

Community Reinvestment Act (CRA) Public File Information

At Ford County State Bank, we strive to positively impact our local communities. We are committed to meeting the financial needs of these communities, including all low and moderate income and minority areas within our footprint. Ford County State Bank is pleased to provide information for public inspection under the Community Reinvestment Act (CRA).

Public Information Available for Inspection

In compliance with CRA requirements, the following information must be maintained in the public file, current as of April 1 of each year, and may be updated periodically.

CRA Performance Evaluation

See Attached

Written Comments

All written comments received from the public for the current year and each of the prior two calendar years relating specifically to the bank's performance in helping to meet community credit needs and response to the comments by the bank.

None

Branch and ATM Information

A list of the bank's branches, ATM's, their street addresses, and geographies, including hours of operation.

Main Bank (M-F 8-4), 322 Main Street, Spearville, KS 67876. ATM (24/7/365) (around-the-clock service) located at Main Bank, 322 Main Street, Spearville, KS 67876. Branches-None

Opened and Closed Branches and ATMs

None

List of Products, Services, and Fees

See Attached

Assessment Areas

A map of the bank's assessment area showing the boundaries of the area and identifying the geographies contained within the area.

See Attached

HMDA Notice

Not Applicable

Public Notice

See Attached

PUBLIC DISCLOSURE

October 7, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ford County State Bank
Certificate Number: 12139

322 North Main Street
Spearville, Kansas 67876

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. An institution in this category has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Ford County State Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or illegal credit practices. The following points summarize the Lending Test performance.

- The loan-to-deposit (LTD) ratio is reasonable considering the institution's size, financial condition, and credit needs of the assessment area.
- Overall, the institution made a majority of its loans within the assessment area.
- The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The bank did not receive any CRA-related complaints since the previous examination; therefore, this factor did not affect the rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 4, 2013, to the current evaluation dated October 7, 2019. Examiners used Interagency Small Institution Examination Procedures to evaluate Ford County State Bank's CRA performance. These procedures consist of a Lending Test that considers an institution's CRA performance according to the following criteria.

- LTD ratio
- Assessment area concentration
- Borrower profile
- Geographic distribution
- Response to CRA-related complaints

Loan Products Reviewed

Examiners determined that the bank's major product lines are agricultural and commercial loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Management confirmed agricultural lending is the bank's primary lending focus and represents the largest component of the loan portfolio. Therefore, small farm loans received the most weight in the overall conclusions for this evaluation. Other loan types, such as home mortgage and consumer loans, do not represent major product lines and were not evaluated. The number and dollar volume of loans are presented for each lending category reviewed. However, examiners emphasized performance by number of loans, as it is a better indicator of the number of farms and businesses served.

Examiner review focused on small farm and small business loans originated, extended, or renewed during 2018, since management confirmed loan activity during this timeframe is reflective of the entire evaluation period. In 2018, the bank originated 224 small farm loans totaling \$13.5 million and 195 small business loans totaling \$11.6 million. Examiners evaluated all of the 2018 small farm and small business loans for the Assessment Area Concentration criterion. The review for the Geographic Distribution criterion evaluated the 2018 small farm (181 loans totaling \$9.6 million) and small business (92 loans totaling \$2.9 million) loans located within the assessment area; however, due to the limited availability of gross revenue information, a sample of 51 small farm loans totaling \$2.7 million and 41 small business loans totaling \$1.5 million were reviewed for the Borrower Profile criterion. D&B data for 2018 was used as a standard of comparison for the analysis.

DESCRIPTION OF INSTITUTION

Background

Ford County State Bank is a full-service community bank headquartered in Spearville, Kansas. The city of Spearville is located in northeast Ford County in southwest Kansas. The bank does not operate under a holding company structure. The institution received a Satisfactory rating at

its previous FDIC Performance Evaluation dated November 4, 2013, using Interagency Small Institution Examination Procedures.

Operations

Ford County State Bank operates from its sole location in Spearville. The bank has not opened or closed any branches since the previous evaluation. Further, the bank has not had any merger or acquisition activity since the previous evaluation.

The institution offers traditional loan products, including agricultural, commercial, and consumer loans, primarily focusing on agricultural lending. Home mortgage lending is limited to business purpose loans. Loan offerings include Farm Service Agency Guaranteed Loans. The bank provides a variety of deposit services including checking, savings, and certificates of deposit. Alternative banking services include internet banking and electronic bill pay.

Ability and Capacity

As of June 30, 2019, bank assets totaled \$39.6 million and included total loans of \$28.3 million. The following table illustrates the loan portfolio composition as of June 30, 2019.

Loan Portfolio Distribution as of June 30, 2019		
Loan Category	\$(000s)	%
Construction and Land Development	0	0.0
Secured by Farmland	5,770	20.4
Secured by 1-4 Family Residential Properties	1,226	4.3
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	2,082	7.4
Total Real Estate Loans	9,078	32.1
Commercial and Industrial Loans	7,347	26.0
Agricultural Loans	11,188	39.5
Consumer Loans	323	1.1
Other Loans	361	1.3
Less: Unearned Income	0	0.0
Total Loans	28,297	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Ford County State Bank has designated one assessment area comprised of Ford County, which is classified as a nonmetropolitan area of Kansas. The bank’s assessment area has not changed since the prior evaluation. The following sections discuss demographic and economic information for the bank’s assessment area.

Economic and Demographic Data

The assessment area consists of seven census tracts; one upper-income tract, five middle-income tracts, and one moderate-income tract based on 2015 American Census Survey (ACS) data. The bank’s office is located in the assessment area’s upper-income tract. The following table illustrates select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	7	0.0	14.3	71.4	14.3
Population by Geography	34,714	0.0	13.3	80.9	5.8
Housing Units by Geography	12,081	0.0	12.7	80.2	7.1
Owner-Occupied Units by Geography	6,859	0.0	9.3	81.5	9.2
Occupied Rental Units by Geography	4,346	0.0	17.3	79.0	3.6
Vacant Units by Geography	876	0.0	15.8	76.3	8.0
Businesses by Geography	1,536	0.0	22.8	70.8	6.4
Farms by Geography	182	0.0	3.8	63.7	32.4
Family Distribution by Income Level	8,262	24.8	16.4	19.0	39.8
Household Distribution by Income Level	11,205	19.9	16.4	16.6	47.1
Median Family Income Nonmetropolitan KS	\$56,877	Median Housing Value			\$105,813
Families Below Poverty Level	14.7%	Median Gross Rent			\$636

Source: 2015 ACS Census; 2018 D&B Data. Due to rounding, totals may not equal 100.0

Of the 1,718 businesses and farms within the assessment area, service industries represent the largest portion of businesses at 36.9 percent, followed by retail trade (16.1 percent), agriculture (10.6 percent), and financial (7.7 percent). In addition, 61.5 percent of businesses have four or fewer employees, and 78.1 percent operate from a single location.

According to the Kansas Department of Labor, Ford County’s unemployment rate was the same in August 2018 as it is in August 2019 at 2.7 percent. As a comparison, the unemployment rate for the State of Kansas decreased slightly from 3.5 percent in August 2018 to 3.4 percent in August 2019.

Competition

Ford County State Bank has direct competition from one other financial institution in the community of Spearville. According to the FDIC Deposit Market Share data, as of June 30, 2019, there are 10 FDIC-insured institutions operating 14 offices in the assessment area. Based on the assessment area population, this equates to 1 bank office for every 2,480 people. Ford County State Bank ranked seventh with a 5.8 percent deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share report, the bank also faces competition from other lenders, such as credit unions and farm implement dealers.

Community Contact

In conjunction with CRA evaluations, examiners contact third parties who are active in the local community to help gain insight into the area economy, demographic trends, business and agricultural environment, and credit needs of the community. This section includes recent observations made by a representative of a governmental entity located in the assessment area.

The contact noted that the local economy revolves around agriculture and farming operations in the area; and that the agricultural economy is relatively stable, but not in as good shape as 2 or 3 years ago. The contact indicated the primary farming operations in the area involve the growing of wheat, milo, and corn, and cattle production. The contact added that wind turbines also help boost the economy and provide additional income for some farmers. According to the contact, the primary credit need in the community is lending for agricultural products and services.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Ford County State Bank demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, and Geographic Distribution performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average net LTD ratio over the 23 quarters since the previous CRA evaluation is 71.0 percent. During this period, the bank experienced an overall 43.4 percent increase in net loans and a 14.5 percent decrease in deposits. During this same period, the quarterly LTD ratio ranged from a low of 49.0 percent on December 31, 2013 to a high of 83.3 percent on September 30, 2016. The current June 30, 2019 quarterly LTD ratio is 82.2 percent.

The bank's average net LTD ratio is comparable to the ratios of similarly-situated institutions, which were chosen based on their asset size, geographic location, and lending focus. This comparison shows Ford County State Bank has an average LTD ratio that is within the range of ratios of the other banks, demonstrating reasonable lending activity.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2019 (\$000s)	Average Net LTD Ratio (%)
Ford County State Bank, Spearville, Kansas	39,628	71.0
The Farmers State Bank of Bucklin, Kansas, Bucklin, Kansas	44,259	56.2
The First National Bank of Spearville, Spearville, Kansas	37,634	73.7
The Haviland State Bank, Haviland, Kansas	39,224	76.7

Source: Reports of Condition and Income 12/31/13 through 06/30/19

Assessment Area Concentration

Overall, the institution made a majority of its loans within the assessment area. A majority of small farm loans were made within the assessment area; however, the number of small business loans originated within the assessment area was less than a majority. It is noted that several small business loan borrowers have multiple loans including one borrower with 59 loans originated outside the assessment area. In addition, a majority of the total small business loan borrowers (55 of the 75 borrowers or 73.3 percent) are located within the bank’s assessment area. In addition, as previously mentioned, more emphasis is placed on the small farm lending performance.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	181	80.8	43	19.2	224	9,569	71.1	3,883	28.9	13,452
Small Business	92	47.2	103	52.8	195	2,924	25.3	8,642	74.7	11,566

Source: 2018 Bank Data

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different revenue sizes. The bank’s excellent lending performance in small farm and small business lending supports this conclusion. Examiners focused on the percentage by number of small farm and small business loans to those with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different revenue sizes. In 2018, all small farm loans originated in the assessment area were to farms with gross annual revenues of \$1 million dollars or less.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different revenue sizes. In 2018, all small business loans originated in the assessment area were to businesses with gross annual revenues of \$1 million dollars or less.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion, indicating the bank’s willingness to extend loans throughout the assessment area. The bank’s reasonable small farm lending performance supports this conclusion. Examiners focused on the percentage by number of loans in the moderate-income census tract with greater consideration placed on small farm performance.

Small Farm

In 2018, the bank did not make any small farm loans in the one moderate-income census tract in the assessment area. The sole moderate-income tract is located in the city of Dodge City and

D&B data indicates only 7 farms make up the 3.8 percent of farms located in the tract. There would not be high expectation that the bank would penetrate this tract with so few farms. Therefore, the geographic distribution of reported small farm loans reflects reasonable dispersion.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	3.8	0	0.0	0	0.0
Middle	63.7	18	9.9	1,113	11.6
Upper	32.4	163	90.1	8,456	88.4
Total	100.0	181	100.0	9,569	100.0

Source: 2018 D&B Data; 2018 Bank Data. Due to rounding, totals may not equal 100.0

Small Business Loans

The geographic distribution of reported small business loans reflects poor dispersion. The bank’s performance in the moderate-income census tract significantly trails demographic data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	22.8	5	5.4	147	5.0
Middle	70.8	60	65.2	1,952	66.7
Upper	6.4	27	29.4	825	28.2
Total	100.0	92	100.0	2,924	100.0

Source: 2018 D&B Data; 2018 Bank Data. Due to rounding, totals may not equal 100.0

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

FORD COUNTY STATE BANK LIST OF SERVICES UPDATED 1-2-2024

Checking account
Now Checking account
Money market checking account
Savings account
Checking, Now, and Money market Paper or E-Statements Itemized with Images
Savings Paper or E-Statements Itemized Quarterly Statements
Certificates of Deposit, various terms, and rates
Individual Retirement Account Certificates of Deposit 12 or 24 months
Wide variety of banking services available by phone
Bank Drafts
ACH credit and debit
Savings Bond Redemption
Photocopies
Fax
Wire Transfers domestic and foreign
Credit Bureau Reporting
Foreign currency exchange or purchase
Change orders and coin exchange
Safe Deposit Boxes
Consumer/Commercial/Agricultural/Rental Property wide variety of loan services
Guaranteed loans – SBA, FmHA
IRS 1099 and 1098 year end notices
All loans year end interest paid statement
Notary Services
Debit Cards
Internet Banking
Bill Pay
ATM
Mobile Deposit Capture

FORD COUNTY STATE BANK
322 MAIN STREET – P O BOX 96
SPEARVILLE, KANSAS
620-385-2616

FEEES: Including but not limited to the following, fees may be assessed for services rendered

\$20.00 fee for each stop payment request

\$20.00 return item fee, per item "a return item fee applies to item returns created by check, in-person withdrawal, representment, or other electronic means," as applicable: excluding ATM withdrawals or one time debit card transactions.

\$20.00 overdraft fee, per item "an overdraft fee applies to overdrafts created by check, in-person withdrawal, representment, or other electronic means," as applicable: excluding ATM withdrawals or one time debit card transactions.

\$ 8.00 fee for each deposited check returned NSF

\$ 5.00 fee for monthly account maintenance

\$10.00 fee for check collection

\$15.00 fee per hour for research/reconciliation plus \$1.00 per page for any statement reproduction

\$30.00 fee for each domestic outgoing or incoming wire transfer

\$60.00 fee for each international outgoing or incoming wire transfer

\$ 1.00 fee for current month statement, without items

\$ 1.50 fee for current month statement, without items, to be mailed or faxed

\$ 5.00 fee for any prior month statement, without items

\$ 5.00 fee for bank draft

Online Bill Pay Fee: \$10.00 Same Day Electronic Delivery

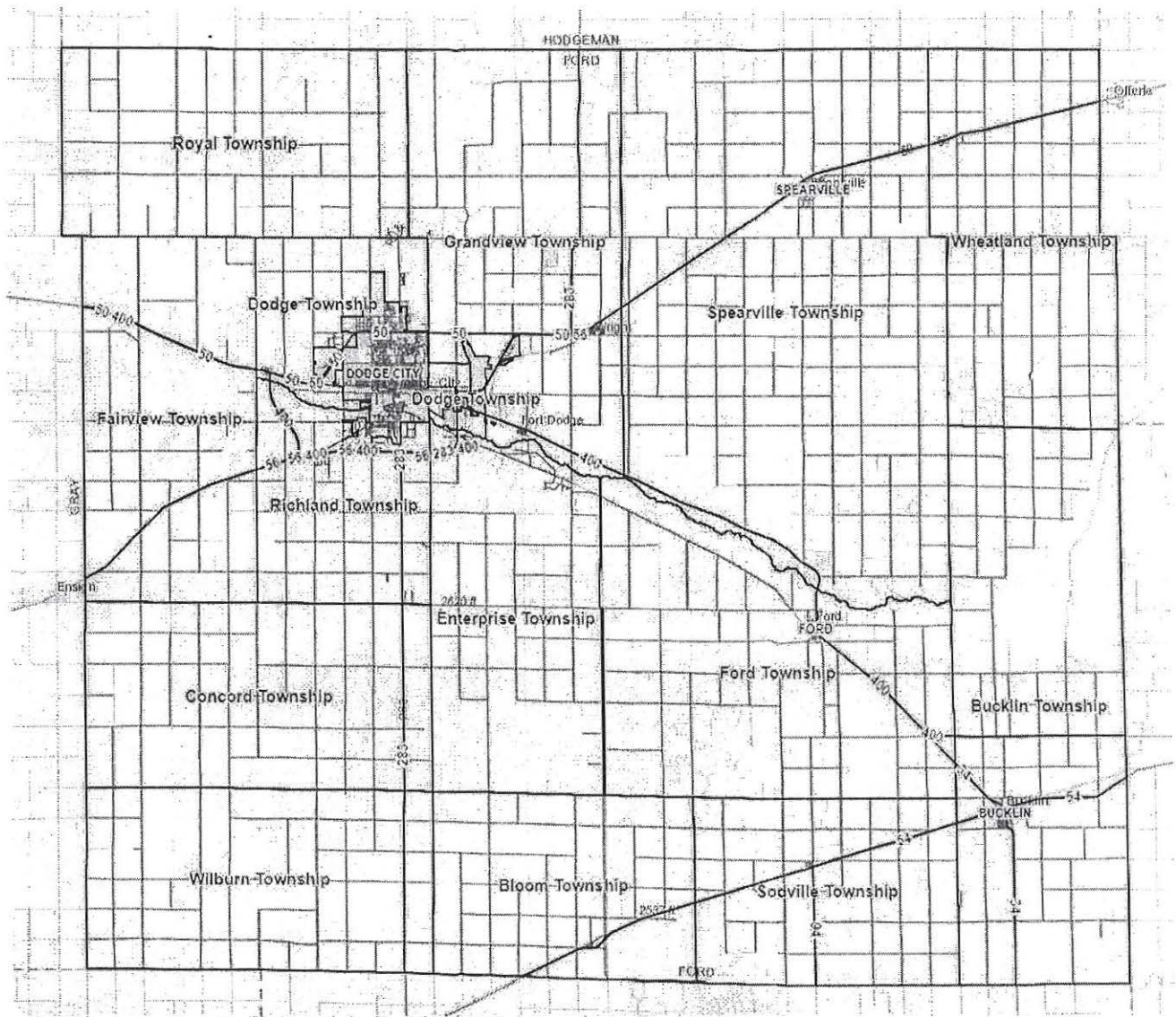
Online Bill Pay Fee: \$30.00 Overnight Paper Check Delivery

Fee for check printing will vary depending on style selected

Notary Services no fee

Photocopies 25 cents per page

Fax Fee \$1.00 per page



FORD COUNTY, KANSAS

COMMUNITY REINVESTMENT ACT NOTICE

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, the public section of our most recent CRA Performance Evaluation, prepared by the FDIC and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the FDIC Regional Director, Division of Depositor and Consumer Protection, 1100 Walnut Street, Suite 2100, Kansas City, MO 64106. You may send written comments about our performance in helping to meet community credit needs to Ford County State Bank, Michael Hitz, Pres., 322 Main Street, Spearville, KS 67876 and FDIC Regional Director. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comment received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC.