

**Commercial Bank  
Banking Hours**

**PARSONS, KANSAS 67357**

**Census Tract 9502 Labette County**

1901 Main Street (Main Office)

9:00 am to 4:00 pm Monday thru Friday

2227 Main Street (West Drive Thru and Lobby)

8:30 am to 5:00 pm Monday thru Friday

1821 Main Street (Downtown Drive Thru)

Lobby

8:30 am to 5:00 pm Monday thru Friday

Drive Thru

8:30 am to 5:00 pm Monday thru Thursday

8:30 am to 6:00 pm Friday

8:30 am to 12:00 pm Saturday

**OSWEGO, KANSAS 67356**

**Census Tract 9507 Labette County**

501 Commercial Street

Lobby

9:00 am to 4:00 pm Monday thru Friday

Drive Thru

8:30 am to 5:00 pm Monday thru Friday

**ERIE, KANSAS 66733**

**Census Tract 9516 Neosho County**

222 S. Main Street

Lobby

9:00 am to 4:00 pm Monday thru Friday

Drive Thru

8:30 am to 4:30 pm Monday thru Thursday

8:30 am to 5:00 pm Friday

**INDEPENDENCE, KANSAS 67301**

**Census Tract 9504 Montgomery County**

501 N. Penn

Lobby

9:00 am to 5:00 pm Monday thru Friday

Drive Thru

8:30 am to 5:00 pm Monday thru Thursday

8:30 am to 6:00 pm Friday

9:00 am to 12:00 pm Saturday

**CHANUTE, KANSAS 66720**

**Census Tract 9519 Neosho County**

1315 S Santa Fe

Lobby

9:00 am to 4:00 pm Monday thru Thursday

9:00 am to 5:00 pm Friday

Drive Thru

8:30 am to 5:00 pm Monday thru Thursday

8:30 am to 5:30 pm Friday

**COFFEYVILLE, KANSAS 67337**

**Census Tract 9510 Montgomery County**

105 E. Ninth

Lobby

9:00 am to 5:00 pm Monday thru Friday

Drive Thru

8:30 am to 5:00 pm Monday thru Thursday

8:30 am to 6:00 pm Friday

## ATM LOCATIONS

Parsons, Kansas 67357

Located in Labette County

Census Tract 9502

1821 Main Street  
2227 Main Street  
16<sup>th</sup> & Corning  
1230 Main Street  
1902 S. US HWY 59  
(Labette Health)

Oswego, Kansas 67356

Located in Labette County

Census Tract 9507

501 Commercial Street

Altamont, Ks 67330

Census Tract 9506

401 S. Wabash

Erie, Kansas 66733

Located in Neosho County

Census Tract 9516

14100 Hwy. 59 (Pete's One Stop)

Independence, Kansas 67301

Located in Montgomery County

Census Tract 9504

501 N. Pennsylvania  
401 W. Main (Pete's Gas Station)

Chanute, Kansas 66720

Located in Neosho County

Census Tract 9519

1315 S. Santa Fe

Coffeyville, Kansas 67337

Located in Montgomery County

Census Tract 9510

105 E. 9th

Caney, Kansas 67333

Located in Montgomery County

Census Tract 9513

108 S. McGee

**Commercial Bank  
Branches Closed**

**PARSONS, KANSAS 67357**

Parsons, Kansas 67357

Located in Labette County

Census Tract 9502

- ATM 302 Main St
- Closed March 31, 2012

**CHANUTE, KANSAS 66720**

Chanute, Kansas 66720

Located in Neosho County

Census Tract 9519

- ATM 800 W 14<sup>th</sup> (Inside NCCC)
- Closed March 31, 2012

**WAL-MART, INDEPENDENCE, KANSAS 67331**

121 S. Peter Pan Rd

Independence, Ks 67331

Located in Montgomery County

Census Tract 9503

- Closed October 4, 2013.

**CANEY, KANSAS 67333**

108 S. McGee

Caney, KS 67333

Located in Montgomery County

Census Tract 9513

- Closed May 1, 2024

## **COMMUNITY REINVESTMENT ACT NOTICE**

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

### **Your involvement is encouraged.**

You are entitled to certain information about our operations and our performance under CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation prepared by the FDIC, and the comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Federal Deposit Insurance Corporation, 1100 Walnut St., Suite 2100, Kansas City, Missouri 64104. You may send written comments about our performance in helping to meet community credit needs to James R. Jacquinet, Commercial Bank, 1901 Main Street, Parsons, Kansas 67357 and FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at [www.fdic.gov/regulations/cra](http://www.fdic.gov/regulations/cra). Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC.

**Fee Schedule  
January 2024**

1099 Research Fee	\$ 5.00
Fax (Incoming and Outgoing each)	\$ 2.00
Estate Research – (\$25.00 minimum) – Hourly	\$ 25.00
Coin counting (non-customer)	\$ 5.00
Telephone Transfers	\$ 5.00
Close Account by Mail	\$ 10.00
Wire Transfer – Incoming – Domestic & Foreign	\$ 15.00
Wire Transfer – Outgoing - Domestic	\$ 20.00
Wire Transfer – Outgoing – Foreign – US & Foreign Currency	\$ 75.00
Return Wire	\$ 10.00
Collections – Incoming & Outgoing	\$ 15.00
Foreign Currency Purchase	\$ 25.00
Cashier’s Checks	\$ 5.00
Money Orders	\$ 5.00
Night Drop Bag – Lock Bag	\$ 25.00
Night Drop Bag – Blue Zipper Bag One free bag per business customer	\$ 5.00
Contract for Deed Setup	\$500.00
Monthly - \$15.00	
Semi-Annual - \$30.00	
Annual - \$50.00	
Amortization Schedules - \$4.00	
Mail Duplicate Statement to Alternate Address	\$ 5.00

ATM Withdrawal at Foreign ATM	\$ 2.00
ATM Surcharge	\$ 4.00
Account Balancing and Research (per hour)	\$25.00
Insufficient Funds & Overdraft Charges	\$33.00
Snapshot Statement	\$ 5.00
Replacement Check Card	\$ 7.00
Check copy (12 per yr. no charge)	\$ 1.00
Counter Checks (per page)	\$ 5.00
Per Transaction if Check Card is used overseas	\$ 1.00
Dormant Fee	\$10.00
If an account is inactive for 2 years and the balance is below \$100.00	
Check Card Annual Non-Usage Fee	\$ 6.00
Garnishment Fee	\$15.00
Stop payment Fee	\$33.00
Check Quality Reject Fee (per month)	\$ 5.00
Hold Statement at Branch	\$ 5.00
Undeliverable Statement	\$ 5.00
Loan Payment Book ( new loans only) Consumer	\$25.00
Loan Payment Book ( new loans only) Mortgage	\$50.00
NSF Sweep	\$12.00
Deposit Books (Single/Duplicate)	\$2.00
Deposit Books (Triplicate)	\$3.50
Medallion Stamp (Customers Only)	\$20.00
Notary (Non-Customer)	\$5.00

Revised January 2024

**Services Offered By Commercial Bank  
Parsons, Kansas – Branch 01  
Census Tract 9502 – Labette County**

Checking Accounts  
Interest checking  
Money Market Accounts  
Business Accounts  
Plus Accounts (Enhancement Package)  
Kasasa Cash  
Kasasa Cash Back  
Kasasa Saver  
E – Accounts  
Savings Accounts  
Student Savings Accounts  
Overdraft Privilege  
Internet Banking  
Bill Pay  
Cash Management for Business  
Remote Deposit Capture  
ACH Origination  
ATM/Check Card  
Direct Deposit  
Safe Deposit Boxes  
Money Orders  
Cashier's Checks  
Night Depositories  
Bank – By – Mail  
Quality Help Line  
Certificate of Deposit  
IRA – Individual Retirement Account  
Foreign Currency Exchange  
Government Securities  
Wire Transfers  
Transfer of Funds  
Brokerage Service  
Trust Services  
Estate Planning  
Auto & Personal Loans  
Commercial Loans  
Agriculture Loans  
Real Estate Loans  
Home Improvement Loans



**Services Offered By Commercial Bank  
Oswego, Kansas – Branch 02  
Census Tract 9507 – Labette County**

Checking Accounts  
Interest checking  
Money Market Accounts  
Business Accounts  
Plus Accounts (Enhancement Package)  
Kasasa Cash  
Kasasa Cash Back  
Kasasa Saver  
E – Accounts  
Savings Accounts  
Student Savings Accounts  
Overdraft Privilege  
Internet Banking  
Bill Pay  
Cash Management for Business  
Remote Deposit Capture  
ACH Origination  
ATM/Check Card  
Direct Deposit  
Safe Deposit Boxes  
Money Orders  
Cashier's Checks  
Night Depositories  
Bank – By – Mail  
Quality Help Line  
Certificate of Deposit  
IRA – Individual Retirement Account  
Foreign Currency Exchange  
Government Securities  
Wire Transfers  
Transfer of Funds  
Brokerage Service  
Trust Services  
Estate Planning  
Auto & Personal Loans  
Commercial Loans  
Agriculture Loans  
Real Estate Loans  
Home Improvement Loans

**Services Offered By Commercial Bank  
Erie, Kansas – Branch 03  
Census Tract 9516 – Neosho County**

Checking Accounts  
Interest checking  
Money Market Accounts  
Business Accounts  
Plus Accounts (Enhancement Package)  
Kasasa Cash  
Kasasa Cash Back  
Kasasa Saver  
E – Accounts  
Savings Accounts  
Student Savings Accounts  
Overdraft Privilege  
Internet Banking  
Bill Pay  
Cash Management for Business  
Remote Deposit Capture  
ACH Origination  
ATM/Check Card  
Direct Deposit  
Safe Deposit Boxes  
Money Orders  
Cashier's Checks  
Night Depositories  
Bank – By – Mail  
Quality Help Line  
Certificate of Deposit  
IRA – Individual Retirement Account  
Foreign Currency Exchange  
Government Securities  
Wire Transfers  
Transfer of Funds  
Brokerage Service  
Trust Services  
Estate Planning  
Auto & Personal Loans  
Commercial Loans  
Agriculture Loans  
Real Estate Loans  
Home Improvement Loans

**Services Offered By Commercial Bank  
Independence, Kansas – Branch 04  
Census Tract 9504 – Montgomery County**

Checking Accounts  
Interest checking  
Money Market Accounts  
Business Accounts  
Plus Accounts (Enhancement Package)  
Kasasa Cash  
Kasasa Cash Back  
Kasasa Saver  
E – Accounts  
Savings Accounts  
Student Savings Accounts  
Overdraft Privilege  
Internet Banking  
Bill Pay  
Cash Management for Business  
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Foreign Currency Exchange  
Government Securities  
Wire Transfers  
Transfer of Funds  
Brokerage Service  
Trust Services  
Estate Planning  
Auto & Personal Loans  
Commercial Loans  
Agriculture Loans  
Real Estate Loans  
Home Improvement Loans

**Services Offered By Commercial Bank  
Chanute, Kansas – Branch 06  
Census Tract 9519 – Neosho County**

Checking Accounts  
Interest checking  
Money Market Accounts  
Business Accounts  
Plus Accounts (Enhancement Package)  
Kasasa Cash  
Kasasa Cash Back  
Kasasa Saver  
E – Accounts  
Savings Accounts  
Student Savings Accounts  
Overdraft Privilege  
Internet Banking  
Bill Pay  
Cash Management for Business  
Remote Deposit Capture  
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Foreign Currency Exchange  
Government Securities  
Wire Transfers  
Transfer of Funds  
Brokerage Service  
Trust Services  
Estate Planning  
Auto & Personal Loans  
Commercial Loans  
Agriculture Loans  
Real Estate Loans  
Home Improvement Loans

**Services Offered By Commercial Bank  
Coffeyville, Kansas – Branch 07  
Census Tract 9510 – Montgomery County**

Checking Accounts  
Interest checking  
Money Market Accounts  
Business Accounts  
Plus Accounts (Enhancement Package)  
Kasasa Cash  
Kasasa Cash Back  
Kasasa Saver  
E – Accounts  
Savings Accounts  
Student Savings Accounts  
Overdraft Privilege  
Internet Banking  
Bill Pay  
Cash Management for Business  
Remote Deposit Capture  
ACH Origination  
ATM/Check Card  
Direct Deposit  
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Wire Transfers  
Transfer of Funds  
Discount Brokerage Service  
Trust Services  
Estate Planning  
Auto & Personal Loans  
Commercial Loans  
Agriculture Loans  
Real Estate Loans  
Home Improvement Loans

## LOAN TO DEPOSIT RATIO

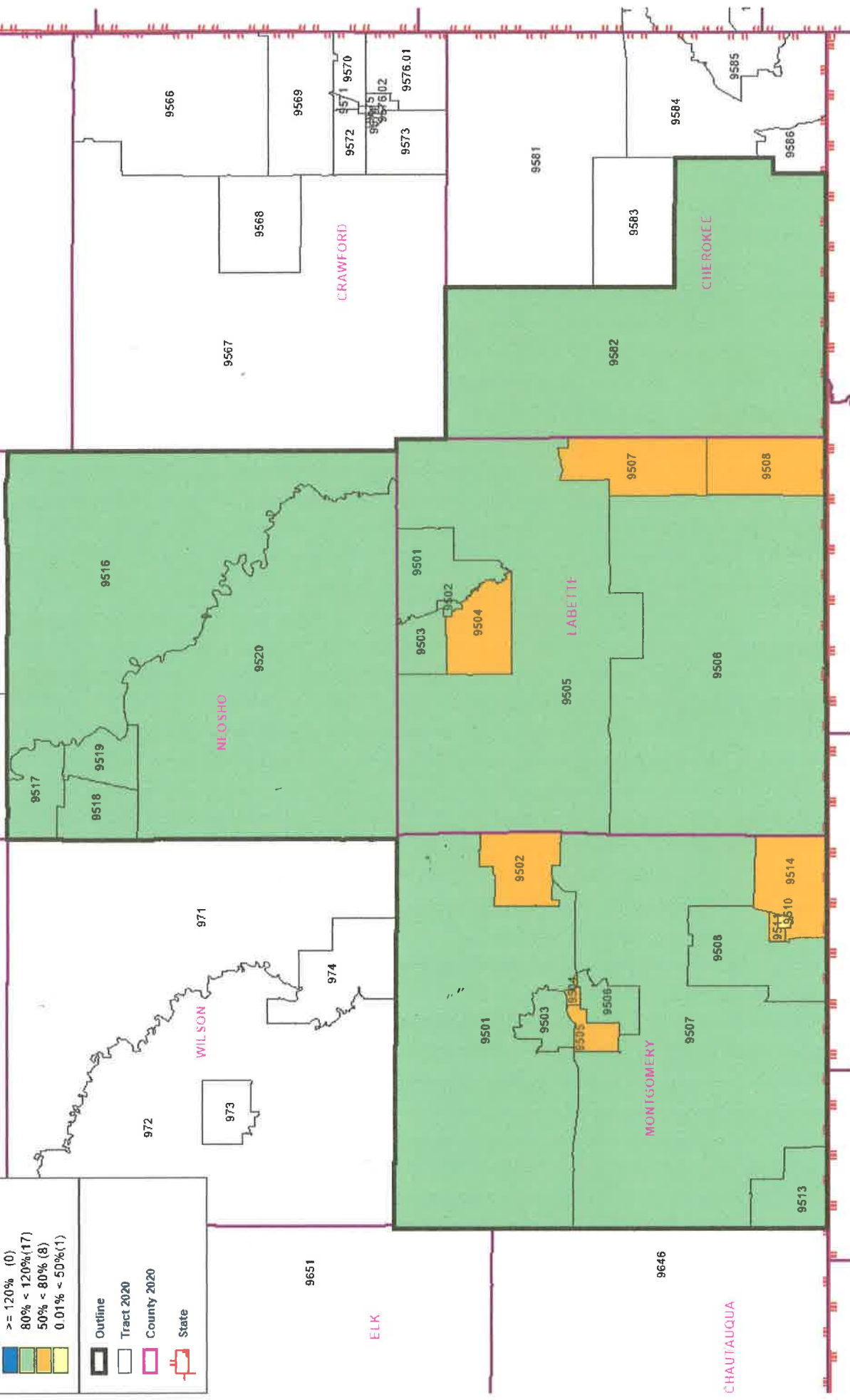
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
2015	35.88%	35.60%	37.52%	37.30%
2016	39.95%	39.56%	39.15%	40.28%
2017	40.75%	40.29%	42.69%	41.24%
2018	42.56%	45.24%	49.83%	47.65%
2019	42.28%	46.90%	49.77%	47.87%
2020	48.34%	50.34%	51.07%	47.75%
2021	46.62%	46.01%	46.23%	46.04%
2022	45.45%	47.23%	47.46%	47.54%
2023	50.43%	52.33%	54.59%	52.84%
2024	53.03%	54.03%	56.59%	50.93%
2025	49.44%			

**COMMERCIAL BANK  
PARSONS, KANSAS  
ASSESSMENT AREA**

Income as % of MSA Median  
(# of Tracts in Range)

- >= 120% (0)
- 80% - 120% (17)
- 50% - 80% (8)
- 0.01% - 50% (1)

- Outline
- Tract 2020
- County 2020
- State



**Consumer Complaints**

None



# **PUBLIC DISCLOSURE**

September 24, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Commercial Bank  
Certificate Number: 11777

1901 Main Street  
Parsons, Kansas 67357

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut St, Suite 2100  
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Commercial Bank's Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs.
- The institution made a majority of its small business, home mortgage, and small farm loans in its assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Commercial Bank is a full-service community bank headquartered in Parsons, Kansas. The bank operates without a holding company; however, it is affiliated with the following banking-related entities through common ownership: Ottawa Bancshares, Inc., Salina, Kansas; First Bank Kansas, Salina, Kansas; The Lyon County State Bank, Emporia, Kansas; and First Kansas Bank, Hoisington, Kansas. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated September 13, 2021, based on Interagency Intermediate Small Institution Examination Procedures.

Commercial Bank continues to operate from its main office and two limited-service branch offices in Parsons, Kansas, as well as five full-service branch offices located in Chanute, Coffeyville, Erie, Independence, and Oswego, Kansas. The three branches in Parsons and the Oswego branch are located in Labette County; the Coffeyville and Independence branches are located in Montgomery County; and the Erie and Chanute branches are located in Neosho County. Commercial Bank closed its branch office in Caney, Kansas effective May 1, 2024. This office was located in a middle-income census tract in Montgomery County; therefore, it does not appear there are any CRA-related implications with its closing. The bank has not opened any new branch offices, and it has not been involved in any merger or acquisition activities since the previous evaluation.

Commercial Bank continues to offer traditional loan products, focusing on home mortgage, commercial, consumer, and agricultural lending. Additionally, the institution originates loans through government-sponsored loan programs, such as those offered by the Small Business Association. The bank also partners with FHLBanks to promote affordable homeownership for low- and moderate-income individuals. Commercial Bank provides a variety of deposit accounts, including checking, savings, and certificates of deposit. Alternative banking services include online and mobile banking, mobile deposit, person-to-person payments, bill pay, and electronic statements. Commercial Bank also operates 13 cash-dispensing ATMs including 5 in Parsons; 2 in Independence; and 1 each in Altamont, Caney, Chanute, Coffeyville, Erie, and Oswego.

According to the June 30, 2024 Consolidated Reports of Condition and Income (Reports of Condition), assets totaled \$351.1 million, loans totaled \$176.3 million, and deposits totaled \$326.8 million. The loan portfolio mix changed moderately since the prior evaluation. Specifically, 1-4 family residential lending has surpassed commercial lending as the highest percentage of the loan portfolio. The bank's loan portfolio distribution is illustrated in the following table.

<b>Loan Portfolio Distribution as of June 30, 2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	3,658	2.1
Secured by Farmland	11,261	6.4
Secured by 1-4 Family Residential Properties	60,380	34.2
Secured by Multifamily (5 or more) Residential Properties	7,427	4.2
Secured by Nonfarm Nonresidential Properties	13,196	7.5
<b>Total Real Estate Loans</b>	<b>95,922</b>	<b>54.4</b>
Commercial and Industrial Loans	35,695	20.2
Agricultural Production and Other Loans to Farmers	5,611	3.2
Consumer Loans	26,480	15.0
Obligations of State and Political Subdivisions in the U.S.	11,968	6.8
Other Loans	11	<1.0
Lease Financing Receivable (net of unearned income)	639	0.4
Less: Unearned Income	1	<1.0
<b>Total Loans</b>	<b>176,325</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution’s ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA regulation requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. Commercial Bank continues to designate one assessment area in southeastern Kansas. The assessment area includes the entireties of Neosho, Montgomery, and Labette counties in the nonmetropolitan area of Kansas, as well as Census Tract 9582 in Cherokee County. Cherokee County was added to the Joplin Missouri-Kansas Metropolitan Statistical Area in 2024; however, for this evaluation, Cherokee County is considered part of the nonmetropolitan area of Kansas because this evaluation focuses on 2023 bank data. The overall composition of the assessment area has not changed since the previous evaluation; however, the census tracts comprising the assessment area have been updated based on the 2020 U.S. Census data. The bank’s Coffeyville office is located in a low-income census tract, and the Independence and Oswego offices are located in moderate-income census tracts. The bank’s remaining offices are located in middle-income census tracts.

### **Economic and Demographic Data**

According to 2020 U.S. Census data, the assessment area is comprised of 26 census tracts, which includes 1 low-income, 8 moderate-income, and 17 middle-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	3.8	30.8	65.4	0.0	0.0
Population by Geography	69,475	2.7	24.3	73.0	0.0	0.0
Housing Units by Geography	35,312	2.8	27.1	70.1	0.0	0.0
Owner-Occupied Units by Geography	20,936	1.7	23.6	74.8	0.0	0.0
Occupied Rental Units by Geography	8,394	6.1	32.0	62.0	0.0	0.0
Vacant Units by Geography	5,982	1.9	32.7	65.4	0.0	0.0
Businesses by Geography	4,889	3.9	26.4	69.7	0.0	0.0
Farms by Geography	409	0.5	8.3	91.2	0.0	0.0
Family Distribution by Income Level	18,602	23.5	19.1	23.8	33.6	0.0
Household Distribution by Income Level	29,330	27.1	17.4	18.8	36.7	0.0
Median Family Income Non-MSAs - KS		\$65,467	Median Housing Value			\$80,380
			Median Gross Rent			\$643
			Families Below Poverty Level			12.0%
<i>Source: 2020 U.S. Census and 2023 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2023 D&B data indicates that service industries represent the largest portion of businesses in the assessment area at 34.5 percent, followed by non-classifiable establishments at 13.6 percent, and retail trade at 13.0 percent. In addition, 63.8 percent of area businesses have 4 or fewer employees, and 84.1 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC) provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the nonmetropolitan area of Kansas in 2023 are presented in the following table.

Median Family Income Ranges – Nonmetropolitan Kansas				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$79,900)	<\$39,950	\$39,950 to <\$63,920	\$63,920 to <\$95,880	≥\$95,880
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is moderately competitive for credit products and financial services, especially given its generally rural nature. According to Reports of Condition data filed by financial institutions, there are 20 financial institutions operating 35 locations within the assessment area. These institutions range from small community banks to larger regional financial institutions. Commercial Bank is ranked second with 18.0 percent of the deposit market share.

Commercial Bank also faces significant competition for home mortgage loans from financial institutions and mortgage companies originating and/or purchasing loans within the assessment area. Commercial Bank was not required to collect or report home mortgage loan data during the review period and did not elect to do so. Therefore, examiners did not compare the bank's home mortgage lending performance to aggregate Home Mortgage Lending Act (HMDA) data within this evaluation. However, the aggregate HMDA data provides an indication of the level of demand for home mortgage loans and the level of competition within the assessment area. According to 2023 HMDA aggregate data, 141 HMDA-reporting institutions originated or purchased 1,066 home mortgage loans in the assessment area, reflecting a highly competitive market. These figures do not include the number of loans originated by smaller institutions that are not required to report HMDA lending data but operate within the assessment area.

Further, Commercial Bank is not required to collect or report small business or small farm CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank's small business and small farm lending performance to aggregate CRA data within this evaluation. However, the CRA aggregate data provides an indication of the level of demand for small business and small farm loans and the level of competition within the assessment area. According to 2022 aggregate CRA data (most recent available), 51 CRA data reporters collectively reported 1,052 small business loans originated within the counties in the assessment area. Additionally, 19 CRA data reporters collectively reported 458 small farm loans within the counties in the assessment area. These figures do not include the number of loans originated by smaller institutions that are not required to report small business or small farm lending data but operate within the assessment area. The overall volume of small business and small farm lending in the assessment area reflects a competitive market.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this performance evaluation, examiners conducted an interview with a representative from an economic development entity that serves the assessment area.

The contact stated that the local economy has fared generally well in recent years; however, the assessment area is located in an economically depressed region of the state. Further, the contact indicated that many area residents would be considered lower-income and live on fixed incomes. The contact identified agriculture, aerospace, education, and manufacturing as the primary industries, and they indicated businesses related to these industries are major employers in the assessment area. Regarding the local housing market, the contact stated there is limited housing stock available, and that many of these available homes are older, needing significant updates, and are overpriced. Specifically, the contact noted that homes that would have sold for \$45,000 a few years ago are now priced between \$80,000 and \$90,000, while still requiring significant improvements. The contact stated that there are some pockets of new housing developments being built through the assessment area. However, these developments primarily do not include affordable homes as it can be difficult to find contractors willing to take on affordable housing projects due to funding limitations, contractor availability, and increased construction costs. While the contact felt that local credit needs are generally being met, the contact noted small business

lending, including funding for start-ups and childcare providers, as lending opportunities in the assessment area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial loans, including to small businesses, home mortgage loans, and agricultural loans represent the primary credit needs of the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated September 13, 2021, to the current evaluation dated September 24, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate Commercial Bank's CRA performance. These procedures focus on the bank's performance under the Lending Test, as outlined in the Small Bank Performance Criteria Appendix. Further, this evaluation does not consider any activities conducted by affiliated institutions.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and commercial lending. This conclusion considered discussions with management regarding the bank's business strategy, review of bank records on the number and dollar volume of loans originated during the evaluation period, and a review of Reports of Condition data. When arriving at overall conclusions, home mortgage and small business loans received equal weight, followed by small farm loans, which is consistent with management's stated business focus.

Bank records indicate, and management confirmed, that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small business, home mortgage, and small farm loans originated, renewed, or extended in 2023. This period was considered representative of the bank's performance during the entire evaluation period. The 2023 D&B data provided a standard of comparison for the bank's small business and small farm lending performance, and the 2020 U.S. Census data provided a standard of comparison for the bank's home mortgage lending performance.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans originated inside the assessment area were further reviewed to evaluate the Geographic Distribution criterion. To evaluate the Borrower Profile criterion, examiners reviewed a sample of small business, home mortgage, and small farm loans originated inside the assessment area. The following table provides information on the number and dollar volume of loans in the universe and those that were sampled.



Loan Products Reviewed				
Loan Category	Universe		Borrower Profile Sample	
	#	\$(000s)	#	\$(000s)
Small Business	121	9,634	41	2,818
Home Mortgage	67	8,490	36	3,809
Small Farm	76	5,760	36	2,759

*Source: Bank Data.*

While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans because it is a better indicator of the number of businesses, farms, and individuals served.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Commercial Bank demonstrated satisfactory performance under the Lending Test. The bank's performance under the evaluated criteria supports this conclusion.

### Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs. As illustrated in the following table, the bank's ratio, calculated from Reports of Condition data, averaged 48.9 percent over the past 12 calendar quarters from September 30, 2021, to June 30, 2024. The ratio remained relatively consistent and ranged from a low of 44.7 percent as of March 31, 2022, to a high of 53.7 percent as of September 30, 2023. Commercial Bank's average net loan-to-deposit ratio is lower than those of the selected comparable institutions. However, the bank's ratio is comparable to one of the three comparable institutions. Additionally, the loan-to-deposit ratio does not fully reflect the bank's total lending activity as residential real estate loans originated by Commercial Bank and sold on the secondary market are not included in the bank's Reports of Condition data. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
<b>Commercial Bank Parsons, Kansas</b>	<b>351,124</b>	<b>48.9</b>
Community Bank and Trust Neosho, Missouri	416,450	49.5
Labette Bank Altamont, Kansas	506,117	69.4
Bank of Commerce Chanute, Kansas	450,232	70.7

*Source: Reports of Condition and Income 9/30/2021 through 6/30/2024*

**Assessment Area Concentration**

Commercial Bank originated a majority of its small business, home mortgage, and small farm loans within its assessment area, as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	90	74.4	31	25.6	121	5,459	56.7	4,175	43.3	9,634
Home Mortgage	53	79.1	14	20.9	67	5,763	67.9	2,727	32.1	8,490
Small Farm	67	88.2	9	11.8	76	5,076	88.1	684	11.9	5,760

*Source: Bank Data. Due to rounding, totals may not equal 100.0%*

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable small business, home mortgage, and small farm lending performance supports this conclusion. Examiners focused on the bank’s lending performance in the low- and moderate-income census tracts within the assessment area.

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table indicates that the bank’s lending performance in the low-income census tract is slightly below comparable demographic data; however, there is a limited number of businesses located in the sole low-income census tract within the assessment area. The bank’s lending performance in the moderate-income census tracts is similar to demographic data. Overall, the bank’s small business lending performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.9	1	1.1	60	1.1
Moderate	26.4	23	25.6	1,776	32.5
Middle	69.7	66	73.3	3,623	66.4
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>5,459</b>	<b>100.0</b>

*Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank did not originate any home mortgage loans in the low-income census tract within the assessment area. However, there is a

limited number of owner-occupied housing units located in this census tract, which limits the bank's lending opportunity in the area. Further, the bank's home mortgage lending performance in the moderate-income census tracts significantly exceeds demographic data. Given the bank's overall performance, the distribution of home mortgage lending is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	1.7	0	0.0	0	0.0
Moderate	23.6	20	37.7	1,478	25.6
Middle	74.8	33	62.3	4,285	74.4
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>5,763</b>	<b>100.0</b>

*Source: 2020 U.S. Census, Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank did not originate any small farm loans in the low-income census tract. However, the sole low-income census tract in the assessment area is within the city limits of Coffeyville, and demographic data shows that a nominal number of farms are located in this census tract. Further, the bank's lending performance in the moderate-income census tracts exceeds demographic data. Given the bank's overall performance, the distribution of small farm lending is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.5	0	0.0	0	0.0
Moderate	8.3	9	13.4	591	11.6
Middle	91.2	58	86.6	4,485	88.4
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>	<b>5,076</b>	<b>100.0</b>

*Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration. The bank's reasonable small business, home mortgage, and small farm lending performance supports this conclusion. Examiners focused on the bank's record of lending to businesses and farms with gross annual revenues of \$1 million or less and to low- and moderate-income individuals within the assessment area.

### ***Small Business Loans***

The distribution of sampled small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank’s lending performance to businesses with revenues of \$1 million or less is comparable to demographic data in this revenue category.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	78.6	31	75.6	1,365	48.4
>\$1,000,000	5.1	10	24.4	1,453	51.6
Revenue Not Available	16.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>2,818</b>	<b>100.0</b>

*Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

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

The distribution of borrowers reflects reasonable penetration to individuals of different income levels. As shown in the following table, the bank’s lending performance to low-income borrowers is below the comparable demographic data; however, the bank’s lending performance to moderate-income borrowers mirrors comparable demographic data. Management and the community contact noted that housing prices in the area have increased in recent years, and many available homes are older and require significant updates. These rising prices, coupled with necessary updates in order for the home to be habitable, may be difficult for low-income borrowers to afford. Additionally, the heightened interest rate environment in 2023 likely contributed to the difficulty lower-income individuals may have experienced in qualifying for home mortgage loans due to monthly payment and down payment requirements. Considering these factors, the bank’s performance is reasonable.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	23.5	4	11.1	186	4.9
Moderate	19.1	7	19.4	528	13.9
Middle	23.8	8	22.2	720	18.9
Upper	33.6	11	30.6	2,218	58.2
Not Available	0.0	6	16.7	157	4.1
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,809</b>	<b>100.0</b>

*Source: 2020 U.S. Census, Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The distribution of sampled small farm loans reflects reasonable penetration among farms of different sizes. As shown in the following table, the bank’s lending performance to farms with revenues of \$1 million or less is similar to demographic data in this revenue category.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	99.3	35	97.2	2,409	87.3
>\$1,000,000	0.0	1	2.8	350	12.7
Revenue Not Available	0.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>2,759</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary



counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.