



PUBLIC DISCLOSURE

September 9, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

H&R Block Bank
Charter Number 718001
One H&R Block Way
Kansas City, MO 64105

Office of the Comptroller of the Currency
7101 College Boulevard, Suite 1600
Overland Park, KS 66210

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

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Overall CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **H&R Block Bank** (“H&R” or “bank”) issued by the OCC, the institution’s supervisory agency, for the evaluation period ending September 9, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution’s CRA Rating: **Satisfactory.**

The following table indicates the performance level of **H&R Block Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	H&R Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to assessment area (AA) credit needs.
- The geographic distribution of loans reflects excellent penetration throughout the AA.
- The borrower distribution of loans reflects good penetration throughout the AA.
- The level of qualified donations is poor. H&R did not make any qualified investments during the evaluation period.
- Delivery systems are reasonably accessible to all portions of the AA. Alternative delivery services had a significant positive impact on the overall service test rating.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT) 2000 Census: A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county lines; however, they may cross the boundaries of MAs. CTs usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Census Tract (CT) 2010 Census: Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or

- b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

Limited Review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Median Family Income (MFI) 2000 census: The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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.

Median Family Income (MFI) 2010 census: The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, 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 (MSA) 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 MSA that contains a population of at least 2.5 million. A metropolitan division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 MA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state MA, the institution will receive a rating for the multi-state MA.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) 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 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

H&R is a \$1.4 billion intrastate financial institution headquartered in Kansas City, Missouri. H&R is a wholly owned subsidiary of Block Financial, LLC (Block Financial), which is a one-bank holding company headquartered in the same location. Block Financial is a wholly owned subsidiary of H&R Block, Inc. (Block), a \$4 billion diversified corporation that offers tax and financial services primarily in the United States. Block also has operations in Canada, Australia, Brazil, and India.

H&R has one branch and automated teller machine at its corporate offices. The bank's principal business strategy is to provide products and services that meet the needs of Block tax clients throughout the United States. Therefore, certain business functions are seasonal, in conjunction with the tax season. The bank provides depository services primarily to Block employees.

The primary lending product is the Emerald Advance line of credit (Emerald Advance) with an annual percentage rate ranging from 9 to 36 percent. The bank offers the Emerald Advance during a promotional period that coincides with tax season (November to mid-January). Between late-January and mid-February of each year, the Emerald Advance is subject to an annual "resting period". During this time, the customer must pay down the balance and cannot take additional advances. The purpose of the resting period is to ensure that customers do not rely on the Emerald Advance as a source of long-term funding. After the resting period, customers in good standing may be eligible for additional advances throughout the year. The Emerald collection of products is available throughout Block's tax office network.

Although no longer a primary product offering, the Bank also holds a declining portfolio of mortgage loans. Since the prior CRA exam, H&R phased out mortgage lending. In 2011, H&R originated fewer than 15 mortgages and did not originate any new mortgages in 2012.

As of December 31, 2012, net loans and leases represented 48.25 percent of assets. By dollar volume of total loans, individual loans to consumers were 50.53 percent and residential real estate loans were 49.43 percent. The collective balance of total loans to individuals varies significantly based on the time of year. As of June 30, 2013, the Bank's tier one capital was \$503.5 million.

There are no legal, financial, or other factors that impede the bank's ability to help meet credit needs in its AA. H&R received a "Satisfactory" rating at its last CRA examination dated November 30, 2008.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period of the lending test (excluding community development loans) is July 1, 2008 to December 31, 2012. We evaluated consumer loans originated during this period. We did not evaluate home mortgage, small business, or small farm loan performance since they were not primary products. H&R only originated one home mortgage loan in the AA during the evaluation period, and did not originate any small business or small farm loans.

For community development (CD) loans, the investment test and service test, the evaluation period is from December 1, 2008 to September 9, 2013. The investment test included a review of qualified donations, in the bank's AA, that meet the definition of CD investments. The service test included a review of retail and CD services provided in the AA. H&R did not provide any CD loans during the evaluation period.

Data Integrity

Prior to this CRA evaluation, we verified the accuracy of consumer loan data that the bank collected and maintained. During the examination, we found internal audit work papers to be accurate and reliable regarding the testing of data subject to the Home Mortgage Disclosure Act. Therefore, we relied on the bank's testing to assess the reliability of home mortgage data during the evaluation period. We did not identify any substantive inaccuracies and concluded that data for home mortgage and consumer loans is reliable for this examination. We evaluated investment test and service test information during the examination.

Selection of Areas for Full-Scope Review

We performed a full-scope review in the Kansas City MA AA, which is the bank's only AA. Refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Therefore, ratings are based on CRA performance in the Kansas City MA.

Other

We conducted one community contact during our examination with an economic development organization in Jackson County, which is part of the Kansas City MA. H&R is located in Jackson County. Identified community needs are financial literacy training, investments in CD organizations and New Market Tax Credits, affordable housing, and employment in low- and moderate-income areas.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Kansas City MA is good.

Lending Activity

Refer to Table 1: Lending Volume and Table 1: Other Products in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's size and resources. H&R's business strategy focuses on consumer lending. Since market share data is not available for consumer loans, our analysis will focus on lending volumes.

During the evaluation period, H&R originated 25,684 consumer loans totaling \$4.5 billion. The bank's loan-to-deposit ratio is 45.99 percent and 72.72 percent, as of June 30, 2013 and December 31, 2012, respectively. As noted previously, the total loan balance varies significantly based on the time of year. For year-end 2008-2012, the five-year average loan-to-deposit ratio is 88.28 percent.

Distribution of Loans by Income Level of the Geography

Consumer Loans

Refer to Table 13 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The overall geographic distribution of loans in the Kansas City MA AA is excellent.

We analyzed the bank's performance using demographic comparators. We did not identify any competitors with comparable consumer loan products that could serve as a basis for comparison. Market share and/or peer data is not available for consumer lending.

The geographic distribution of consumer loans originated and/or purchased from July 1, 2008 to December 31, 2011 is excellent compared to the percentage of households by income level of geography. Performance in both low- and moderate-income tracts significantly exceeds demographics.

H&R's performance in 2012 is also excellent compared to demographics. The percentage of bank loans in low-income tracts is 17.21 percent compared to demographics of 8.13 percent. The percentage of bank loans in moderate-income tracts is 42.07 percent, compared to demographics of 24.19 percent.

Lending Gap Analysis

Our geographic distribution analysis included a review for lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained gaps in the Kansas City MA AA.

Inside/Outside Ratio

We performed an analysis of the inside/outside ratio at the bank level. Information includes bank originations and purchases only.

An adequate percentage of loans are in the bank's AA. During the evaluation period, consumer loans made in the AA are 0.76 percent by number of loans and 0.34 percent by dollar volume. This performance is adequate given the bank's business strategy to provide products and services that meet the needs of Block tax clients throughout the United States. Block has approximately 11,000 offices and is the fourth largest retailer, by number of locations, in the United States. The bank operates in many MAs outside of Kansas City; key areas include Houston, Chicago, New York, and St. Louis.

Distribution of Loans by Income Level of the Borrower

Consumer Loans

Refer to Table 13 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The overall borrower distribution of loans in the Kansas City MA AA is good.

The borrower distribution of consumer loans originated and/or purchased from July 1, 2008 to December 31, 2011 is good compared to the percentage of households at each income level. The percentage of bank loans to low-income borrowers is excellent and significantly exceeds demographics. The percentage of bank loans to moderate-income borrowers is poor and below demographics.

H&R also demonstrated good performance in 2012 compared to demographics. The percentage of bank loans to low-income borrowers is excellent and significantly exceeds demographics. The bank originated 82.03 percent of loans to low-income borrowers, compared to demographics of 23.20 percent. The percentage of bank loans to moderate-income borrowers is poor and below demographics.

Community Development Lending

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

CD lending has a neutral impact on lending performance in the Kansas City MA AA. H&R did not originate any CD loans in the AA during the evaluation period.

Product Innovation and Flexibility

A majority of the bank's consumer loans are its Emerald Advance Line of Credit product. Management targets a customer base with limited credit options for the Emerald Advance small dollar line of credit program. H&R's unique access to its tax customers helps in underwriting this product, which is very successful. H&R designed this small dollar loan program to meet the short-term needs of customers year-round. The program meets the FDIC guidelines for Affordable Small Dollar Loans. In April 2009, H&R received the FDIC Alliance for Economic Inclusion Star Award in recognition of its efforts in implementing this program. In the past five years, H&R issued over three million lines of credit totaling over \$2 billion. A majority of the loan customers are low- and moderate-income. These loans are part of our evaluation of consumer loan performance.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Needs to Improve". Based on a full-scope review, the bank's performance in the Kansas City MA AA is poor.

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

Qualified donations in the AA total \$1.95 million in the current period. H&R did not make any qualified CD investments in the AA.

We determined through our community contacts and internal research that many qualified investment opportunities existed in the bank's AA, including investments in CD financial institutions, CD corporations, small business investment companies, low-income housing tax credits, new market tax credits, and the opportunity to purchase municipal and state issued bonds primarily benefiting low- and moderate-income individuals.

While the total dollar amount of qualified donations is very low, compared to the dollar amount of qualified investments H&R had the capacity to make, many of these qualified donations were highly responsive to the needs of low- and moderate-income individuals.

Two large donations supported an initiative to redevelop low- and very-low income neighborhoods in Kansas City. The bank's qualified donations supported a CD corporation's non-recoverable operating expenses, which allowed this organization to leverage substantial additional investment in these neighborhoods.

One large qualified donation to a non-profit agency helped assist very low-income, unemployed, and homeless individuals with job skills training and job placement services. This qualified donation provided operating expenses to the organization, which allowed them to expand their programs.

Another large qualified donation helped to provide building repairs to a community action agency providing "head start" training for pre-school age children from low- and moderate-income families in the AA. In addition, significant donations to food banks helped provide food for low- and moderate-income families in the AA during a period when support for these organizations was declining.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Kansas City MA AA is good.

The bank's prepaid card program as an alternative delivery service had a significant positive impact on the overall service test rating.

Retail Banking Services

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

H&R's service delivery systems are reasonably accessible to all portions of the bank's AA. The bank's one branch is located in a low-income tract in the downtown business area of Kansas City, MO. During the evaluation period, H&R did not open or close any branches. H&R also has one ATM that is located in the bank.

Other alternative delivery systems offered by H&R include:

Emerald Prepaid Card: Customers can acquire a prepaid card through one of approximately 11,000 Block tax offices around the country. Customers can load funds on to these cards as an alternative to checking accounts. Cardholders are able to manage the account online, pay bills, load funds, initiate funds transfers from their checking account, and have direct deposit from payroll or government benefits to the card. There is an online application for mobile devices that allows customers to monitor their accounts. A remote deposit capture feature is included in which customers can take a photo of a check with a smart phone and upload it into their account. Consumers can also receive text alerts regarding card balances and other transactional activity.

H&R has issued a majority, 56 percent, of its prepaid cards to customers living in low- and moderate-income tracts. From 2008-2012, H&R issued 13,311 cards totaling \$171,425 based on year-end numbers. Consumer Reports ranked H&R Block's Emerald prepaid card second out of 26 similar products. In addition, Bankrate.com rated the Emerald prepaid card as one of the top three for low- and moderate-income consumers.

Online Banking: The online banking portal for traditional accounts (Checking, Savings, IRA, CDs) allows customers to view their balances, review transactions on transactional accounts, initiate account to account transfers, make external account transfers, pay bills, and update their banking profile.

Community Development Services

H&R's performance in providing community development services in the AA is poor. While the bank's officers and employees actively supported many organizations in the AA, most of them did not meet the CD definition. Bank officers and employees provided financial services to four organizations that targeted low- and moderate-income individuals, including an organization that provides access to college preparatory education, an organization assisting unbanked and under banked individuals in accessing tax preparation services, and a consortium of organizations assisting individuals in accessing financial services.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities 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): 7/1/2008 to 12/31/2012 Investment and Service Tests and CD Loans: 12/1/2008 to 9/9/2013	
Financial Institution	Products Reviewed	
H&R Block Bank Kansas City, Missouri	Consumer Loans, Qualified Investments, Retail Services, and CD Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Kansas City MA #28140	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Kansas City, MO-KS MSA #28140

Demographic Information for Full Scope Area: Kansas City, MO-KS MSA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	516	8.91	25.97	39.34	23.45	2.33
Population by Geography	1,836,038	4.75	21.25	46.64	27.34	0.02
Owner-Occupied Housing by Geography	489,589	2.94	18.06	47.91	31.08	0.00
Business by Geography	190,256	2.94	15.66	42.60	38.07	0.73
Farms by Geography	6,216	0.74	17.00	53.54	28.56	0.16
Family Distribution by Income Level	485,969	18.55	18.98	23.75	38.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	182,386	8.47	32.01	47.05	12.47	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		55,031 72,300 8%		Median Housing Value Unemployment Rate (2000 US Census)		105,350 2.23%

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

Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Kansas City, MO-KS MA 2010 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	535	12.52	24.30	33.64	26.54	2.99
Population by Geography	2,035,334	7.83	22.77	38.42	30.97	0.01
Owner-Occupied Housing by Geography	543,449	4.98	19.83	40.59	34.60	0.00
Business by Geography	184,811	6.47	20.00	35.34	36.81	1.38
Farms by Geography	6,296	2.14	19.93	49.30	28.38	0.24
Family Distribution by Income Level	523,744	20.46	17.85	21.69	40.00	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	200,670	14.11	33.50	37.70	14.69	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		69,313 73,300 11%		Median Housing Value Unemployment Rate (2010 US Census)		159,420 3.57%

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

Source: 2010 US Census and 2012 HUD updated MFI

The Kansas City MA is part of a multi-state MSA that includes the states of Kansas and Missouri. The Kansas City AA includes the entire MSA. The delineation of the AA complies with the regulation and does not arbitrarily exclude low- and moderate-income tracts. H&R has one branch and one ATM in the same location.

H&R has a deposit market share of 1.64 percent, as of June 30, 2012, which ranks 12th in the market. There are 143 depository institutions in the AA. The population of the AA was 1.83 million in the 2000 census and 2.03 million in the 2010 census, representing an approximate 11 percent increase. Median family income in the AA was \$55,031 in the 2000 census and \$69,313 in the 2010 census, representing an increase of approximately 26 percent.

Employment and Economic Factors

As of July 2013, the unemployment rate for the Kansas City MSA is below the national average. The Bureau of Labor Statistics (BLS) reported a national unemployment rate of 7.7 percent compared to the Kansas City MSA unemployment rate of 7.1 percent.

As of July 2013, the Kansas City Business Journal stated that the top three businesses in the area were the Federal Government, the HCA Midwest Health System, and Cerner. Other large companies located in the AA include Hallmark Cards Inc., Sprint, and Ford Motor Company. The BLS indicated that nonfarm employment in May 2013 totaled 1,013,200, which has increased 9,500 since May 2012. This represents a .9 percent increase, compared to a 1.6 percent increase nation-wide. The Kansas City MSA added more than 4,000 jobs to the work force from May 2012 to May 2013, primarily in the professional and business services industry and the leisure and hospitality industry.

Housing

The median housing value in the bank's AA was \$159,420 according to the 2010 census, which represents an increase of approximately 51 percent from the 2000 census.

The percent of households below poverty was 8 percent in the 2000 census and 11 percent in the 2010 census. The Kansas City MSA vacancy rate as of the fourth quarter of 2012 was 10.8 percent for rentals and 1.5 percent for homeowners. At 3.7 percent, the Kansas City MSA had a slightly higher foreclosure rate than the nation in March 2013. According to the CoreLogic National Foreclosure Report, the national foreclosure rate was 2.8 percent. The AA also had a serious delinquency rate of 6.8 percent, which are properties more than 90 days past due or in foreclosure inventory.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases, and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) partially geocoded loans are included in the Total Loans and % Bank Loans Columns in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

Table 1. Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 1. Other Products - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

Table 2. Geographic Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 3. Geographic Distribution of Home Improvement Loans - See Table 2.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans - See Table 2.

Table 5. Geographic Distribution of Multifamily Loans - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 6. Geographic Distribution of Small Loans to Businesses - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

Table 7. Geographic Distribution of Small Loans to Farms - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

Table 8. Borrower Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.

Table 9. Borrower Distribution of Home Improvement Loans - See Table 8.

Table 10. Borrower Distribution of Refinance Loans - See Table 8.

Table 11. Borrower Distribution of Small Loans to Businesses - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

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

For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

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

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

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

Tables 6, 7, 11, and 12 are not applicable.

Table 1: Lending Volume

LENDING VOLUME		Geography: KANSAS CITY MSA						Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011				
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA [*]	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ^{**}		Total Reported Loans		% of Rated Area Deposits in MA/AA ^{***}
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Kansas City MA	100.00	1	159	0	0	0	0	0	0	1	159	100.00

^{*} Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

^{**} The evaluation period for Community Development Loans is from December 1, 2008 to September 9, 2013.

^{***} Deposit Data as of September 9, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1: Other Products

LENDING VOLUME		Geography: KANSAS CITY MSA						Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011						
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA [*]	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle **		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA ^{****}
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
Kansas City MA	100.00	21,500	4,483,978	0	0	0	0	0	0	2,386	2,386	0	0	100.00

^{*} Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

^{**} The evaluation period for Optional Product Line(s) is from July 1, 2008 to December 31, 2011.

^{****} Deposit Data as of September 9, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1: Other Products

LENDING VOLUME		Geography: KANSAS CITY MSA		Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011	
Assessment Area (2011):	Other Unsecured Consumer Loans [*]		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Kansas City MA	19,114	4,481,592	0	0	

^{*} The evaluation period for Optional Product Line(s) is from July 1, 2008 to December 31, 2011.

Table 2: Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: KANSAS CITY MSA						Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Kansas City MA	0	0.00	2.94	0.00	18.06	0.00	47.91	0.00	31.08	0.00	0.49	8.93	45.12	45.45

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Table 3: Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: KANSAS CITY MSA						Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Kansas City MA	0	0.00	2.94	0.00	18.06	0.00	47.91	0.00	31.08	0.00	1.83	12.76	47.45	37.96

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Table 4: Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: KANSAS CITY MSA				Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011					Aggregate HMDA Lending (%) by Tract Income			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans				
Full Review:														
Kansas City MA	1	100.00	2.94	0.00	18.06	0.00	47.91	100.00	31.08	0.00	0.42	6.00	39.42	54.16

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Table 5: Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: KANSAS CITY MSA						Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% Total**	% MF Units***	% BANK Loans***	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Kansas City MA	0	0.00	7.16	0.00	28.18	0.00	45.97	0.00	18.69	0.00	5.10	32.48	47.13	15.29

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2000 Census information.

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE				Geography: KANSAS CITY MSA				Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [*]			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ¹	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp
Full Review:														
Kansas City MA	0	0.00	18.55	0.00	18.98	0.00	23.75	0.00	38.72	0.00	16.01	26.26	25.06	32.66

^{*} Based on 2011 Peer Mortgage Data (USPR)

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

^{***} Percentage of Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

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

Table 9: Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: KANSAS CITY MSA				Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [*]			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ²	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp
Full Review:														
Kansas City MA	0	0.00	18.55	0.00	18.98	0.00	23.75	0.00	38.72	0.00	11.51	20.48	24.40	43.61

^{*} Based on 2011 Peer Mortgage Data (USPR)

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

^{***} Percentage of Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

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

Table 10: Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: KANSAS CITY MSA				Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *			
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ³	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Kansas City MA	1	100.00	18.55	0.00	18.98	0.00	23.75	100.00	38.72	0.00	7.25	17.40	26.72	48.63

* Based on 2011 Peer Mortgage Data (USPR)

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 13: Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: KANSAS CITY MSA										Evaluation Period: JULY 1, 2008 TO DECEMBER 31, 2011							
Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	
Full Review:																			
Kansas City MA	21,500	100.00	4.58	9.32	22.11	38.33	47.52	44.67	25.78	7.63	20.99	60.41	17.63	8.15	20.36	2.20	41.02	29.23	

* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.
 ** Percentage of households is based on 2000 Census information.

Table 14: Qualified Investments

QUALIFIED INVESTMENTS		Geography: KANSAS CITY MSA				Evaluation Period: DECEMBER 1, 2008 TO SEPTEMBER 9, 2013			
Assessment Area:	Prior Period Investments [*]		Current Period Investments		Total Investments			Unfunded Commitments ^{**}	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Kansas City MA	0	0	79	1,951	79	1,951	0.00	0	0

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

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

Table 15: Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: KANSAS CITY MSA Evaluation Period: DECEMBER 30, 2008 TO SEPTEMBER 9, 2013																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Kansas City MA	100.00	1	100.00	100.00	0.00	0.00	0.00	0	0	0	0	0	0	7.83	22.77	38.42	30.97