



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

December 19, 2022

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Hutchinson

**Charter Number 3180**

One North Main Street  
Hutchinson, KS 67501

Office of the Comptroller of the Currency

2959 N. Rock Road, Suite 5100  
Wichita, KS 67226

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

Overall CRA Rating.....	2
Description of Institution .....	3
Scope of the Evaluation .....	4
Discriminatory or Other Illegal Credit Practices Review .....	5
State Rating .....	6
State of Kansas.....	6
Community Development Test .....	12
Appendix A: Scope of Examination .....	A-1
Appendix B: Summary of MMSA and State Ratings .....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

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

**The lending test is rated: Satisfactory.**

**The community development test is rated: Outstanding.**

The major factors that support this rating include:

- The Lending Test rating is based on Satisfactory performance in the State of Kansas.
- The Community Development (CD) Test rating is based on Outstanding performance in the State of Kansas.
- A more than reasonable loan-to-deposit ratio (LTD).
- A majority of the bank's loans were made within its assessment areas (AAs).

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit ratio is more than reasonable.

The First National Bank of Hutchinson's (FNB) average quarterly LTD ratio is 79 percent. The LTD ratio is calculated on a bank-wide basis. Examiners compared FNB to six similarly situated institutions within or near the bank's AAs. The comparison is supported by the fact that FNB represents a small portion of the market in the Wichita AA, and there are very few banks in or near either AA that mirror FNB's size and operations. The six other institutions LTD ratios averaged 63 percent and ranged from an average low of 40 percent to an average high of 77 percent. FNB also originated \$77 million in loans which were sold into the secondary market during the evaluation period. These loans are not included in the LTD ratio.

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 77 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	748	77.9	212	22.1	960	114,832	68.0	53,957	32.0	168,789
Small Business	26	65.0	14	35.0	40	9,890	65.0	5,317	35.0	15,207
Total	774	77.4	226	22.6	1,000	124,722	67.8	59,274	32.2	183,996

## Description of Institution

FNB is a single-state financial institution headquartered in Hutchinson, Kansas. As of December 31, 2021, FNB had total assets of \$971 million and tier 1 capital of \$101 million. The bank is a wholly owned subsidiary of First Kansas Bancshares, Inc., also located in Hutchinson, Kansas. As of December 31, 2021, the holding company had \$106 million in total assets. The bank has no affiliates requiring consideration for CRA activities.

FNB identifies the following two AAs: Reno County AA (Reno) which is a non-Metropolitan Statistical Area (MSA) and the Sedgwick County AA (Sedgwick), that consists of 24 census tracts (CTs) in the Wichita MSA. The bank adjusted the Sedgwick County AA on September 9, 2021: one Harvey County CT (306.00) was removed from the AA, and one Sedgwick County CT (0092.00) was added to the AA. Within the two AAs, the bank operates the main bank and seven branches. Six branches include drive-up facilities. FNB operates ten automated teller machines (ATMs), with four that accept deposits. The bank has not closed or opened any branch locations since the last CRA examination.

Competition among financial institutions in the AAs is moderate. FNB has a much larger presence in the Reno County market. According to the June 30, 2021, Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits Report, the main bank and five of the branches located in the Reno County AA represent 88 percent of FNB's total deposits. The June 30, 2021, FDIC Deposit Market Share Report ranks the bank first among eleven other institutions in Reno County with 47.9 percent market share. In the Sedgwick County AA, FNB ranks 26<sup>th</sup> among 42 institutions with 0.46 percent of deposits and two offices in the AA.

FNB offers a wide variety of products and services for individuals and businesses. The full-service bank offers a range of commercial, real estate, agricultural, and consumer credit products. The bank offers online and mobile banking services to both personal and business customers. FNB's website, [www.fnbhutch.bank](http://www.fnbhutch.bank), provides detailed information on products and services for consumers and businesses. Another business strategy is serving as a regional correspondent bank. A variety of operational services for correspondent banks includes cash management, cash letter processing, federal funds, funds transfer, automated clearing house services, and buying and selling loan participations.

As of December 31, 2021, the loan portfolio totaled \$634 million, which represented 65.3 percent of total assets. The portfolio had the following composition: commercial 68 percent; residential real estate 16 percent; agriculture 11 percent; consumer 2 percent; and other loans 3 percent.

The bank is not subject to any pending litigation or other factors impeding its ability to meet the credit needs in its AAs. The Office of the Comptroller of the Currency (OCC) rated the bank "Satisfactory" at the last Community Reinvestment Act examination on November 25, 2019.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Examiners evaluated FNB using the Intermediate/Small Bank examination procedures, which included a lending test and a community development test. The lending test evaluated FNB's performance from January 1, 2019, through December 31, 2021. Each AA was evaluated based on its primary lending product(s). The primary products include home mortgage loans and small business loans in both AAs.

The community development test included a review of community development loans, qualified investments and donations, and community development services. The community development evaluation period was January 1, 2019, through December 31, 2021.

To assess FNB's lending performance, we evaluated the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Register for home mortgages for the years 2019, 2020, and 2021. Examiners also sampled 40 commercial loans originated during the evaluation period for the Reno County AA, and 20 commercial loans originated during the evaluation period for the Sedgwick County AA.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A: Scope of Examination, for a list of full- and limited-scope AAs.

### Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

Examiners gave more weight to the Reno County AA, as the majority of loans were made within this AA. Examiners also put a greater significance on the Reno County AA as it comprises a majority of the bank's deposits.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state and MMSA rating section for details regarding how the areas were weighted in arriving at the respective ratings.

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

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

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

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

## State Rating

### State of Kansas

**CRA rating for the State of Kansas<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Outstanding

The major factors that support this rating include:

- The bank demonstrates reasonable geographic distribution of loans in the AAs.
- The bank demonstrates reasonable distribution of loans to individuals of different income levels and businesses of different sizes
- The bank demonstrates excellent responsiveness to community development needs and opportunities of the AAs.

### Description of Institution's Operations in Kansas

FNB is a full-service bank offering a broad range of commercial, real estate, and consumer loan products, as well as a variety of deposit products. FNB's lending focus includes residential real estate, consumer loans, commercial, and agricultural loans. The bank continues to originate and sell residential real estate loans into the Federal Home Loan Bank (FHLB) Mortgage Partnership Finance (MPF) program and utilizes the Homeownership Set-Aside Program (HSP). FNB made 22 home loans for \$1.9 million with the FHLB/HSP where low- and moderate-income first-time homebuyers receive down payment, closing cost, and repair assistance.

FNB faces significant competition for retail customers from banks and credit unions in the Reno County AA. The bank's presence in the Sedgwick County AA is limited due to the branch locations residing in smaller communities, along with the competitive environment presented by the nearby Wichita market. The bank continues to operate eight full-service locations and ten ATMs within the Reno and Sedgwick AAs. A primary business focus includes FNB serving as a correspondent bank to 40 community banks, primarily in western Kansas.

The information provided by the community contacts was used to assess the bank's performance in meeting the credit and CD needs of the AAs. Examiners initiated one community contact to assess performance within the Reno County AA and utilized five existing community contacts to evaluate the credit needs and opportunities for the Sedgwick County AA.

In the Reno County AA, the community contact works in economic development for the City of Hutchinson. Primary credit needs in the AA are home mortgage and commercial – small business lending. The contact indicated there are ample opportunities for financial institutions within the local community. Opportunities include revitalization of both commercial and residential properties, and affordable housing. Our contact noted that several local and non-local businesses are expanding in the Hutchinson area, which presents new lending opportunities. The contact noted that performance of the

---

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

local financial institutions within the AA is good, and the area institutions appropriately meet local credit needs.

For the Sedgwick County AA, the five community contacts are involved in local city and county economic development with the City of Cheney, Sedgwick County, Farm Service Agency, Wichita Regional Chamber of Commerce, and the City of Wichita. Credit needs and opportunities identified include affordable housing, financing for start-up businesses, and revitalization of commercial real estate. There are emerging lending opportunities through business expansion in the manufacturing sector, from both existing and new businesses in the local area. One contact noted there are limited opportunities for financial institutions in the area to invest in local area industrial revenue bonds. Financial institutions in the Sedgwick County AA play an active role in the community, and work with consumers to extend credit. Area institutions do a good job in meeting the community's credit needs.

## Reno County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: 2019-2021 Reno County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	0.0	23.5	58.8	17.6	0.0
Population by Geography	64,058	0.0	27.7	47.8	24.5	0.0
Housing Units by Geography	28,274	0.0	26.9	49.9	23.2	0.0
Owner-Occupied Units by Geography	16,855	0.0	22.5	47.7	29.8	0.0
Occupied Rental Units by Geography	8,242	0.0	34.7	49.9	15.4	0.0
Vacant Units by Geography	3,177	0.0	29.8	61.3	9.0	0.0
Businesses by Geography	3,925	0.0	18.8	58.6	22.5	0.0
Farms by Geography	378	0.0	5.0	78.0	16.9	0.0
Family Distribution by Income Level	16,342	17.1	20.7	22.8	39.4	0.0
Household Distribution by Income Level	25,097	21.5	16.7	20.3	41.5	0.0
Median Family Income Non-MSAs - KS		\$57,229	Median Housing Value			\$93,945
			Median Gross Rent			\$662
			Families Below Poverty Level			8.4%
Source: 2015 ACS and 2021 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.						

The Reno County AA consists of 17 census tracts in Reno County, Kansas. During the evaluation period the AA reflected no low-, four moderate-, ten middle-, and three upper-income census tracts. The main bank, five branches, and seven ATMs are in the AA. There are no distressed or undeserved tracts within the Reno County AA.

According to the 2015 U.S Census and 2021 D&B Data, the population of the AA is 64,058 and the median family income is \$57,229. The income distribution for families within the AA is 17 percent low-income; 21 percent moderate-income; 23 percent middle-income; and 39 percent upper income.



Demographic data as of 2021 reflects that among the 25,097 households in the AA, approximately 36 percent receive social security, 18 percent are retired, and 12 percent are below the poverty level. Approximately 18 percent of the population comprises persons over the age 65, while 38 percent of the population consists of civilians not in the work force. The median housing value is \$93,945 and 60 percent of the housing units are owner-occupied.

The Hutchinson economy is diverse and offers various employment opportunities. Major employers include Hutchinson Regional Healthcare Systems, Dillon's Corporation, Unified School District 309, Hutchinson Community College, Hutchinson Clinic, Tyson Prepared Foods, and Hutchinson Correctional Facility. The December 31, 2022, unemployment rate for Reno County is 2.8 percent. This is in-line with the Kansas unemployment rate of 2.9 percent and below the national unemployment rate of 3.5 percent.

## Sedgwick County AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: 2019-2021 Sedgwick County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	0.0	0.0	29.2	70.8	0.0
Population by Geography	120,924	0.0	0.0	25.5	74.5	0.0
Housing Units by Geography	45,273	0.0	0.0	30.2	69.8	0.0
Owner-Occupied Units by Geography	34,248	0.0	0.0	21.9	78.1	0.0
Occupied Rental Units by Geography	8,962	0.0	0.0	59.0	41.0	0.0
Vacant Units by Geography	2,063	0.0	0.0	42.0	58.0	0.0
Businesses by Geography	8,128	0.0	0.0	23.5	76.5	0.0
Farms by Geography	501	0.0	0.0	28.5	71.5	0.0
Family Distribution by Income Level	32,022	9.3	13.6	21.7	55.5	0.0
Household Distribution by Income Level	43,210	12.1	11.9	17.3	58.7	0.0
Median Family Income MSA - 48620 Wichita, KS MSA		\$64,331	Median Housing Value			\$162,418
			Median Gross Rent			\$841
			Families Below Poverty Level			4.0%
Source: 2015 ACS and 2021 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.						

The Sedgwick County AA consists of 23 tracts in Sedgwick County, Kansas and one tract located in Harvey County, Kansas. As of 2021, the AA reflected zero low-, zero moderate-, seven middle-, and 17 upper-income census tracts. FNB has two branches in the Sedgwick County AA: one in Andale, Kansas and one in Goddard, Kansas. There are no distressed or undeserved tracts within the Sedgwick County AA.

According to the 2015 U.S Census and 2021 D&B Data, the population of the AA is 120,924 and the median family income is \$64,331. The income distribution for families within the AA is 9 percent low-income; 14 percent moderate-income; 22 percent middle-income; and 56 percent upper income.

Demographic data as of 2021 reflects that of the 43,210 households in the AA, about 27 percent receive social security, 17 percent are retired, and 6 percent are below the poverty level. Approximately 13 percent of the population includes persons over the age of 65, while 29 percent of the population consists of civilians not in the work force. The median housing value is \$162,418 and 76 percent of the housing units are owner-occupied.

FNB has a much smaller footprint in the Sedgwick County AA compared to the Reno County AA. The Sedgwick County AA is within commuting distance from Wichita, which has a robust economy and a variety of employers. Top employment industries in Wichita include aircraft manufacturing and assembly, healthcare, and local government. As of December 31, 2022, the unemployment rate for Sedgwick County is 3.0 percent. This is in-line with the Kansas unemployment rate of 2.9 percent, and below the national rate of 3.5 percent.

## **Scope of Evaluation in Kansas**

Examiners completed a full-scope review of the Reno County AA and the Sedgwick County AA. We selected the Reno County AA for a full-scope review as it represented the majority of lending and deposit activity during the evaluation period. The Sedgwick County AA was also selected for a full-scope review as it received a limited-scope review during the last examination.

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

### **LENDING TEST**

The bank's performance under the Lending Test in Kansas is rated Satisfactory.

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

Based on a full-scope review, the bank's lending performance in the state of Kansas is reasonable.

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

The bank exhibits reasonable geographic distribution of loans in the state.

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

Refer to Table O in the state of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

## **Reno County AA**

FNB demonstrated excellent distribution of home mortgage loans to borrowers located in moderate-income tracts in the Reno County AA. The AA did not have any low-income tracts during the evaluation period.

FNB displayed excellent distribution during the evaluation period with 23.7 percent of home mortgage loans originated to borrowers located in moderate-income census tracts. This exceeded the market demographic data of 22.5 percent of owner-occupied housing units in moderate-income tracts. FNB also exceeded the aggregate data showing that 18.5 percent of home mortgage loans were made to borrowers located in moderate-income tracts.

## **Sedgwick County AA**

The AA did not contain any low- or moderate-income tracts during the evaluation period. Therefore, this analysis would not be meaningful.

### ***Small Loans to Businesses***

Refer to Table Q in the state of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations or purchases of small loans to businesses.

## **Reno County AA**

FNB demonstrated reasonable distribution of loans to small businesses located in moderate-income tracts in the Reno County AA. There were no low-income tracts in the AA during the evaluation period.

FNB exhibited reasonable distribution during the evaluation period with 17.5 percent of sampled loans to small businesses located in moderate-income tracts. This is below demographic data which indicates 18.8 percent of businesses in the AA are located in moderate-income tracts. FNB was also below the aggregate data showing 19 percent of loans to small businesses in the AA were made to businesses in moderate-income tracts.

## **Sedgwick County AA**

The AA did not contain any low- or moderate-income tracts during the evaluation period. Therefore, this analysis would not be meaningful.

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

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

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

Refer to Table P in the state of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations or purchases.

## **Reno County AA**

FNB demonstrated reasonable distribution of home mortgage loans to low- and moderate-income borrowers in the Reno County AA.

The distribution of home mortgage loans to low-income borrowers is reasonable. FNB originated 5.9 percent of home mortgage loans to low-income borrowers during the evaluation period. This is lower than the demographic data of 17.1 percent, but in-line with the aggregate data of 5.9 percent.

The distribution of home mortgage loans to moderate-income borrowers is reasonable. The bank originated 14.5 percent of home mortgage loans to moderate-income borrowers during the evaluation period. This is lower than the demographic data of 20.7 percent, and only slightly lower than the aggregate data of 15.4 percent of moderate-income borrowers. Eight percent of the families in the AA are below the poverty level, indicating fewer opportunities to lend to low- and moderate-income borrowers.

## **Sedgwick County AA**

FNB demonstrated excellent distribution of home mortgage loans to low- and moderate-income borrowers in the Sedgwick County AA.

The distribution of home mortgage loans to low-income borrowers is reasonable. FNB originated 5.1 percent of home mortgage loans to low-income borrowers during the evaluation period. This is lower than the demographic data of 9.3 percent; however, exceeds the aggregate data of 3.0 percent of low-income borrowers.

The distribution of home mortgage loans to moderate-income borrowers is excellent. The bank originated 18.9 percent of home mortgage loans to moderate-income borrowers during the evaluation period. Lending performance exceeded the demographic data showing 13.6 percent of AA families were moderate-income. FNB also exceeded aggregate data indicating 14.1 percent of home mortgage loans within the AA were originated to moderate-income borrowers during the evaluation period.

## ***Small Loans to Businesses***

Refer to Table R in the state of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

## **Reno County AA**

FNB demonstrated reasonable distribution of loans to businesses of different sizes in the Reno County AA.

The distribution of small business loans to businesses with revenues less than or equal to \$1 million is reasonable. FNB originated 77.5 percent of sampled commercial loans to small businesses in the AA during the evaluation period. This is slightly below the demographic data of 79.2 percent; however, this distribution exceeded the aggregate data of 46.5 percent of loans to businesses with revenues less than or equal to \$1 million.

## **Sedgwick County AA**

FNB demonstrated excellent distribution of loans to businesses of different sizes in the Sedgwick County AA.

The distribution of small business loans to businesses with revenues less than or equal to \$1 million is excellent. FNB originated 100 percent of sampled commercial loans to small businesses in the AA during the evaluation period. This is higher than the demographic data of 87.2 percent of businesses. This distribution also exceeded the aggregate data of 40.2 percent of loans to businesses with revenues less than or equal to \$1 million.

## **Responses to Complaints**

The bank did not receive any CRA related complaints during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the state of Kansas is rated Outstanding.

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

Based on a full-scope review, the bank exhibits excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

## **Number and Amount of Community Development Loans**

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

## **Reno County AA**

CD loans exhibited excellent responsiveness to CD needs and opportunities in the AA during the evaluation period. Management originated 45 CD loans totaling \$8.2 million in the AA from 2019-2021. Thirty-one loans were made through the SBA Paycheck Protection Program (PPP) to pay employee wages during the pandemic. The bank originated eleven loans to entities that constructed or rehabilitated affordable housing for low- to moderate-income individuals. There were also three loans made to organizations that provide community services to low- and moderate-income individuals.

## **Sedgwick County AA**

CD loans exhibited excellent responsiveness to CD needs and opportunities in the AA during the evaluation period. Management originated 32 CD loans totaling \$13.6 million in the AA from 2019-2021. Thirty loans were made through the SBA PPP to pay employee wages during the pandemic.

Management originated one SBA 504 loan to purchase and renovate an owner-occupied commercial property, which created 14 jobs for low- to moderate-income individuals. The bank also originated a loan to fund the construction of a large sports complex which created 84 full-time jobs and 53 part-time jobs for low- to moderate-income individuals.

<i>Community Development Loans</i>				
<b>Assessment Area</b>	<b>Total</b>			
	<b>#</b>	<b>% of Total #</b>	<b>\$(000's)</b>	<b>% of Total \$</b>
Reno	45	58	8,187	36
Sedgwick	32	41	13,583	59

## **Number and Amount of Qualified Investments**

### **Reno County AA**

CD investments exhibited an adequate level of responsiveness to community needs and opportunities in the AA. FNB purchased one investment in a low-income housing tax credit in the amount of \$1 million, allocated to an affordable housing project. FNB also had a prior period low-income housing investment in a 25-unit affordable housing project, with a balance of \$88,633. FNB made 53 qualified donations, totaling \$154,595 to ten organizations in the AA during the evaluation period. Donations supported organizations who provide community services primarily to low- and moderate-income individuals. CD qualified investments and donations made in the AA totaled \$1.2 million during the evaluation period. Examples of qualified donations provided by the bank include:

- Provided funding to local food pantry that primarily serves low- to moderate-income (LMI) individuals.
- Funding to a community-based organization that provides assistance to LMI individuals for prescription medications, utility assistance, and homeless services.
- Provided funding to an organization that builds affordable housing for LMI individuals.

### **Sedgwick County AA**

CD investments exhibited an adequate level of responsiveness to community needs and opportunities in the AA. FNB made one investment in a low-income housing tax credit, with \$250,000 allocated to the Sedgwick County AA. FNB also made three qualifying donations totaling \$2,800 in the AA from 2019-2021. Donations went to a community-based organization that provided food to homeless individuals in the AA. CD qualified investments and donations totaled \$252,800 during the evaluation period.

### **Statewide or Regional**

FNB made one qualified CD investment that serves the broader statewide or regional area, including the banks AAs, during the evaluation period. The lone investment totaled \$750,000 in a low-income housing tax credit. Management also provided a prior period investment, totaling \$95,866 in low-income housing tax credits.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Reno	1	89	54	1,154	55	90	1,243	53	0	0
Sedgwick	0	0	4	253	4	7	253	11	0	0
Broader Statewide or Regional	1	96	1	750	2	3	846	36	0	0

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

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

## Extent to Which the Bank Provides Community Development Services

### Reno County AA

FNB demonstrated adequate responsiveness in providing CD services in the AA. Five bank employees provided 577 hours to six qualified CD organizations during the evaluation period. Examples of community development services provided by bank staff include:

- Bank employee participated in the FHLB first time home buyer grant program. This program provides funds to low- and moderate-income individuals for down payment assistance, with no repayment requirement if the borrower resides in the home for five years.
- Treasurer of an organization that provides resources to startup businesses, and businesses with revenues of less than \$1 million.
- Board member of a community-based organization which provides various services, including emergency overnight shelter for the homeless, transitional housing, transitional job placement, and affordable housing for low- and moderate-income individuals.

### Sedgwick County AA

There were no CD services reported in the Sedgwick County AA during the evaluation period. The Sedgwick County AA exhibits a poor level of responsiveness to community needs. According to community contacts, there is a need for affordable housing, community services, and economic development services in the AA.

## Appendix A: Scope of Examination

---

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

<b>Time Period Reviewed:</b>	January 1, 2019, to December 31, 2021	
<b>Bank Products Reviewed:</b>	Home mortgage loans, small business loans  Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Kansas</b>		
Reno County AA	Full-Scope	
Sedgwick County AA	Full-Scope	



**Appendix B: Summary of MMSA and State Ratings**

---

RATINGS      The First National Bank of Hutchinson			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
The First National Bank of Hutchinson	Satisfactory	Outstanding	Satisfactory
MMSA or State:			
Kansas	Satisfactory	Outstanding	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

---

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

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

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

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

**Geography:** A 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

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

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

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

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Reno	510	71,432	74.5	1,955	0.0	0.0	0.0	22.5	23.7	18.5	47.7	37.3	45.2	29.8	39.0	36.3	0.0	0.0	0.0
Sedgwick	175	35,082	25.5	7,588	0.0	0.0	0.0	0.0	0.0	0.0	21.9	20.0	18.7	78.1	80.0	81.3	0.0	0.0	0.0
<b>Total</b>	<b>685</b>	<b>106,513</b>	<b>100.0</b>	<b>9,543</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.4</b>	<b>17.7</b>	<b>3.8</b>	<b>30.4</b>	<b>32.8</b>	<b>24.2</b>	<b>62.1</b>	<b>49.5</b>	<b>72.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Source: 2015 ACS; 01/01/2019 - 09/21/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			
First National Bank of Hutchinson (10000003180) excluded from Aggregate																			

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Reno	510	71,432	74.5	1,955	17.1	5.9	5.9	20.7	14.5	15.4	22.8	17.1	17.8	39.4	44.9	25.0	0.0	17.6	35.9
Sedgwick	175	35,082	25.5	7,588	9.3	5.1	3.0	13.6	18.9	14.1	21.7	20.0	20.6	55.5	45.7	38.2	0.0	10.3	24.1
<b>Total</b>	<b>685</b>	<b>106,513</b>	<b>100.0</b>	<b>9,543</b>	<b>12.0</b>	<b>5.7</b>	<b>3.6</b>	<b>16.0</b>	<b>15.6</b>	<b>14.3</b>	<b>22.0</b>	<b>17.8</b>	<b>20.1</b>	<b>50.1</b>	<b>45.1</b>	<b>35.5</b>	<b>0.0</b>	<b>15.8</b>	<b>26.5</b>
Source: 2015 ACS; 01/01/2019 - 09/21/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			
First National Bank of Hutchinson (10000003180) excluded from Aggregate																			



**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2019-2021**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Reno	40	11,888	66.7	792	0.0	0.0	0.0	18.8	17.5	19.0	58.7	50.0	57.8	22.5	32.5	22.4	0.0	0.0	0.8
Sedgwick	20	4,192	33.3	2,031	0.0	0.0	6.1	0.0	0.0	27.1	23.5	20.0	27.0	76.5	80.0	39.6	0.0	0.0	0.2
<b>Total</b>	<b>60</b>	<b>16,080</b>	<b>100</b>	<b>2,823</b>	<b>0.0</b>	<b>0.0</b>	<b>5.7</b>	<b>6.1</b>	<b>11.7</b>	<b>26.5</b>	<b>35.0</b>	<b>40.0</b>	<b>29.1</b>	<b>58.9</b>	<b>48.3</b>	<b>38.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>

Source: 2021 D&B Data; 01/01/2019 - 09/21/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

First National Bank of Hutchinson (10000003180) excluded from Aggregate

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2019-2021**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Reno	40	11,888	66.7	792	79.2	77.5	46.5	6.5	17.5	14.2	5.0
Sedgwick	20	4,192	33.3	2,031	87.2	100.0	40.2	3.4	0.0	9.4	0.0
<b>Total</b>	<b>60</b>	<b>16,080</b>	<b>100.0</b>	<b>2,823</b>	<b>84.6</b>	<b>85.3</b>	<b>40.7</b>	<b>4.4</b>	<b>11.7</b>	<b>11.0</b>	<b>3.3</b>

Source: 2021 D&B Data; 01/01/2019 - 09/21/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

First National Bank of Hutchinson (10000003180) excluded from Aggregate