



PUBLIC DISCLOSURE

July 29, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Argentine Federal Savings
Charter Number 701735

3004 Strong Avenue
Kansas City, KS 66106

Office of the Comptroller of the Currency
7101 College Blvd., 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

Institution’s CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding.

The Lending Test rating is based on Argentine Federal Savings’ (AFS or bank) performance in the state of Kansas.

The major factors that support this rating include:

- Excellent dispersion of loans across geographies of different income levels.
- Excellent penetration of loans to individuals of different income levels.
- More than reasonable loan-to-deposit (LTD) ratio.
- Majority of bank loans by both number and dollar were originated inside the bank’s assessment areas (AAs).

Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and credit needs of the AA, the bank’s loan-to-deposit ratio is more than reasonable. AFS’s quarterly average LTD ratio from March 31, 2015 through March 31, 2020 is 89.9 percent. The quarterly average LTD ratio for similarly situated financial institutions for the same period is 69.6 percent. The highest average peer ratio is 106.8 percent, and the lowest is 35.7 percent. AFS ranked fourth in asset size out of six similarly situated financial institutions. These financial institutions ranged from \$47.2 million to \$128.9 million in assets with an average asset size of \$81.2 million.

Lending in Assessment Area

A majority of the bank’s loans are inside its AAs. The bank originated and purchased 75 percent of its total loans inside the bank’s AA 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.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	45	75	15	25	60	3,604	76.7	1,098	23.3	4,702
Total	45	75	15	25	60	3,604	76.7	1,098	23.3	4,702

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

Description of Institution

AFS is a \$56.3 million federal savings bank headquartered in Kansas City, Kansas. The bank has one AA consisting of Johnson and Wyandotte Counties in Kansas (a part of the Kansas City MO-KS MMSA). AFS operates one bank location in each of the AA's counties, and one non-deposit taking ATM in Johnson County, Kansas. The bank is not a subsidiary of a holding company.

AFS offers a full range of deposit and loan products and services, although AFS focuses on home mortgage lending as its primary strategy. As of December 31, 2019, the bank's total loans of \$34.9 million represent 62 percent of total assets. The loan portfolio by dollar volume comprises 99.4 percent 1-4 family residential real estate loans, and 0.6 percent consumer loans. As of June 30, 2019, AFS had \$47 million in total deposits representing 83.4 percent of total assets. AFS has \$7.6 million in tier 1 capital.

AFS has no financial or legal factors impeding the ability to help meet the credit needs of its AA. The bank was rated outstanding at its last Community Reinvestment Act (CRA) examination dated March 23, 2015. Since the last CRA examination, AFS has not added, moved, or closed any branches.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The OCC used the Small Bank performance criteria, which consists only of a Lending Test. The Lending Test evaluates AFS's record of meeting the credit needs of its AA through its lending activities. The evaluation period is January 1, 2017 through December 31, 2019. Conclusions were based on the bank's home mortgage lending as the primary product by number and by dollar volume. We sampled 60 home mortgage loans originated or purchased in AFS's AA during the evaluation period to assess the bank's performance under the Lending Test.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AAs within that state were 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.

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 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 Kansas¹: Outstanding

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- Excellent dispersion of loans across geographies of different income levels.
- Excellent penetration of loans to individuals of different income levels.
- More than reasonable loan-to-deposit (LTD) ratio.
- Majority of bank loans by both number and dollar were originated inside the bank's assessment areas (AAs).

Description of Institution's Operations in Kansas

The AA consists of 200 CTs and encompasses all of Johnson County and Wyandotte County. Both counties are part of the Kansas City, MO-KS MMSA. AFS operates two branches in this AA with one branch located in each county. The AA consists of 29 low-income tracts, 33 moderate-income tracts, 53 middle-income tracts, 74 upper-income tracts, and 11 tracts without income information available. Demographic data shows the 2017-2019 Median Family Income is \$72,623. The AA has 9.6 percent of households below poverty level and 7 percent of families below the poverty level.

AFS' primary product for the AA is home mortgage loans by both dollar and by number. As of June 30, 2019, deposits are split almost evenly between the bank's two locations with total deposits of \$47 million. AFS ranks 44th out of 65 financial institutions in the AA, with 0.2 percent of the market share. Competition is strong with 64 other institutions. The bank's primary competitors are several local community banks, including First Federal Bank of Kansas City, Stanley Bank, First Federal Savings and Loan Bank, Bank of Prairie Village, and branches of large regional institutions, such as Capitol Federal Savings and Security Bank.

Primary business activities within the AA are centered in education, construction, clothing manufacturing, healthcare, and local government. Major employers in the AA are local governments, University of Kansas Medical Center, Synergy Group, T-Mobile, YRC, Cerner, General Motors, local school districts, and Black & Veatch. Johnson and Wyandotte Counties have large residential populations with residents commuting extensively in Kansas City. The June 2020 unemployment rate in the AA was 6.8 percent for Johnson County and 10.3 percent for Wyandotte County, compared to the state of Kansas unemployment rate of 7.6 percent and national unemployment rate of 11.1 percent.

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

We relied on two community contacts made during the evaluation period, a local housing agency in Johnson County and an economic development agency in Wyandotte County. The Johnson County contact stated that economic conditions were stable and that banks could do more to assist low-income families and to help with affordable housing. The Wyandotte County contact stated that unemployment was low, but household income was decreasing and that there are barriers for lower-income people, including affordable housing, and transportation. Primary credit needs identified included small business and affordable home mortgage loans, lower rental costs, and more low-income housing tax credits.

JOHNSON COUNTY-WYANDOTTE COUNTY AA (JOCO-WYCO AA)

Table A – Demographic Information of the Assessment Area						
Assessment Area: JOCO-WYCO AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	200	14.5	16.5	26.5	37.0	5.5
Population by Geography	727,620	8.5	14.4	29.9	47.0	0.2
Housing Units by Geography	298,142	9.4	14.6	31.7	44.0	0.2
Owner-Occupied Units by Geography	187,321	5.1	10.7	30.2	53.8	0.1
Occupied Rental Units by Geography	91,284	15.4	21.1	35.1	28.1	0.2
Vacant Units by Geography	19,537	23.2	21.8	29.4	24.1	1.5
Businesses by Geography	58,350	5.1	10.1	26.4	54.6	3.8
Farms by Geography	1,344	2.8	11.2	31.0	54.2	0.7
Family Distribution by Income Level	187,005	17.2	15.3	19.1	48.3	0.0
Household Distribution by Income Level	278,605	19.3	14.9	17.1	48.7	0.0
Median Family Income MSA - 28140 Kansas City, MO-KS MSA		\$72,623	Median Housing Value			\$198,505
			Median Gross Rent			\$919
			Families Below Poverty Level			7.0%

*Source: 2015 ACS and 2019 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.*

Scope of Evaluation in Kansas

We conducted a full-scope review of the bank’s only AA, which includes the entire counties of Johnson and Wyandotte in Kansas. There are no limited-scope areas. Since both counties are located within the Kansas City, KS-MO MMSA, they were combined for purposes of this evaluation. Refer to Appendix A for more information.

Lending Test

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the JOCO-WYCO AA is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans within 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.

The distribution of home mortgage loans in the AA demonstrates excellent dispersion. The OCC's review of the sample of home mortgage loans shows AFS originated 13.3 percent of loans in low-income census tracts, significantly exceeding both the percentage of owner-occupied housing units and the aggregate industry distribution of loans within these geographies. AFS originated 42.2 percent of its loans in moderate-income census tracts, significantly exceeding demographics and the aggregate industry distribution of loans in these geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels, 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 and purchases.

The borrower distribution of home mortgage loans in the bank's AA demonstrates excellent penetration. The OCC's review of the sample of home mortgage loans shows that AFS significantly exceeded both the percentage of low- and moderate-income families and the aggregate industry distribution of loans for these borrowers, respectively, in the AA.

Responses to Complaints

AFS did not receive any written complaints relating to its CRA performance during the evaluation period.

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 MSAs and non-MSAs 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:	January 1, 2017 – December 31, 2019	
Bank Products Reviewed:	Home mortgage	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Kansas		
Johnson County-Wyandotte County AA (JOCO-WYCO AA)	Full-Scope	All census tracts in Johnson and Wyandotte Counties, Kansas (both are part of the Kansas City MMSA)

Appendix B: Summary of MMSA and State Ratings

RATINGS - ARGENTINE FEDERAL SAVINGS BANK	
Overall Bank:	Lending Test Rating
Argentine Federal Savings Bank	Outstanding
State:	
Kansas	Outstanding

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 (MSA): 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 MMSA, 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/AA. Deposit data is compiled by the FDIC and available as of June 30th 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 O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2017-19
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	
JOCO-WYCO AA	45	3,604	75	32,461	5.1	13.3	1.9	10.7	42.2	7.9	30.2	26.7	29.4	53.8	17.8	60.8	0.1	0.0	0.0	
Total	45	3,604	75	32,461	5.1	13.3	1.9	10.7	42.2	7.9	30.2	26.7	29.4	53.8	17.8	60.8	0.1	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2017-19
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	
JOCO-WYCO AA	45	3,604	75	32,461	17.2	28.9	5.7	15.3	17.8	15.1	19.1	13.3	21.1	48.3	40.0	46.3	0.0	0.0	11.8	
Total	45	3,604	75	32,461	17.2	28.9	5.7	15.3	17.8	15.1	19.1	13.3	21.1	48.3	40.0	46.3	0.0	0.0	11.8	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*