



PUBLIC DISCLOSURE

August 13, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southwest National Bank
Charter Number 12346

400 East Douglas
Wichita, KS 67201

Office of the Comptroller of the Currency

2959 North Rock Road, Suite 510
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	3
DEFINITIONS AND COMMON ABBREVIATIONS	4
DESCRIPTION OF INSTITUTION	8
SCOPE OF THE EVALUATION.....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	10
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	11
LENDING TEST	11
COMMUNITY DEVELOPMENT TEST.....	15
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	B-1

Overall CRA Rating: Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors supporting this rating include:

- Southwest National Bank's (Southwest) loan-to-deposit (LTD) ratio was more than reasonable.
- A majority of the bank's lending activity was inside the assessment area (AA).
- Southwest's borrower distribution of loans was reasonable considering the reasonable distribution of consumer loans and the reasonable distribution of commercial loans.
- Southwest's geographic distribution of loans was reasonable, considering the distribution of consumer loans and the reasonable distribution of commercial loans.
- Southwest provided excellent responsiveness to community development (CD) needs of the AA through CD lending, investments, and services.

Definitions and Common Abbreviations

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

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

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

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

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

Geography: A 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), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/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. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

Metropolitan Statistical Area: 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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan 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 One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Southwest is an intrastate financial institution headquartered in Wichita, Kansas. Southwest had total assets of \$439 million and tier 1 capital of \$43 million as of December 31, 2017. The bank is a wholly owned subsidiary of Republic Financial Corporation, a \$44 million one-bank holding company also headquartered in Wichita, Kansas. The bank has no affiliates and no subsidiary activities for consideration in this evaluation.

Southwest's only assessment area (AA) is the Wichita Metropolitan Statistical Area (MSA). Southwest has eight locations, of which one is a limited service facility. Southwest has six deposit-taking ATMs, and two walk-up cash dispensing ATMs located in Wichita, Kansas. Six of the branches have drive-up facilities. Strong competition exists for financial services within the AA. As of June 30, 2017, Southwest's deposit market share is 2.48 percent and ranks seventh out of 55 depository institutions in the AA.

Southwest is a full-service banking institution offering a full range of commercial, real estate, and consumer credit products. As of December 31, 2017, net loans and leases represented 84 percent of the bank's total assets. The bank's \$371 million loan portfolio consisted of 50 percent consumer loans, 14 percent one-to-four family and multi-family residential real estate loans, and 36 percent business loans. The bank's primary focus during the evaluation period was consumer and business loans.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AA. The Office of the Comptroller of the Currency last evaluated Southwest's CRA performance on August 12, 2015. The bank received an overall rating of "Satisfactory" under the Intermediate Small Bank performance standards.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We analyzed consumer automobile loans and commercial loans for the period of June 1, 2015, through December 31, 2017. We also reviewed CD loans, investments, and services from September 1, 2015, through December 31, 2017.

Consumer automobile loans and commercial loans are the bank's primary loan products, representing a majority of all loans originated and purchased during the evaluation period. Consumer automobile loans represented 95 percent by number and 96 percent by dollar of all consumer loans. Commercial loans represented 70 percent by number and 84 percent by dollar of all business loans. There are two evaluation periods for analyzing income penetration and geographical dispersion. The Office of Management and Budget provided geographic boundary revisions as of January 1, 2017. The analyses consist of a sample of 20 consumer automobile loans and 20 commercial loans for each evaluation period. The evaluation period from June 1, 2015,

through December 31, 2016, will receive more consideration due to higher lending volumes over a 19-month period.

The Community Development Test evaluates Southwest's responsiveness to community development needs in its AA through community development lending, qualified investments, and community development services.

Data Integrity

We did not perform a data integrity review of Southwest's Home Mortgage Disclosure Act (HMDA) reporting because residential mortgages are not a primary loan product.

Selection of Areas for Full-Scope Review

Southwest has one AA, and we performed a full-scope review. Refer to appendix A for more information.

Ratings

The bank's overall rating is based solely on the full-scope review of its one AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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 assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution 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.

Conclusions with Respect to Performance Tests

LENDING TEST

Southwest's performance under the Lending Test is rated "Satisfactory." Lending volumes are more than reasonable given the bank's size and financial condition. A majority of loans are originated to customers in the AA. The overall geographic and borrower distribution of loans was reasonable.

Loan-to-Deposit Ratio

Southwest's loan-to-deposit level was more than reasonable. The bank's average quarterly loan-to-deposit ratio since the prior CRA examination is 93.6 percent. For the six similarly situated institutions in the AA, the average loan-to-deposit ratios ranged from 64.2 percent to 93.5 percent, while the average ratio for peer institutions was 81.7 percent.

Lending in Assessment Area

A majority of the bank's primary loan products have been granted in the AA. The loan samples indicate 51 percent of loans by number and 65 percent by dollar were granted within the AA.

Table 1 - Lending in Wichita Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer	10	25	30	75	40	527	48	566	52	1,093
Commercial	31	78	9	22	40	23,237	66	12,059	34	35,426
Totals	41	51	39	49	80	23,894	65	12,625	35	36,519

Source: Loan sample.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall borrower distribution of loans is reasonable. The distribution of consumer automobile and commercial loans reflects an overall reasonable penetration.

Greater weight was placed on consumer automobile lending, which represents a majority of the bank's lending activity by number. We also gave greater weight to the bank's performance in 2015-2016 than to its performance in 2017 since it includes 19 months and a majority of the evaluation period.

Consumer Automobile Lending

Based on data in Table 2A and the following performance context considerations, we concluded the borrower distribution of consumer automobile loans was reasonable.

Performance for low- and moderate-income consumer automobile borrowers demonstrates poor distribution for 2015-2016. Southwest's lending to low- and moderate-income consumer automobile borrowers shows excellent distribution when compared to demographics for the 2017 evaluation period.

2015-2016

Table 2A - Borrower Distribution of Consumer Automobile Loans in Wichita AA								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.90	10.00	16.68	10.00	18.62	35.00	41.80	45.00

Source: Loan sample 06/01/15 – 12/31/17; 2010 U.S. Census data

2017

Table 2A - Borrower Distribution of Consumer Automobile Loans in Wichita AA								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.67	25.00	16.56	18.75	18.38	25.00	41.38	31.25

Source: Loan sample 01/01/2017 – 12/31/17; 2015 ACS Census

Commercial Lending

The distribution of loans to businesses of different sizes is reasonable. The level is below demographics for 2015-2016, and performance was near demographics in 2017 where 74 percent by dollar and 60 percent by number represent loans to small businesses.

2015-2016

Table 2B - Borrower Distribution of Loans to Businesses in Wichita AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	76.24	6.11	17.65	100%
% of Bank Loans in AA by #	55.00	40.00	5.00	100%
% of Bank Loans in AA by \$	49.52	50.42	0.06	100%

Source: Loan sample; Dun and Bradstreet data.

2017

Table 2B - Borrower Distribution of Loans to Businesses in Wichita AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	78.5	7.90	13.60	100%
% of Bank Loans in AA by #	60.00	25.00	15.00	100%
% of Bank Loans in AA by \$	74.10	20.62	5.29	100%

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

The overall geographic distribution of loans is reasonable. The distribution of consumer automobile loans reflects an overall reasonable penetration. The distribution of commercial loans reflects an overall reasonable penetration.

As noted above, greater weight was placed on consumer automobile lending. We also placed greater weight to the bank's performance in 2015-2016 than to its performance in 2017.

Consumer Automobile Lending

Based on the data and performance context considerations, we concluded the geographic dispersion of consumer loans was reasonable.

Overall performance in 2015-2016 was reasonable. The percentage of loans in low-income tracts is near to the percentage of households in these geographies. Performance in moderate-income tracts was below demographics. The bank's performance in 2017 was excellent. Performance in both the low- and moderate-income (LMI) tracts significantly exceeded demographics.

2015-2016

Table 3A - Geographic Distribution of Consumer Automobile Loans in Wichita AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	5.8	5.0	28.0	20.0	37.4	50.0	28.9	25.0

Source: Loan Sample 06/01/2015 – 12/31/2016 and 2010 U.S. Census data

2017

Table 3A - Geographic Distribution of Consumer Automobile Loans in Wichita AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	7.8	20.00	23.50	35.00	39.70	25.00	20.00	20.00

Source: 2015 ACS Census; 01/01/2017 – 12/31/2017 Bank Data

Commercial Lending

The distribution of commercial loans across geographies of different income levels is reasonable. Demographic information indicates commercial loan opportunities are limited with a low percent of business in low-income tracts.

Based on the sample of loans, neither evaluation periods contained loans within low-income tracts. Performance in the moderate-income tracts for 2015-2016 and 2017 was excellent.

2015-2016

Table 3B - Geographic Distribution of Loans to Businesses in Wichita AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	9.9	0.0	21.0	35.0	36.6	40.0	32.5	25.0

Source: Loan sample; Dun and Bradstreet data.

2017

Table 3B - Geographic Distribution of Loans to Businesses in Wichita AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	5.7	0.0	26.4	40.0	37.4	15.0	30.5	45.0

Source: Loan sample; Dun and Bradstreet data.

Responses to Complaints

Southwest did not receive any written complaints during the evaluation period related to its CRA performance.

COMMUNITY DEVELOPMENT TEST

Southwest’s performance under the CD Test is rated “Outstanding.” CD loans and qualified investments total \$5.4 million. This represents 12.6 percent of tier 1 capital. In addition, Southwest performed five different types of CD services.

Number and Amount of Community Development Loans

Southwest originated 30 qualified CD loans totaling \$5.1 million during the evaluation period.

- 23 CD loans totaling \$4.5 million provided affordable housing to LMI individuals. This included a \$1.8 million loan that helped rehabilitate an affordable housing apartment complex.

Number and Amount of Qualified Investments

Southwest originated 18 qualified investments and donations totaling \$298 thousand during the evaluation period.

- Qualified investments totaling \$250 thousand provided affordable housing, including mortgage-backed securities, in the AA.

Extent to Which the Bank Provides Community Development Services

During the evaluation period six employees provided their expertise to two different organizations for a total of 15 hours. Southwest’s services include:

- Trust services for a reduced fee to individuals who are clients of an organization that provides community services to LMI individuals.

- International funds transfer program to Mexico. This program is sponsored by the Federal Reserve and allows transfers at a low cost and benefits LMI individuals. During the evaluation period, 74 percent of the transactions were conducted by those residing in LMI tracts.

Responsiveness to Community Development Needs

Southwest demonstrated excellent responsiveness to community development needs. The bank supported community development needs through CD loans and qualified investments which largely focused on affordable housing.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 06/01/2015 to 12/31/2017 Investment and Service Tests and CD Loans: 09/01/2015 to 12/31/2017	
Financial Institution	Products Reviewed	
Southwest National Bank (Southwest) Wichita, Kansas	Consumer Automobile Loans Commercial Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		No affiliate products reviewed
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Kansas Wichita MSA#48620	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Wichita MSA

Demographic Information for Full-Scope Area: Wichita MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	152	10.53	26.32	37.50	25.66	0.00
Population by Geography	638,884	7.71	22.76	38.64	30.89	0.00
Owner-Occupied Housing by Geography	160,130	4.66	17.85	40.57	36.92	0.00
Businesses by Geography	32,735	5.73	26.36	37.40	30.51	0.00
Farms by Geography	1,739	1.32	7.76	53.36	37.55	0.00
Family Distribution by Income Level	159,533	20.51	17.86	21.44	40.19	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	61,208	13.39	33.05	36.78	16.78	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$64,897 = \$66,900 = 14%	Median Housing Value Unemployment Rate (2015 ACS US Census)		= \$121,867 = 3.36%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

Southwest has defined the bank's AA as the Wichita Metropolitan Statistical Area (MSA) #48620. The MSA includes all of the following Counties: Butler, Harvey, Kingman, Sedgwick and Sumner located in south central Kansas. All Counties are contiguous geographies and do not arbitrarily exclude LMI geographies.

The 2017 Wichita MSA consisted of five counties with 152 census tracts. The tracts include 16 low-income census tracts, 40 moderate-income census tracts, 57 middle-income census tracts, and 39 upper-income census tracts. The 2015 ACS Census data reported the total population at 638,884. There are 242,912 households and 159,533 families. There are 269,297 housing units, with 59 percent owner occupied units, 31 percent rental units and ten percent vacant units. Approximately 4.7 percent of owner occupied housing is located in low-income geographies, 17.9 percent in moderate-income geographies, 40.6 percent in middle-income geographies, and 36.9 percent in upper-income geographies. The median housing cost is \$121,867.

The 2015 updated American Community Survey (ACS) U.S. Census data, median family income was \$64,897. Approximately 20.5 percent of families are low-income, 17.9 percent are moderate-income, 21.4 percent are middle-income, and 40.2 percent

are upper-income. Additionally, 27.8 percent of households received social security, 16.8 percent are retired, and 13.7 percent are below the poverty level.

Based on the June 30, 2017, Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share report, Southwest's deposit share within the Wichita MSA was 2.48 percent, ranking Southwest 7th out of 55 institutions in the MSA.

Southwest has eight locations in Wichita, with one being a limited service branch located in a Wichita retirement facility. The bank operates six deposit-taking ATMs in Wichita, and two are walk-up cash dispensing machines only.

Employment and Economic Factors

According to the Bureau of Labor Statistics, the national unemployment rate as of July 2018 was 3.9 percent. The preliminary seasonally adjusted unemployment rate for the state of Kansas was 3.4 percent for the same time period. The seasonally adjusted unemployment rate for the Wichita MSA was 4.0 percent as of June 2018 making the Wichita MSA a below-average performer among the economies in the rest of Kansas. However, data compiled by Moody's Analytics indicates that annual job growth has rebounded in 2018 to nearly one percent after declining between mid-2016 and late 2017. Major industries adding jobs over the last six months include aerospace and other manufacturing as well as, the public sector. Per capita income is \$48,213 which is slightly above the state at \$47,603, but well below the national per capita income of \$50,392. More than half of all jobs in the Wichita MSA are low-wage.

According to Moody's Analytics, strengths for the area include the need for up to 1,000 new workers at Spirit AeroSystems and 250 new workers for Textron Aviation over the next couple of years. Bombardier has announced plans for new work that will be completed in their Wichita facility. Weaknesses for the area include the trade war threat given nearly 10 percent of the MSA's gross products are exports. Industries that are not reliant on aerospace and low-wage jobs also impact the area.

Moody's Analytics reports the top five employers as Spirit AeroSystems, Inc., Textron Aviation, McConnell AFB, Via Christi Regional Medical Center, and Koch Industries, Inc.

Community Contacts

There are ample opportunities available for banks to address community development and credit needs in the area. As indicated by economic data, potential needs include affordable housing and services to LMI individuals. Examiners contacted a member of an economic development organization to identify credit needs in the area. The contact stated community development needs for small business lending and investments are being met, primarily due to strong economic conditions and strong involvement of financial institutions in the area.