	34.38	9.38
Non-MA Kansas AA	0	0.00	0.00	0.00	56.41	0.00	23.71	0.00	19.89	0.00	0.00	90.91	0.00	9.09
Topeka AA	1	100.00	20.75	0.00	29.03	0.00	37.52	100.00	12.70	0.00	20.00	33.33	40.00	6.67
Wichita AA	0	0.00	13.57	0.00	37.05	0.00	32.87	0.00	16.51	0.00	29.63	37.04	18.52	14.81
<b>Limited Review:</b>														
Manhattan AA	0	0.00	0.00	0.00	29.14	0.00	51.67	0.00	19.19	0.00	0.00	36.36	45.45	18.18

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multi-family housing units in the area based on 2010 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: KANSAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	597	13.77	21.60	4.89	16.23	14.50	21.87	25.80	40.30	54.81	8.94	23.68	23.43	43.95
Non-MA Kansas AA	115	2.65	18.93	7.89	17.50	14.91	22.08	35.96	41.49	41.23	6.69	27.47	29.22	36.63
Topeka AA	972	22.42	21.95	8.45	16.53	19.14	22.24	23.85	39.28	48.56	9.82	26.71	28.00	35.47
Wichita AA	2,375	54.79	20.44	4.86	18.31	13.69	20.95	23.25	40.30	58.20	11.27	24.71	27.03	37.00
<b>Limited Review:</b>														
Manhattan AA	276	6.37	20.43	2.55	20.54	14.55	21.18	25.82	37.85	57.09	4.89	19.98	28.91	46.23

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by BANK.



**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: KANSAS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	120	18.96	21.60	4.20	16.23	13.45	21.87	20.17	40.30	62.18	10.00	15.33	23.33	51.33
Non-MA Kansas AA	11	1.74	18.93	0.00	17.50	0.00	22.08	45.45	41.49	54.55	4.29	11.43	24.29	60.00
Topeka AA	113	17.85	21.95	5.61	16.53	14.95	22.24	19.63	39.28	59.81	7.48	21.03	22.43	49.07
Wichita AA	343	54.19	20.44	13.74	18.31	14.62	20.95	21.93	40.30	49.71	11.27	16.61	26.64	45.48
<b>Limited Review:</b>														
Manhattan AA	46	7.27	20.43	4.35	20.54	13.04	21.18	10.87	37.85	71.74	14.29	9.52	20.24	55.95

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.4% of loans originated and purchased by BANK.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: KANSAS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>1</sup>			
	#	% of Total <sup>2</sup>	% Families <sup>3</sup>	% BANK Loans <sup>4</sup>	% Families <sup>3</sup>	% BANK Loans <sup>4</sup>	% Families <sup>3</sup>	% BANK Loans <sup>4</sup>	% Families <sup>3</sup>	% BANK Loans <sup>4</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Lawrence AA	488	13.94	21.60	3.93	16.23	22.57	21.87	22.98	40.30	50.52	7.42	19.19	24.52	48.87
Non-MA Kansas AA	118	3.37	18.93	0.85	17.50	21.19	22.08	32.20	41.49	45.76	8.38	20.23	23.41	47.98
Topeka AA	939	26.83	21.95	6.00	16.53	13.30	22.24	25.74	39.28	54.96	8.74	21.38	25.09	44.79
Wichita AA	1,793	51.26	20.44	5.71	18.31	14.21	20.95	23.11	40.30	56.97	8.24	21.38	26.02	44.37
<b>Limited Review:</b>														
Manhattan AA	162	4.63	20.43	1.24	20.54	16.15	21.18	21.74	37.85	60.87	7.24	17.76	20.79	54.21

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: KANSAS		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Lawrence AA	0	0	8	64	8	64	0.18	0	0
Non-MA Kansas AA	0	0	5	21	5	21	0.06	0	0
Topeka AA	0	0	28	873	28	873	2.45	0	0
Wichita AA	0	0	13	164	13	164	0.46	0	0
<b>Limited Review:</b>									
Manhattan AA	0	0	4	59	4	59	0.17	0	0
<b>Statewide/Regional with P/M/F</b>	26	4,381	3	30,000	29	34,381	96.68	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS    Geography: KANSAS    Evaluation Period: JANUARY 1, 2016 TO DECEMBER 31, 2016 DECEMBER 31, 2016																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Lawrence AA	15.49	4	100.00	0.00	50.00	25.00	25.00	0	0	0.00	0.00	0.00	0.00	8.96	20.19	48.38	22.46
Non-MA Kansas AA	8.82	2	100.00	0.00	50.00	0.00	50.00	0	0	0.00	0.00	0.00	0.00	0.00	29.54	46.22	24.24
Topeka AA	50.54	7	100.00	42.85	14.29	28.57	14.29	0	0	0.00	0.00	0.00	0.00	10.67	22.77	35.97	30.59
Wichita AA	18.88	8	100.00	0.00	37.50	12.50	50.00	0	0	0.00	0.00	0.00	0.00	6.55	29.59	29.28	34.59
<b>Limited Review:</b>																	
Manhattan AA	6.26	2	100.00	0.00	50.00	0.00	50.00	0	0	0.00	0.00	0.00	0.00	0.00	30.51	54.35	15.13

**BROADER REGIONAL AREA: ONLY INCLUDES TABLE 14 TO REFLECT CD INVESTMENTS**

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: KANSAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>BROADER REGIONAL AREA:</b>									
State of Iowa with no P/M/F	2	170	0	0	2	170	51.67	0	0
State of Nebraska with no P/M/F	3	120	0	0	3	120	36.47	0	0
State of Oklahoma with no P/M/F	1	39	0	0	1	39	11.85	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.