

# **PUBLIC DISCLOSURE**

March 4, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Federal Bank of Kansas City  
Certificate Number: 29047

1255 Southeast Oldham Parkway  
Lee's Summit, Missouri 64081

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 **Outstanding**.

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

Examiners used two sets of evaluation procedures to review First Federal Bank of Kansas City's (First Federal Bank) Community Reinvestment Act (CRA) performance for this evaluation period. Examiners utilized the Examination Procedures for Institutions with Strategic Plans for the portion of the review period covered by the bank's approved CRA Strategic Plan, which became effective March 1, 2023. Additionally, examiners evaluated the bank's performance prior to that date using Intermediate Small Institution Examination Procedures.

As discussed later in this evaluation, First Federal Bank achieved outstanding performance based on the goals in the Strategic Plan. Examiners placed greater weight on the performance under the Strategic Plan, as this highlights the bank's most recent activity, and the bank will continue to operate under the Strategic Plan through February 28, 2025. Examiners did not assign a separate rating for the period of time evaluated under the Intermediate Small Institution Examination Procedures. However, First Federal Bank's performance was consistent with a Satisfactory rating, as supported by its satisfactory performance under both the Lending and Community Development Tests.

## DESCRIPTION OF INSTITUTION

First Federal Bank is headquartered in Lee's Summit, Missouri. The bank is wholly-owned by Cosperity Bancorp, Inc. a Delaware corporation. There are no lending or other subsidiaries or affiliates relevant to the CRA evaluation. First Federal Bank previously operated under a federal charter before converting to a state charter in March 2022. The institution received a Satisfactory rating at its previous Performance Evaluation, conducted by the Office of the Comptroller of the Currency on March 4, 2019, using Interagency Intermediate Small Institution Examination Procedures.

The bank operates from ten full-service offices in the Kansas City, Missouri-Kansas Metropolitan Statistical Area (Kansas City MSA). The bank has four offices located in Kansas, and six offices located in Missouri. First Federal Bank also operates an administrative office in Leawood, Kansas, which does not offer banking services. The bank closed two branches in Lee's Summit and Bonner Springs since its previous CRA evaluation, neither of which impacted LMI areas as they were located in middle- and upper-income census tracts. There have been no branch openings since the previous evaluation.

First Federal Bank is involved in nationwide digital delivery systems that offer traditional loan products. The bank offers residential, commercial, and consumer loans. The institution's

overwhelming lending focus is residential loans, but consumer lending continues to be a growing focus.

The bank has a notable residential loan operation in which digital nationwide channels are used to offer a variety of home mortgage loans, most of which are sold on the secondary market. The bank offers conventional home loans, and loans through various government programs such as the Veterans Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Housing Administration, and U.S. Department of Agriculture. First Federal Bank also offers a variety of consumer loan products, including unsecured personal loans offered nationwide through an online originator and servicer.

In addition to lending services, the bank provides a variety of deposit services including checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. The bank has also partnered with financial technology companies to offer a suite of banking products and services to consumers. Alternative banking services include internet and mobile banking, electronic bill pay, remote deposit capture, and several bank-owned ATMs located at the bank's Missouri branches.

According to the December 31, 2023 Reports of Condition and Income, the institution reported total assets of \$960.1 million, total loans of \$749.5 million, total deposits of \$636.4 million, and total securities of \$106.1 million. Residential loans represent the largest category of loans at 74.3 percent, followed by consumer loans at 18.3 percent. While the emphasis on residential lending has not changed, the volume of consumer loans has notably increased since the previous evaluation. This is due to the bank's involvement in nationwide consumer lending through a third party. The following table shows the portfolio distribution for each loan category by dollar volume.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	54,624	7.3
Secured by Farmland	-	0.0
Secured by 1-4 Family Residential Properties	557,113	74.3
Secured by Multifamily (5 or more) Residential Properties	-	0.0
Secured by Nonfarm Nonresidential Properties	-	0.0
<b>Total Real Estate Loans</b>	<b>611,737</b>	<b>81.6</b>
Commercial and Industrial Loans	223	0.0
Agricultural Production and Other Loans to Farmers	-	0.0
Consumer Loans	137,528	18.3
Obligations of State and Political Subdivisions in the U.S.	-	0.0
Other Loans	20	0.0
Lease Financing Receivable (net of unearned income)	-	0.0
Less: Unearned Income	-	0.0
<b>Total Loans</b>	<b>749,508</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

First Federal Bank’s sole assessment area remains unchanged since its previous evaluation and encompasses all of Cass, Clay, Jackson, and Platte counties in Missouri, as well as Johnson, and Wyandotte counties in Kansas. All six counties are located in the central portion of the 14-county multistate Kansas City MSA. The following section shows demographic and economic information for the assessment area.

### **Economic and Demographic Data**

According to 2020 U.S. Census data, the assessment area includes 551 census tracts, of which 56 are low-income, 137 are moderate-income, 187 are middle-income, 147 are upper-income, and 24 have no income classification. The LMI tracts are generally concentrated in Jackson and Wyandotte counties in the central and north central portions of the assessment area, which is where many of the bank’s offices are located. These demographics are generally consistent with 2015 American Community Survey (ACS) data, which covers years 2019 through 2021 of the evaluation period. The 2015 ACS data showed 78 low- and 107 moderate-income tracts in the assessment area, which were still predominately concentrated in Jackson and Wyandotte counties. The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	551	10.2	24.9	33.9	26.7	4.4
Population by Geography	1,964,189	7.3	24.1	36.7	31.1	0.7
Housing Units by Geography	822,202	8.2	25.7	37.0	28.2	0.9
Owner-Occupied Units by Geography	487,606	4.6	20.2	39.4	35.4	0.4
Occupied Rental Units by Geography	270,754	12.8	33.0	35.1	17.8	1.4
Vacant Units by Geography	63,842	16.9	36.6	27.1	17.1	2.3
Businesses by Geography	295,194	5.8	23.3	33.6	34.7	2.6
Farms by Geography	7,566	4.3	20.5	41.1	33.2	1.0
Family Distribution by Income Level	482,790	20.2	17.4	21.5	40.9	0.0
Household Distribution by Income Level	758,360	23.6	16.3	18.0	42.1	0.0
Median Family Income MSA - 28140 Kansas City, MO-KS MSA		\$86,562	Median Housing Value			\$204,916
		Median Gross Rent			\$1,007	
		Families Below Poverty Level			6.9%	

*Source: 2020 U.S. Census and 2023 D&B Data  
Due to rounding, totals may not equal 100.0%  
(\* The NA category consists of geographies that have not been assigned an income classification.*

Examiners used the following Federal Financial Institutions Examination Council (FFIEC) – updated median family income figures to analyze home mortgage loans to review for borrower profile, and to determine certain qualifying community development activities for the assessment area. These figures along with the corresponding low-, moderate-, middle-, and upper-income thresholds are presented in the following table.

<b>Median Family Income Ranges – Kansas City, MO-KS MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2019 (\$82,400)	<\$41,200	\$41,200 to <\$65,920	\$65,920 to <\$98,880	≥\$98,880
2020 (\$85,900)	<\$42,950	\$42,950 to <\$68,720	\$68,720 to <\$103,080	≥\$103,080
2021 (\$86,300)	<\$43,150	\$43,150 to <\$69,040	\$69,040 to <\$103,560	≥\$103,560
2022 (\$97,300)	<\$48,650	\$48,650 to <\$77,840	\$77,840 to <\$116,760	≥\$116,760
2023 (\$97,300)	<\$48,650	\$48,650 to <\$77,840	\$77,840 to <\$116,760	≥\$116,760

*Source: FFIEC*

The 2023 D&B data indicates the primary industries in the assessment area include service industries, which comprise 33.4 percent of all area businesses (non-farm and farm), followed by non-classifiable establishments at 27.6 percent. This data also indicates that a notable number of area businesses are relatively small with 94.1 percent having nine or fewer employees, 91.2 percent generating \$1 million or less in annual revenues, and 93.9 percent operating from a single location.

**Competition**

The competition for financial services in the assessment area is very strong. According to June 30, 2023 FDIC Deposit Market Share data, there are 116 banks operating 667 offices in the assessment area, with First Federal Bank holding a 0.7 percent market share. The 2022 Home Mortgage Disclosure Act (HMDA) aggregate data also shows strong competition for home mortgage loans, with 670 HMDA lenders reporting 47,826 home mortgage loans in the assessment area. Based on the number of loans from these 670 lenders, First Federal Bank ranked 42<sup>nd</sup> with a 0.8 percent market share.

**Community Contacts**

Examiners contact community members or other third parties in the assessment area to help gain insight into the area’s economy, demographic trends, and business environment. This information not only helps in identifying credit and community development needs and opportunities, but also assists in determining whether local financial institutions are responsive to those needs.

Examiners conducted two interviews with representatives from local housing and economic development organizations in the assessment area. Both contacts indicated the area’s economy is stable, and noted a large portion of the area is considered LMI. One contacted attributed these conditions to a lack of amenities, such as public transportation and day care, creating a cycle of impoverished communities. The contact further stated the area would benefit greatly from a heightened focus on improving the basic standard of living and quality of life in these blighted areas. Both contacts also identified a significant housing shortage in Kansas City, and noted that current market conditions have made it increasingly difficult for LMI families to afford housing.

## **Credit and Community Development Needs and Opportunities**

Considering information from demographic data and community contacts, examiners determined that home mortgage and small business loans represent the primary credit needs in the assessment area. Opportunities exist for originating such loans, as indicated by demographic and HMDA aggregate data, along with comments from the community contacts. Community development needs in the assessment area include affordable housing, community services, and activities that revitalize or stabilize LMI areas. This conclusion is supported by the number of LMI families, and the level of LMI geographies in the area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated March 4, 2019, to the current evaluation dated March 4, 2024. Examiners evaluated First Federal Bank's performance using two sets of CRA examination procedures, because the bank received approval for a Strategic Plan in the midst of the evaluation period. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate performance from March 4, 2019, to February 29, 2023. These procedures focus on the bank's performance under the Lending and Community Development Tests. Thereafter, examiners used the Interagency Examination Procedures for Institutions with Strategic Plans to evaluate the bank's performance under its Strategic Plan, with an effective date of March 1, 2023. Since Strategic Plans generally involve measurable annual goals, partial year performance under the bank's Strategic Plan for 2024 was not reviewed and will be incorporated into the next CRA Performance Evaluation.

Regardless of evaluation method, examiners determined the bank's major product line is residential loans, followed by consumer loans. This conclusion is based on the bank's business strategy, home loan servicing records, loan portfolio composition, and recent loan origination activity. The following sections discuss the activities reviewed by examiners for the Strategic Plan and Intermediate Small Institution evaluation.

### **Strategic Plan Activities Reviewed**

First Federal Bank developed the Strategic Plan specifically to address local activities within its assessment area, particularly in light of the impact of the bank's nationwide home mortgage lending footprint. The Strategic Plan contains measurable annual goals that examiners used to evaluate the bank's performance. The Plan outlines five goals that measure the bank's activities to help meet assessment area needs through lending and community development activities. Each of the five goals contains a minimum volume threshold necessary to achieve favorable CRA performance levels (satisfactory and outstanding) regarding the following specific activities.

- Goal 1: Home Mortgage Loans to LMI Borrowers
- Goal 2: Home Mortgage Loans in LMI Census Tracts
- Goal 3: Consumer Loans in LMI Census Tracts
- Goal 4: Aggregate Community Development Loans and Investments
- Goal 5: Community Development Services

Bank management tracked and provided data on the 2023 activities under each goal. The bank’s results for each of the Strategic Plan goals are addressed later in this evaluation.

**Intermediate Small Institution Activities Reviewed**

Given the bank’s aforementioned lending focus, the only loan category reviewed under the Lending Test was home mortgage loans. Although consumer loans represented a sizable percentage of the loan portfolio, examiners did not review these loans under the Lending Test as the bank did not maintain collected data for consumer loans, and they are not likely to have a material impact on overall conclusions. Additionally, examiners did not review small business or small farm loans as they are not major product lines for the bank.

Examiners reviewed all home mortgage loans collected and reported on the 2019, 2020, 2021, and 2022 HMDA Loan Application Registers. The home mortgage lending data showed 1,579 loans totaling \$497 million in 2019, 2,701 loans totaling \$889 million in 2020, 1,795 loans totaling \$582 million in 2021, and 610 loans totaling \$226 million in 2022.

For the Lending Test, examiners reviewed all of the above noted loans for the Assessment Area Concentration analysis. Examiners then reviewed all loans within the assessment area for the Geographic Distribution and Borrower Profile analyses. As a standard of comparison, examiners used 2015 ACS data, 2020 U.S. Census data, and HMDA aggregate data to evaluate the bank’s lending performance.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation through February 29, 2023.

**CONCLUSIONS ON PERFORMANCE CRITERIA – STRATEGIC PLAN**

First Federal Bank achieved Outstanding performance. The bank’s performance on all five goals supports this conclusion.

**Home Mortgage Loans – Goals 1 and 2**

These goals measure the home mortgage lending performance based on borrower profile and geographic distribution. Specifically, Goal 1 measures the bank’s performance to LMI borrowers, and Goal 2 measures the bank’s performance in LMI census tracts. First Federal Bank exceeded Outstanding thresholds for both goals, as detailed in the following table.

Home Mortgage Loans – Goals 1 and 2			
Strategic Plan Goal	Institution Established Goals		Institution Performance
	Satisfactory	Outstanding	
Goal 1: Loans to LMI Borrowers	\$11.4 million	\$13.4 million	\$17.0 million
Goal 2: Loans in LMI Census Tracts	\$8.4 million	\$10.4 million	\$12.9 million
<i>Source: 2023 Bank records</i>			



**Consumer Loans – Goal 3**

This goal measures the bank’s consumer lending performance based on geographic distribution by number of loans. For this goal, consumer loans include automobile, unsecured, credit builder, loans for household and other personal expenditures, and revolving open-end credit. As illustrated in the following table, First Federal Bank exceeded the outstanding threshold for this goal.

<b>Consumer Loans – Goal 3</b>			
<b>Strategic Plan Goal</b>	<b>Institution Established Goals</b>		<b>Institution Performance</b>
	<b>Satisfactory</b>	<b>Outstanding</b>	
Goal 3: Loans in LMI Census Tracts	50	60	87
<i>Source: 2023 Bank records</i>			

**Community Development Activities – Goals 4 and 5**

These goals measure the bank’s community development performance in 2023. Specifically, Goal 4 measures the bank’s aggregate community development lending and investment performance, and Goal 5 measures community development services. For the community development loans and investments, the goal measures the dollar amount of community development loans and investments benefiting LMI individuals and geographies in the assessment area as a percentage of the bank’s Tier 1 Capital. Tier 1 Capital is based on “Common Equity Tier 1 Capital Before Adjustments and Deductions” as of December 31, 2023. For community development services, the goal was calculated using the total number of qualified services completed by the bank or by bank personnel during the Strategic Plan year. To be counted and considered, the activities must meet the definition of the community development based on the CRA regulation.

First Federal Bank met or exceeded the Outstanding thresholds for both goals. Refer to the following table for the specific goal thresholds and the bank’s performance.

<b>Community Development Activities – Goals 4 and 5</b>			
<b>Strategic Plan Goal</b>	<b>Institution Established Goals</b>		<b>Institution Performance</b>
	<b>Satisfactory</b>	<b>Outstanding</b>	
Goal 4: Community Development Loans and Investments	4.50%	5.15%	5.29%
Goal 5: Community Development Services	30	40	40
<i>Source: 2023 Bank records</i>			

The following are notable examples of First Federal Bank’s qualifying community development activities:

- The bank helped retain or attract residents in LMI areas by providing approximately \$1.2 million in affordable home loans.
- The bank provided over \$200,000 in grants to help borrowers purchase or refinance homes in LMI census tracts in the greater Kansas City area.

- Several bank officials provided multiple homebuyer education courses through affordable housing organizations, including one organization with a dedicated mission to end homelessness in Kansas City.

## **CONCLUSIONS ON PERFORMANCE CRITERIA – INTERMEDIATE SMALL INSTITUTION EVALUATION PROCEDURES**

As previously noted, although a rating was not assigned under this evaluation method, First Federal Bank’s performance is consistent with a Satisfactory rating, as supported by the bank’s satisfactory performance under both the Lending and Community Development Test.

### **LENDING TEST**

First Federal Bank demonstrated reasonable performance under the Lending Test. The bank’s overall performance in all evaluated criteria supports this conclusion.

#### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs. Examiners evaluated the bank’s performance based on the 20 quarterly loan-to-deposit ratios since the previous evaluation. As shown in the following table, the resulting average loan-to-deposit ratio of 107.4 percent far exceeds the similarly situated banks. Examiners selected the similarly situated banks based on their asset size, geographic location, and product mix.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2023 (\$000s)</b>	<b>Average Net Loan- to-Deposit Ratio (%)</b>
<b>First Federal Bank of Kansas City, Lees Summit, Missouri</b>	<b>960,134</b>	<b>107.4</b>
First Option Bank, Osawatomie, Kansas	706,016	55.4
NBKC Bank, Leawood, Kansas	1,106,624	73.0
<i>Source: Reports of Condition and Income 03/31/2019 - 12/31/2023</i>		

#### **Assessment Area Concentration**

A majority of the bank’s lending is outside of the assessment area. Despite having originated a majority of home mortgage loans inside of the assessment area in 2022, First Federal Bank’s nationwide delivery and footprint for home mortgage loans resulted in a majority of loans outside of the assessment area overall. However, these results do not negatively impact conclusions as the bank still originated a considerable volume of home mortgage loans within the assessment area. Specifically, First Federal Bank ranked within the top ten percent of HMDA-reporters who originated home mortgage loans in the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>											
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>	
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
Home Mortgage											
2019	576	36.5	1,003	63.5	1,579	160,472	32.3	336,460	67.7	496,932	
2020	953	35.3	1,748	64.7	2,701	259,921	29.2	629,447	70.8	889,368	
2021	812	45.2	983	54.8	1,795	245,001	42.1	337,044	57.9	582,044	
2022	363	59.5	247	40.5	610	133,381	58.9	93,067	41.1	226,447	
<b>Total</b>	<b>2,704</b>	<b>40.4</b>	<b>3,981</b>	<b>59.6</b>	<b>6,685</b>	<b>798,775</b>	<b>36.4</b>	<b>1,396,081</b>	<b>63.6</b>	<b>2,194,791</b>	
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>											

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area as supported by the bank's reasonable home mortgage lending performance. Examiners focused on the bank's percentage of loans in the assessment area's LMI census tracts. As shown in the following table, the bank's lending in LMI tracts was generally consistent with aggregate levels throughout the review period.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	6.2	2.9	17	3.0	2,467	1.5
2020	6.2	2.4	19	2.0	2,832	1.1
2021	6.2	3.1	27	3.3	7,243	3.0
2022	4.6	3.9	15	4.1	1,970	1.5
Moderate						
2019	17.5	14.5	86	14.9	13,665	8.5
2020	17.5	12.2	91	9.5	13,522	5.2
2021	17.5	14.6	101	12.4	16,924	6.9
2022	20.2	20.4	79	21.8	13,555	10.2
Middle						
2019	38.1	37.7	218	37.8	53,906	33.6
2020	38.1	35.8	314	32.9	75,381	29.0
2021	38.1	37.1	292	36.0	84,186	34.4
2022	39.4	38.7	128	35.3	41,810	31.3
Upper						
2019	38.0	44.8	253	43.9	90,240	56.2
2020	38.0	49.5	522	54.8	166,386	64.0
2021	38.0	45.0	389	47.9	135,848	55.4
2022	35.4	36.5	140	38.6	75,781	56.8
Not Available						
2019	0.2	0.1	2	0.3	193	0.1
2020	0.2	0.1	7	0.7	1,801	0.7
2021	0.2	0.2	3	0.4	800	0.3
2022	0.4	0.4	1	0.3	265	0.2
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>576</b>	<b>100.0</b>	<b>160,472</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>953</b>	<b>100.0</b>	<b>259,921</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>812</b>	<b>100.0</b>	<b>245,001</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>363</b>	<b>100.0</b>	<b>133,381</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2020 US Census; Bank Data; 2019, 2020, 2021, &amp; 2022 HMDA Aggregate Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels as supported by the bank's reasonable home mortgage lending performance. Examiners focused on the percentage of home loans to LMI borrowers. As shown in the following table, the

bank's performance to LMI borrowers was comparable with aggregate data throughout the review period.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	21.2	8.0	47	8.2	5,238	3.3
2020	21.2	6.2	65	6.8	8,117	3.1
2021	21.2	7.5	59	7.3	7,529	3.1
2022	20.2	9.5	47	12.9	5,933	4.4
<b>Moderate</b>						
2019	17.3	18.3	124	21.5	20,275	12.6
2020	17.3	17.3	126	13.2	21,516	8.3
2021	17.3	17.8	149	18.4	26,100	10.7
2022	17.4	19.5	84	23.1	16,236	12.2
<b>Middle</b>						
2019	20.2	21.8	100	17.4	21,351	13.3
2020	20.2	21.2	226	23.7	49,914	19.2
2021	20.2	20.2	163	20.1	35,789	14.6
2022	21.5	20.6	67	18.5	16,889	12.7
<b>Upper</b>						
2019	41.2	37.2	279	48.4	106,654	66.5
2020	41.2	37.8	485	50.9	166,875	64.2
2021	41.2	34.7	410	50.5	166,505	68.0
2022	40.9	32.7	156	43.0	92,449	69.3
<b>Not Available</b>						
2019	0.0	14.8	26	4.5	6,954	4.3
2020	0.0	17.5	51	5.4	13,500	5.2
2021	0.0	19.8	31	3.8	9,077	3.7
2022	0.0	17.7	9	2.5	1,874	1.4
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>576</b>	<b>100.0</b>	<b>160,472</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>953</b>	<b>100.0</b>	<b>259,921</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>812</b>	<b>100.0</b>	<b>245,001</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>363</b>	<b>100.0</b>	<b>133,381</b>	<b>100.0</b>

*Source: 2015 ACS; 2020 US Census; Bank Data; 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### **Response to Complaints**

The institution has not received any CRA-related complaints regarding its performance in meeting the credit needs of its assessment area since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **COMMUNITY DEVELOPMENT TEST**

First Federal Bank’s performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development in the assessment area. The bank’s solid level of community development investments and services helps offset the low volume of qualified loans, which is limited due to the bank’s heavy focus on residential lending.

### **Community Development Loans**

First Federal Bank originated 16 community development loans totaling \$3.1 million. As of December 31, 2022, this dollar volume represents 0.3 percent of total assets, and 0.4 percent of net loans. As shown in the following table, all 16 loans helped provide affordable housing to individuals in a predominantly LMI area. Examiners compared First Federal Bank’s performance to three similarly situated banks operating in Kansas and/or Missouri that were recently evaluated for CRA. The bank’s level of community development lending is below the performance range of the similarly situated banks, with community development loans to total assets ratios ranging from 0.9 percent to 4.0 percent.

<b>Community Development Lending</b>										
<b>Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
2019 (Partial)	0	0	0	0	0	0	6	1,102	6	1,102
2020	0	0	0	0	0	0	4	644	4	644
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	6	1,308	6	1,308
2023 (Partial)	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>3,054</b>	<b>16</b>	<b>3,054</b>

*Source: Bank Data*

### **Qualified Investments**

First Federal Bank made 192 qualified investments totaling \$9.8 million that benefited the assessment area. This total is comprised of funds in a Community Development Financial Institution, and donations to various qualifying organizations. As of December 31, 2022, the total dollar amount of qualified investments is 1.0 percent of total assets, and 10.3 percent of total securities. The bank’s level of qualified investments is mid-range among similarly situated banks, with qualified investments to total assets ratios ranging from 0.0 percent to 1.5 percent. The following table illustrates the bank’s qualified investments.

Qualified Investments										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	15	1,221	0	0	0	0	2	490	17	1,711
2020	28	943	0	0	0	0	3	494	31	1,437
2021	36	2,723	0	0	0	0	3	500	39	3,223
2022	32	2,527	0	0	0	0	2	499	34	3,026
2023 (Partial)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>111</b>	<b>7,414</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1,983</b>	<b>121</b>	<b>9,397</b>
Grants & Donations	23	153	48	224	0	0	0	0	71	377
<b>Total</b>	<b>134</b>	<b>7,567</b>	<b>48</b>	<b>224</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1,983</b>	<b>192</b>	<b>9,774</b>

*Source: Bank Data*

The following are notable examples of the bank’s community development investments.

- The bank provided over 100 grants totaling approximately \$313,000 to LMI borrowers or borrowers who purchased homes in LMI census tracts within the assessment area.
- The bank provided over \$153,000 in donations to various agencies that promote affordable housing for LMI borrowers in the assessment area. These agencies support initiatives such as transitional housing for the homeless, housing and relief for those recovering from addiction, and affordable housing projects for veterans.

### **Community Development Services**

First Federal Bank had 122 qualifying community development services that benefited the assessment area. The bank’s services are in the upper-range among similarly situated banks, with community development services ranging from 8 to 141. The following table shows First Federal Bank’s community development services.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019 (Partial)	2	16	0	0	<b>18</b>
2020	0	8	0	0	<b>8</b>
2021	4	40	0	0	<b>44</b>
2022	9	33	0	0	<b>42</b>
2023 (Partial)	3	7	0	0	<b>10</b>
<b>Total</b>	<b>18</b>	<b>104</b>	<b>0</b>	<b>0</b>	<b>122</b>
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

- Bank personnel attended multiple events sponsored by a local non-profit that provides homeowner counseling and education to LMI individuals. Participating employees assisted attendees with credit applications for financial assistance during the Coronavirus Disease 2019 pandemic.
- Bank officials provided several financial literacy courses throughout the assessment area, including at schools with a majority of LMI students, and through multiple organizations that provide essential services to LMI individuals.

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.



## 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.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**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.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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.

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

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

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

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.