

## Community Reinvestment Act

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, information about our branches, such as their location and services provided at them; 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 Regional Director, Federal Deposit Insurance Corporation, 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 Jordan Lauer, President, 307 Main St, PO Box 330, Westmoreland, KS 66549 and FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at [www.fdic.gov/regulations/cra](http://www.fdic.gov/regulations/cra). 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 comments 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.

# **The Farmers State Bank of Westmoreland**

## **CRA Statement**

That the Farmers State Bank of Westmoreland/Manhattan/Onaga will conform to the Community Reinvestment Act and that the bank will do its best to promote the communities of Westmoreland/Manhattan/Onaga and the surrounding area.

The Farmers State Bank Community Reinvestment Act Mission Statement:

This bank should strive to serve the local area with the best possible banking service to include reasonable cost checking accounts, loans and to personally help people financially where possible. We should also make sure we do our best to attract added business to the communities we serve and to help keep the businesses that we currently have. Our lending philosophy is to say yes to loans unless there is a compelling reason why we should say no.

Setting goals/quotas to increase either bank totals or loans is not essential, but rather the bank should give good service, be pleasant to our customers and friends and this will bring new customers to bank with us.

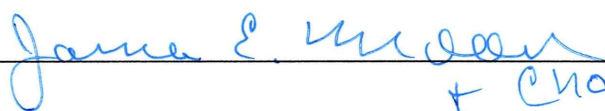
**YEAR-TO-DATE DISCLOSURE STATEMENT  
As of December 31, 2023**

The Farmers State Bank of Westmoreland  
307 Main Street  
Westmoreland, KS 66549  
785-457-3316

Notice and Availability

The annual disclosure statement may be obtained  
upon request.

I, the undersigned officer, attest to the correctness of this statement and declare that it has been examined by me and to the best of my knowledge and belief has been prepared in accordance with instructions issued by the appropriate Federal regulatory authority and is true and correct.

 *James E. McLean* President  
+ Chairman of Board

This statement has not been reviewed, or confirmed for accuracy or relevancy,  
by the Federal Deposit Insurance Corporation or any other regulatory agency.

**CONSOLIDATED REPORT OF CONDITION**  
For December 31, 2023

	Dollar Amounts in Thousands	Current Year	Prior Year
<b>Assets</b>			
Cash and balances due from depository institutions:			
Noninterest-bearing balances and currency and coin.....		3,117	4,059
Interest-bearing balances.....		3,675	5,850
Securities:			
Held-to-maturity securities.....		1,705	705
Available-for-sale securities.....		64,799	67,256
Federal funds sold and securities purchased under agreements to resell.....		434	3,943
Loans and lease financing receivables:			
Loans and leases held for sale.....		307	450
Loans and leases held for investment.....	146,671		137,251
LESS: Allowance for loan and lease losses.....	2,810		2,403
Loans and leases allowance.....		143,861	134,848
Trading assets.....		0	0
Premises and fixed assets (including capitalized leases).....		2,743	2,880
Other real estate owned.....		0	0
Investments in unconsolidated subsidiaries and associated companies.....		3	3
Direct and indirect investments in real estate ventures		12	0
Intangible assets:.....		48	105
Other assets.....		5,737	4,625
Total assets.....		226,441	224,724
<b>Liabilities</b>			
Deposits In domestic offices.....			
Noninterest-bearing.....	35,533	190,718	202,170
Interest-bearing.....	155,185		39,147
			163,023
Federal funds purchased and securities sold under agreements to repurchase.....		0	0
Trading liabilities.....		0	0
Other borrowed money.....		10,825	0
Subordinated notes and debentures.....		0	0
Other liabilities.....		235	107
Total liabilities.....		201,778	202,277
<b>Equity Capital</b>			
Perpetual preferred stock and related surplus.....		0	0
Common stock.....		94	94
Surplus.....		377	377
Retained earnings.....		31,680	31,211
Accumulated other comprehensive income.....		-7,488	-9,235
Other equity capital components.....		0	0
Total bank equity capital.....		24,663	22,447
Noncontrolling (minority) interests in consolidated subsidiaries.....		0	0
Total equity capital.....		24,663	22,447
Total liabilities and equity capital.....		226,441	224,724

**CONSOLIDATED REPORT OF INCOME**  
For December 31, 2023

	Dollar Amounts in Thousands	Current Year	Prior Year
<b>Interest income:</b>			
Interest and fee income on loans.....		7,586	6,227
Income from lease financing receivables.....		11	15
Interest income on balances due from depository institutions.....		117	180
<b>Interest and dividend income on securities:</b>			
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).....		285	247
Mortgage-backed securities.....		0	0
All other securities.....		1,528	1,374
Total interest and dividend income on securities.....		1,813	1,621
Interest income on federal funds sold and securities purchased under agreements to resell.....		103	206
Other interest income.....		125	117
Total interest income.....		9,755	8,366
<b>Interest expense:</b>			
<b>Interest on deposits:</b>			
<b>Transaction accounts:</b>			
NOW, ATS, and telephone and preauthorized transfer accounts..		968	401
<b>Nontransaction accounts:</b>			
Savings deposits, including money market deposit accounts.....		1,902	686
Time deposits of \$250,000 or less.....		1,048	486
Time deposits of more than \$250,000.....		217	85
Expense of federal funds purchased and securities sold under agreements to repurchase.....		131	0
Interest on trading liabilities and other borrowed money.....		20	0
Total interest expense.....		4,286	1,658
Net interest income.....		5,469	6,708
Provision for loan and lease losses.....		0	0
<b>Noninterest income:</b>			
Income from fiduciary activities.....		0	0
Service charges on deposit accounts.....		153	156
Fees and commissions from securities brokerage, investment banking, advisory and underwriting activities.....		0	0
Income from insurance activities.....		3	0
Net servicing fees.....		0	0
Net gains (losses) on sales of loans.....		31	94
Net gains (losses) on sales of other real estate owned.....		-19	91
Net gains (losses) on sales of other assets (excluding securities).....		0	0
Other noninterest income.....		493	453
Total noninterest income.....		661	795
Realized gains (losses) on held-to-maturity securities.....		0	0
Realized gains (losses) on available-for-sale securities.....		52	-56
<b>Noninterest expense:</b>			
Salaries and employee benefits.....		2,967	3,024
Expenses of premises and fixed assets (net of rental income) (excluding salaries, employee benefits and mortgage interest).....		440	556
Amortization expense and asset impairment losses.....		57	57
Other noninterest expense.....		1,602	1,659
Total noninterest expense.....		5,066	5,296
Income (loss) before applicable income taxes and discontinued operations.....		1,120	2,156
Applicable income taxes.....		67	375
Income (loss) before discontinued operations.....		1,053	1,781
Extraordinary items and other adjustments, net of income taxes.....		0	0
Net (income) attributable to bank and noncontrolling (minority) interests.....		1,053	1,781
LESS: Net income (loss) attributable to noncontrolling (minority) interests.....		0	0
Net income (loss).....		1,053	1,781

**CONSOLIDATED REPORT OF INCOME**

**For December 31, 2023**

Dollar Amounts in Thousands

	Current Year	Prior Year
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**MEMORANDA**

Income on tax-exempt loans and leases to states and political subdivisions in the U.S.....	11	15
Income on tax-exempt securities issued by states and political subdivisions in the U.S.....	342	447
Number of full-time equivalent employees at end of current period.....	36	36
Interest and fee income on loans to finance agricultural production and other loans to farmers <i>Completed by banks with \$300 million or more in total assets, and by banks with less than \$300 million in total assets, that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans.....</i>	1,542	1,037
Trading revenue (from cash instruments and derivative instruments):		
Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account		
Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.....	#REF!	0
Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option <i>Completed by banks that have elected to account for assets and liabilities under a fair value option.</i>		
Net gains (losses) on assets .....	0	0
Net gains (losses) on liabilities .....	0	0
Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.....	0	0

**CHANGES IN EQUITY CAPITAL**

Total equity capital originally reported at the end of the previous calendar year.....	22,447	30,806
Restatements due to corrections of material accounting errors and changes in accounting principals.....	-320	0
Balance end of previous calendar year as restated.....	22,127	30,806
Net Income (loss) for the calendar year-to-date.....	1,053	1,781
Sale, conversion, acquisition, or retirement of capital stock, net.....	0	0
Treasury stock transactions, net.....	0	0
Changes incident to business combinations, net.....	0	0
LESS:Cash dividends declared on preferred stock.....	0	0
LESS:Cash dividends declared on common stock.....	264	377
Other comprehensive income.....	1,747	-9,763
Other transactions with parent holding company (not included above).....	0	0
Total equity capital end of current period.....	24,663	22,447

**CHANGES IN ALLOWANCE FOR FOR LOAN AND LEASE LOSSES**

Balance originally reported at the end of the previous calendar year.....	2,403	2,232
Recoveries.....	49	518
LESS: Charge-offs and write-downs.....	47	347
Provision for loan and lease losses.....	0	0
Adjustments.....	405	0
Balance at end of current period.....	2,810	2,403

**CONSOLIDATED REPORT OF INCOME**  
**For December 31, 2023**

Dollar Amounts in Thousands	Current Year		Prior Year	
	Past due 90 days or more still accruing	Nonaccrual	Past due 90 days or more still accruing	Nonaccrual
<b>PAST DUE AND NONACCRUAL LOANS, LEASES, AND OTHER ASSETS</b>				
Loans secured by real estate:				
Construction, land development and other land loans.....	0	0	610	0
Secured by farmland.....	0	1,698	138	1,698
Secured by 1-4 family residential properties.....	166	0	0	0
Secured by 5 or more unit multifamily residential loans.....	0	0	0	0
Secured by nonfarm nonresidential properties.....	0	0	0	0
Loans to depository institutions and acceptances of other banks.....	0	0	0	0
Commercial and industrial loans.....	0	0	0	0
Loans to individuals for household, family, and other personal expenditures:				
Credit cards.....	0	0	0	0
Automobile loans.....	0	0	20	0
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards).....	0	8	0	0
All other loans.....	0	440	0	230
Lease financing receivables.....	0	0	0	0
Debt securities and other assets				
(excludes other real estate owned and other repossessed assets)....	0	0	0	0

# **PUBLIC DISCLOSURE**

April 15, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Farmers State Bank of Westmoreland  
Certificate Number: 15164

307 Main Street  
Westmoreland, Kansas 66549

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 group has a satisfactory record of helping meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

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

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- The bank made a majority of its small farm, home mortgage, and small business loans inside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration of loans among farms of different revenue sizes, individuals of different income levels, and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.
- The institution informally offers small dollar loans to customers as an alternative to more costly options; however, this factor did not impact the rating.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated May 20, 2013, to the current evaluation dated April 15, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate The Farmers State Bank of Westmoreland's CRA performance. Interagency Small Institution Examination Procedures include the Lending Test, which considers the following criteria.

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

This evaluation does not include any lending activity performed by affiliates.

### **Loan Products Reviewed**

Examiners determined that the bank's major product lines are small farm, home mortgage, and small business. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. According to the December 31, 2018 Reports of Condition and Income, agricultural loans composed 39.5 percent of the portfolio, followed by home mortgage and commercial loans at 22.6 percent and 21.2 percent, respectively. The bank's record of originating small farm loans contributed more weight to overall conclusions as this is the bank's primary lending focus. No other loan types, such as consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

This evaluation analyzed all small farm loans originated or renewed in 2018 for Assessment Area Concentration and Geographic Distribution. In 2018, the bank originated 286 small farm loans totaling \$16.6 million. Examiners evaluated the Borrower Profile performance based on a sample of small farm loans originated within the designated assessment area. D&B data for 2018 provided a standard of comparison for the review of small farm loans.

This evaluation considers all home mortgage loans reported on the bank's 2017 and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For 2017, the bank reported 68 home mortgage loans totaling \$10.4 million. For 2018, the bank reported 94 home mortgage loans totaling \$13.0 million. The 2015 American Community Survey (ACS) data and 2017 HMDA aggregate data provided a standard of comparison for 2017 mortgage loans. The 2015 ACS data and demographic data provided a standard of comparison for 2018 mortgage loans. When HMDA aggregate data is available, examiners focus on the comparison to the aggregate data versus the demographic data.

In addition, examiners analyzed all small business loans originated or renewed in 2018 for Assessment Area Concentration and Geographic Distribution. In 2018, the bank originated 146 small business loans totaling \$7.5 million. The Borrower Profile performance is evaluated based

on a sample of small business loans originated within the designated assessment area. D&B data for 2018 provided the standard of comparison for the review of small business loans.

Examiners reviewed the number and dollar volume of small farm, home mortgage, and small business loans. While number and dollar value of loans are presented, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of farms, individuals, and businesses served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

The Farmers State Bank of Westmoreland is headquartered in Westmoreland, Kansas, and operates in the central Pottawatomie County. The bank has one subsidiary, the Farmers State Bank Real Estate Investment Subsidiary, which holds and oversees community investment properties. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated May 20, 2013, based on Interagency Small Institution Examination Procedures.

### **Operations**

The Farmers State Bank of Westmoreland operates from three locations within Pottawatomie County: Westmoreland, Manhattan, and Onaga. Each location is in a middle-income census tract. The Onaga branch was acquired in November 2014. No other branches have been opened or closed since the previous evaluation.

The Farmers State Bank of Westmoreland offers traditional loan products, including agricultural, home mortgage, commercial, and consumer loans. The bank's primary business focus is agricultural lending. The institution provides a variety of deposit services, including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and mobile banking and four non-deposit automated teller machines (ATMs). ATMs are located at the Manhattan and Onaga branches, with additional ATMs in the towns of Westmoreland and Onaga.

Although the bank does not have a formal small dollar loan program, the volume of small dollar loans (loans of \$2,500 or less, term of 90 days or more, and with an annual percentage rate of less than 36 percent) originated since the previous evaluation recognizes a credit need within the bank's assessment area. Since the prior evaluation, the bank originated 1,169 small dollar loans totaling \$1.8 million. Of the 1,169 loans, 93.4 percent (1,092 loans) were extended with an annual percentage rate below 20 percent, and 30.6 percent (358 loans) were made for an amount under \$1,000, indicating the bank's willingness to originate small and affordable loans. The bank's informal small dollar loan program helps serve the credit needs of the assessment area and received positive consideration; however, did not impact the overall CRA rating.

### **Ability and Capacity**

Assets totaled \$172.4 million as of December 31, 2018, and included total loans of \$124.0 million and total securities of \$28.2 million. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of December 31, 2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	16,475	13.3
Secured by Farmland	25,707	20.7
Secured by 1-4 Family Residential Properties	26,220	21.2
Secured by Multifamily (5 or more) Residential Properties	1,819	1.5
Secured by Nonfarm Nonresidential Properties	9,812	7.9
<b>Total Real Estate Loans</b>	<b>80,033</b>	<b>64.6</b>
Commercial and Industrial Loans	16,453	13.3
Agricultural Loans	23,294	18.8
Consumer Loans	4,005	3.2
Other Loans	184	0.2
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>123,969</b>	<b>100.0</b>

*Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0*

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

## **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. The Farmers State Bank of Westmoreland designated one assessment area consisting of portions of the Manhattan, Kansas, Metropolitan Statistical Area (MSA). The assessment area includes the entire County of Pottawatomie, as well as 11 census tracts in Riley County. Riley County is southwest and adjacent to Pottawatomie County. The following sections discuss demographic and economic information for the overall assessment area.

### **Economic and Demographic Data**

Based on 2015 ACS data, the assessment area includes two moderate-income, ten middle-income, and two upper-income census tracts, as well as one tract without an income designation. Both moderate-income census tracts are in Riley County. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information for the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	13.3	66.7	13.3	6.7
Population by Geography	83,999	0.0	9.4	72.4	14.9	3.2
Housing Units by Geography	34,267	0.0	9.6	73.3	15.6	1.5
Owner-Occupied Units by Geography	15,742	0.0	3.9	77.8	17.8	0.5
Occupied Rental Units by Geography	15,280	0.0	15.4	68.8	13.1	2.6
Vacant Units by Geography	3,245	0.0	10.0	72.4	16.2	1.4
Businesses by Geography	4,326	0.0	13.0	73.1	13.1	0.8
Farms by Geography	269	0.0	3.0	91.1	5.9	0.0
Family Distribution by Income Level	17,072	19.5	16.7	21.4	42.4	0.0
Household Distribution by Income Level	31,022	24.8	16.5	16.8	41.9	0.0
Median Family Income Manhattan, KS MSA		\$67,332	Median Housing Value			\$174,069
Families Below Poverty Level		6.6%	Median Gross Rent			\$841

*Source: 2015 ACS Census; 2018 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.*

Service industries represent the largest portion of businesses in the assessment area at 44.2 percent; followed by retail trade at 14.0 percent; and finance, insurance, and real estate at 9.5 percent. In addition, 63.3 percent of area businesses have four or fewer employees and 81.7 percent operate from a single location.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units throughout the assessment area. The Borrower Profile criterion compares the distribution of farms and businesses by gross annual revenue. Examiners use the Federal Financial Institutions Examination Council estimated median family income level to analyze home mortgage loans under the Borrower Profile criterion.

The following table presents the low-, moderate-, middle- and upper-income categories based on the 2017 and 2018 Federal Financial Institutions Examination Council-estimated median family incomes for the bank's assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$70,300)	<\$35,150	\$35,150 to <\$56,240	\$56,240 to <\$84,360	≥\$84,360
2018 (\$72,200)	<\$36,100	\$36,100 to <\$57,760	\$57,760 to <\$86,640	≥\$86,640

*Source: Federal Financial Institutions Examination Council*

Data obtained from the U.S. Bureau of Labor Statistics for January 2019 indicates the unemployment rates for Pottawatomie and Riley counties are 3.8 percent and 3.6 percent respectively. These rates are slightly above the statewide rate of 3.4 percent. The unemployment rates for Pottawatomie and Riley counties both increased by 0.8 percent since January 2018.

### **Competition**

The assessment area is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2018, 21 financial institutions operate 44 branches within Pottawatomie and Riley counties. Of these institutions, The Farmers State Bank of Westmoreland ranked 6<sup>th</sup> with 5.2 percent of the deposit market share.

The Farmers State Bank of Westmoreland is not required to collect or report small farm or small business loan data, and it has not elected to do so. However, aggregate data reflects a level of demand for small farm and small business loans in the assessment area. The 2017 Aggregate Data shows 15 lenders reporting 77 small farm loans originated or purchased and 43 lenders reporting 1,048 small business loans originated or purchased.

There is a significant level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to the 2017 Aggregate Data, 183 lenders reported 2,372 home mortgage loans originated or purchased. The Farmers State Bank of Westmoreland ranked 14<sup>th</sup> out of this group of lenders with a market share of 2.4 percent. The 3 most prominent home mortgage lenders accounted for 21.5 percent of total market share, indicating a wide dispersion of loans amongst the competition.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners contacted a representative of an economic development organization in the assessment area. The contact was knowledgeable of recent economic activity, and had perspectives on local businesses, trends in the community, and credit needs of the assessment area. The community contact stated that the economy in Pottawatomie County is doing well, with median income and population both increasing throughout the last few years. Riley County has not seen as much growth, due to a decline in the student and military population in the area. Additionally, the contact identified opportunities for small farm and small business loans, as well as a need for affordable housing due to lack of availability and poor condition of existing housing stock. The contact did not identify any positive or negative trends in the local agricultural economy during the interview. Further, the contact indicated local banks are heavily involved in the community and are responsive to credit and community needs.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm, home mortgage, and small business lending represent the credit needs for this assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Farmers State Bank of Westmoreland demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile performance primarily supports this conclusion.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs. The bank's loan-to-deposit ratio averaged 76.7 percent over the past 23 calendar quarters from June 30, 2013, to December 31, 2018. The ratio ranged from a low of 65.0 percent as of March 31, 2015, to a high of 85.9 percent as of September 30, 2018. The ratio varied throughout the evaluation period, but generally trended upwards after the low in March 2015. The Farmers State Bank of Westmoreland maintained a ratio that was similar to a comparable bank, as shown in the following table. Examiners selected the comparable bank based on its asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2018 (S000s)	Average Net Loan-to- Deposit Ratio (%)
<b>The Farmers State Bank of Westmoreland</b>	<b>172,355</b>	<b>76.7</b>
Kaw Valley State Bank and Trust Company	174,023	69.8

*Source: Reports of Condition and Income*

### Assessment Area Concentration

As shown in the following table, the bank originated a majority of small farm, home mortgage, and small business loans, by number and dollar volume, within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Farm	255	89.2	31	10.8	286	13,783	83.2	2,792	16.8	16,575
2017 Home Mortgage	56	82.4	12	17.6	68	8,725	83.8	1,684	16.2	10,409
2018 Home Mortgage	78	83.0	16	17.0	94	10,059	77.4	2,931	22.6	12,990
Small Business	128	87.7	18	12.3	146	6,505	86.3	1,037	13.7	7,542

*Source: 2017 & 2018 HMDA LAR; Bank Data*

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the bank's performance in moderate-income census tracts.



### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The following table shows the bank's performance in moderate-income census tracts lags demographic data by 1.4 percent. The two moderate-income census tracts are located in downtown Manhattan and include only eight farms, indicating limited opportunities for lending.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate	3.0	4	1.6	433	3.1
Middle	91.1	248	97.3	13,021	94.5
Upper	5.9	3	1.2	329	2.4
<b>Total</b>	<b>100.0</b>	<b>255</b>	<b>100.0</b>	<b>13,783</b>	<b>100.0</b>

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

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

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table shows the bank's 2017 performance in moderate-income census tracts lags aggregate data by 2.2 percent. As previously mentioned the two moderate-income census tracts are located in downtown Manhattan, which has a high proportion of rental properties and an increased degree of competition. The bank's 2018 performance in moderate-income census tracts improved, outperforming demographic data by 2.5 percent.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate						
2017	3.9	5.8	2	3.6	332	3.8
2018	3.9	--	5	6.4	1,212	12.1
Middle						
2017	77.8	70.3	51	91.1	7,738	88.7
2018	77.8	--	66	84.6	7,763	77.2
Upper						
2017	17.8	23.0	3	5.4	655	7.5
2018	17.8	--	6	7.7	994	9.9
Not Available						
2017	0.5	0.9	0	0.0	0	0.0
2018	0.5	--	1	1.3	90	0.9
<b>Totals</b>						
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>8,725</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>--</b>	<b>78</b>	<b>100.0</b>	<b>10,059</b>	<b>100.0</b>

*Source: 2015 ACS Census; 2017 and 2018 HMDA LAR; 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0*

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table shows that the bank's performance in moderate-income census tracts is below demographic data by 7.5 percent. As previously mentioned the two moderate-income census tracts are located in downtown Manhattan, which has an increased degree of competition.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	13.0	7	5.5	354	5.4
Middle	73.1	120	93.8	6,144	94.5
Upper	13.1	1	0.8	7	0.1
Not Available	0.8	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>128</b>	<b>100.0</b>	<b>6,505</b>	<b>100.0</b>

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

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among farms of different revenue sizes, individuals of different income levels, and businesses of different revenue sizes. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less, and the percentage of home mortgage loans to low- and moderate-income borrowers. The bank's excellent performance with regard to small farm and small business loans supports this conclusion.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms with gross annual revenues of \$1 million or less. The following table shows that all sampled loans reviewed were to farms in this revenue category. However, due to the high percentage of farms with gross annual revenues of \$1 million or less, this lending is expected and therefore holds less weight when arriving at the overall borrower profile conclusion.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤\$1,000,000	94.4	38	100.0	1,821	100.0
>1,000,000	1.9	0	0.0	0	0.0
Revenue Not Available	3.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>1,821</b>	<b>100.0</b>

*Source: 2018 D&B Data; Bank Data.*

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's 2017 lending to low- and moderate-income borrowers trailed aggregate data by 1.3 percent and 10.2 percent, respectively. The bank's 2018 lending trailed demographic data by 11.8 and 1.3 percent, respectively. The majority of housing units located in Manhattan are non-owner occupied,

representing diminished opportunities for lending penetration, especially among low- and moderate-income borrowers. Additionally, the median housing price for owner-occupied real estate in the Manhattan area is \$174,069, which reflects lower opportunities for low- and moderate-income borrowers to afford housing. Within the bank's assessment area, affordable housing for low- and moderate-income individuals is predominantly found in Onaga; however, discussions with the community contact revealed the housing stock in that area is dilapidated or in poor condition. The Farmers State Bank of Westmoreland also primarily focuses on commercial real estate properties, which is reflected in their high proportion of loans to borrowers with no income classification. Additionally, bank performance among low- and moderate-income borrowers increased measurably from 2017 to 2018.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2017	19.5	4.9	2	3.6	68	0.8
2018	19.5	--	6	7.7	310	3.1
<b>Moderate</b>						
2017	16.7	13.8	2	3.6	76	0.9
2018	16.7	--	12	15.4	1,058	10.5
<b>Middle</b>						
2017	21.4	23.4	13	23.2	1,902	21.8
2018	21.4	--	13	16.7	1,444	14.4
<b>Upper</b>						
2017	42.4	40.6	29	51.8	4,819	55.2
2018	42.4	--	21	26.9	3,007	29.9
<b>Not Available</b>						
2017	0.0	17.4	10	17.9	1,860	21.3
2018	0.0	--	26	33.3	4,240	42.1
<b>Totals</b>						
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>8,725</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>--</b>	<b>78</b>	<b>100.0</b>	<b>10,059</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; 2017 &amp; 2018 HMDA LAR; 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

### ***Small Business Loans***

The distribution of borrowers reflects excellent penetration among businesses with gross annual revenues of \$1 million or less. The bank's performance exceeded demographic data by 20.7 percentage points.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000	76.3	32	97.0	1,231	83.1
>1,000,000	7.2	1	3.0	250	16.9
Revenue Not Available	16.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>1,481</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0</i>					

### **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.

## GLOSSARY

**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/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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. Other family 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**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.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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 metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

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

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.





# Account Details

[BANKwithFARMERS.COM](http://BANKwithFARMERS.COM)

**WESTMORELAND**

T: (785) 457-3316  
F: (785) 457-3798

P.O. Box 330  
307 Main Street  
Westmoreland, KS 66549

**MANHATTAN**

T: (785) 539-9002  
F: (785) 539-9004

8685 E HWY 24  
Manhattan, KS 66502

**ONAGA**

T: (785) 889-4211  
F: (785) 889-4934

P.O. Box 180  
301 Leonard Street  
Onaga, KS 66521

Member  
**FDIC**

# CHECKING ACCOUNTS

## FREE CHECKING ACCOUNT

**Minimum balance to open the account**—You must deposit \$100 to open this account.

**Transaction limitations**—There are no transaction limitations that apply to this account.

**Other features**—You will receive a monthly statement with your check images.

## COMMERCIAL CHECKING ACCOUNT

**Eligibility requirements**—Commercial, business or farm checking accounts must be maintained for the sole purpose of operating your business.

**Minimum balance to open the account**—You must deposit \$100 to open this account.

**Minimum balance to avoid imposition of fees**—A minimum balance fee of \$10 will be imposed every statement cycle if the average daily balance for the statement cycle falls below \$500. There will be an additional fee of \$0.20 per debit item if the average daily balance for the statement cycle falls below \$500. These fees will be imposed as a service charge on the statement.

**The average daily balance**—The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

**Transaction limitations**—There are no transaction limitations that apply to this account.

**Other features**—You will receive a monthly statement with your check images.

## BOOKS & BUCKS CHECKING ACCOUNT

**Eligibility requirements**—You must be between the ages of 12 and 18. Only one account per student.

**Minimum balance to open the account**—You must deposit \$5 to open this account.

**Electronic statements required** for students ages 13 to 18.

**No monthly service charge.**

**No ATM surcharges** issued by Farmers State Bank. Surcharges from foreign banks will still be applied, if applicable.

**Free debit card and debit card replacements.**

**Free checks.**

**\$25 reward each semester**—Receive a \$25 reward each semester by having a GPA of 3.5 or higher. To request payment, students must provide a copy of their first semester report card no later than March 15 and a copy of their second semester report card no later than July 15. Account must be open during the semester to get the reward.

*When account owner turns 19 years old, the account will be automatically converted to a FREE checking account product, that will no longer offer some of the account perks.*

## NOW ACCOUNT

**Rate information**—Your interest rate and annual percentage yield may change.

**Frequency of rate changes**—We may change the interest rate on your account at any time.

**Determination of rate**—At our discretion, we may change the interest rate on your account.

**Limitations on rate changes**—There are no maximum or minimum interest rate limits for this account.

**Compounding and crediting**—Interest will be compounded monthly and will be credited to your account monthly.

**Effect of closing an account**—Interest will be paid at the time your account is closed.

**Minimum balance to open the account**—You must deposit \$1,000 to open this account.

**Minimum balance to avoid imposition of fees**—A minimum balance fee of \$10 will be imposed every statement cycle if the average daily balance for the statement cycle falls below \$1,000. This minimum balance fee will be imposed as a service charge on the statement.

**Average daily balance computation method**—The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. You must maintain a minimum daily balance of \$1,000 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.

**Accrual of interest on noncash deposits**—Interest begins to accrue on the first business day after the banking day you deposit noncash items (for example, checks).

**Other features**—You will receive a monthly statement with your check images.

# SAVINGS ACCOUNTS

## PASSBOOK SAVINGS ACCOUNT

**Rate information**—Your interest rate and annual percentage yield may change.

**Frequency of rate changes**—We may change the interest rate on your account at any time.

**Determination of rate**—At our discretion, we may change the interest rate on your account.

**Limitations on rate changes**—There are no maximum or minimum interest rate limits for this account.

**Compounding and crediting**—Interest will be compounded semi-annually (June 30 & Dec 31) and will be credited to your account semi-annually (June 30 & Dec 31).

**Effect of closing an account**—Interest may be forfeited if the amount of interest to be paid is less than \$1.00 at the time the account is closed.

**Minimum balance to open the account**—You must deposit \$100 to open this account. You must maintain a minimum daily balance of \$100 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.

**Minimum balance to avoid imposition of fees**—A minimum balance fee of \$5 will be imposed every month if the average daily balance for the month falls below \$50. This minimum balance fee will be imposed as a service charge on the statement.

**Daily balance computation method**—We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits**—Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations**—During any month, you may not make more than 6 withdrawals or transfers to another account of yours or to a third party by means of a preauthorized or automatic transfer, telephone order or instruction, computer transfer, or by check, draft, debit card, or similar order to a third party. There is a debit fee of \$0.50 per debit in excess of 6 per month. This debit fee will be imposed as a service charge on the account.

**Other features**—You will receive an annual statement. If you receive monthly electronic fund transfers, you will receive a monthly statement.

## HOLIDAY CLUB ACCOUNT

**Rate information**—Your interest rate and annual percentage yield may change.

**Frequency of rate changes**—We may change the interest rate on your account at any time.

**Determination of rate**—At our discretion, we may change the interest rate on your account.

**Limitations on rate changes**—There are no maximum or minimum interest rate limits for this account.

**Compounding and crediting**—Interest will be compounded semi-annually (May 5 & Nov 5) and will be credited to your account semi-annually (May 5 & Nov 5).

**Effect of closing an account**—Interest may be forfeited if the amount of interest to be paid is less than \$1.00 at the time the account is closed. The account cannot be reopened.

**Minimum balance to open the account**—You must deposit \$50 to open this account. You must maintain a minimum daily balance of \$100 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.

**Maximum balance**—This account may not exceed \$2,500.

**Daily balance computation method**—We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits**—Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations**—You may deposit as frequently as you wish. No withdrawals may be made from this account.

**Other features**—Customers are limited to one holiday club account per household. You will receive an annual statement. The balance of your account will be paid to you in check form on Nov 5 of each year. A deposit will need to be made by Dec 31 to keep the account open for the following year.

# MONEY MARKET ACCOUNTS

## MONEY MARKET ACCOUNT

**Rate information**—Your interest rate and annual percentage yield may change.

**Frequency of rate changes**—We may change the interest rate on your account at any time.

**Determination of rate**—At our discretion, we may change the interest rate on your account.

**Limitations on rate changes**—There are no maximum or minimum interest rate limits for this account.

**Compounding and crediting**—Interest will be compounded monthly and will be credited to your account monthly.

**Effect of closing an account**—Interest will be paid at the time your account is closed.

**Minimum balance to open the account**—You must deposit \$2,500 to open this account.

**Minimum balance to avoid imposition of fees**—A minimum balance fee of \$10 will be imposed every statement cycle if the average daily balance for the statement cycle falls below \$2,500. This minimum balance fee will be imposed as a service charge on the statement.

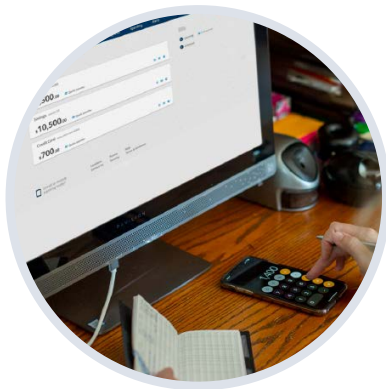
**Average daily balance computation method**—The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. You must maintain a minimum daily balance of \$1,000 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.

**Accrual of interest on noncash deposits**—Interest begins to accrue on the first business day after the banking day you deposit noncash items (for example, checks).

**Transaction limitations**—During any month, you may not make more than 6 withdrawals or transfers to another account of yours or to a third party by means of a preauthorized or automatic transfer, telephone order or instruction, computer transfer, or by check, draft, debit card, or similar order to a third party.

**Other features**—You will receive a monthly statement with your check images.

# ONLINE & MOBILE BANKING



## ONLINE BANKING

Bank anytime, anywhere with our online banking platform. Pay bills, see your account history, and get alerts to help monitor your accounts. You can also sign up for eStatements and receive your monthly statement earlier than a mailed statement.



## DOWNLOAD OUR APP

Download our “Bank with Farmers” app to access all the features of online banking and mobile check deposit. You can also manage your debit card by setting alerts, adding travel plans, turning your card on and off, and reporting a lost or stolen card.

# FEE SCHEDULE

Overdraft Fee – per item	\$27.00
Return Item Fee – per attempt	\$27.00
Stop Payment Fee	\$27.00
Commercial Account Returned Deposit Item Fee	\$5.00
Check Orders	Varies
Temporary Check Printing – per item (minimum increments of 4)	\$0.50
Reissue Lost ATM/Debit Card (new #)	\$30.00
Reissue Damaged ATM/Debit Card (same #)	\$15.00
ATM Transaction Fee (Foreign ATM) (outside of Allpoint network)	\$2.00
ACH Transfer Set-up Fee – per transfer	\$10.00
ACH Transfer Change Fee	\$10.00
Recurring Transfer Set-up Fee – per transfer	\$10.00
Recurring Transfer Change Fee	\$10.00
Inactivity Fee – per month (Accts ≤ \$200 with no activity for 3 years)	\$5.00
Garnishment Fee	\$15.00
Account Research Fee – per hour	\$25.00
Account Balancing Assistance Fee – per hour	\$25.00
Paper Statement Reprint – per statement	\$10.00
Email Statement Reprint – per statement	\$5.00
Returned Statement Fee – per month	\$10.00
Gift Card Fee	\$5.00
Personal Money Order (up to \$1,000)	\$2.00
Bank Money Order	\$5.00
Wire Transfer Fee – Outgoing	\$25.00
Wire Transfer Fee – Incoming	\$0.00
Wire Transfer Fee – Foreign Countries (outgoing and incoming)	\$60.00
Photocopies – per page	\$0.10
Outgoing Fax – first five pages	\$3.00
Outgoing Fax – per page after fifth page	\$0.50
Incoming Fax – unlimited pages	\$2.00
Safe Deposit Box – per year:	
5 x 5	\$30.00
3 x 10	\$35.00
5 x 10	\$40.00
8 x 10	\$60.00
10 x 10	\$60.00
Safe Deposit Box Key Replacement	\$20.00
Safe Deposit Box Break Open Fee	\$200.00
Non-customer Change Counting, upon discretion	10% or \$5.00 min
Non-customer Foreign Check Cashing, upon discretion	1% or \$5.00 min

# Contact Us

## WESTMORELAND

(785) 457-3316

### Lobby Hours

Monday - Friday 9 a.m. - 3 p.m.  
 Saturday 8 a.m. - 11:30 a.m.

### Drive-Up Hours

Monday - Thursday 8 a.m. - 4 p.m.  
 Friday 8 a.m. - 6 p.m.  
 Saturday 8 a.m. - 11:30 a.m.

## MANHATTAN

(785) 539-9002

### Lobby Hours

Monday - Friday 9 a.m. - 4 p.m.  
 Saturday 8 a.m. - 11:30 a.m.

### Drive-Up Hours

Monday - Thursday 7:30 a.m. - 6 p.m.  
 Friday 7:30 a.m. - 11:30 a.m.

## ONAGA

(785) 889-4211

### Lobby Hours

Monday - Friday 9 a.m. - 3 p.m.  
 Saturday 8 a.m. - 11:30 a.m.

### Drive-Up Hours

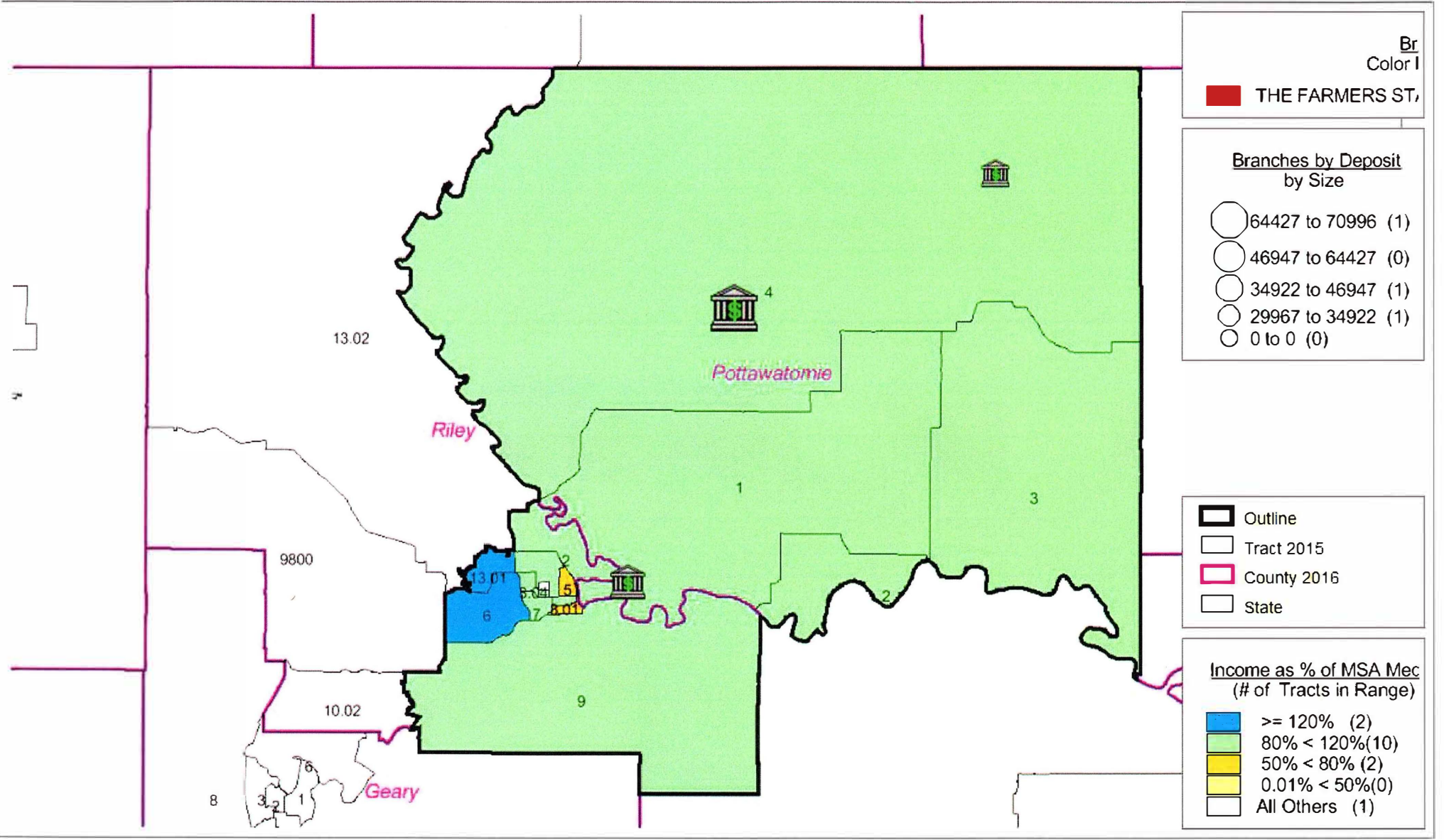
Monday - Thursday 8 a.m. - 4 p.m.  
 Friday 8 a.m. - 6 p.m.  
 Saturday 8 a.m. - 11:30 a.m.

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■ THE FARMERS ST,

**Branches by Deposit by Size**

○ 64427 to 70996 (1)  
 ○ 46947 to 64427 (0)  
 ○ 34922 to 46947 (1)  
 ○ 29967 to 34922 (1)  
 ○ 0 to 0 (0)

▭ Outline  
 □ Tract 2015  
 ▭ County 2016  
 □ State

**Income as % of MSA Mec (# of Tracts in Range)**

■  $\geq 120\%$  (2)  
 ■  $80\% < 120\%$  (10)  
 ■  $50\% < 80\%$  (2)  
 ■  $0.01\% < 50\%$  (0)  
 □ All Others (1)

**FARMERS STATE BANK**  
**CRA QUARTERLY REPORTS**  
**LOANS TO DEPOSITS RATIOS**

<b>REPORT DATE</b>	<b>TOTAL LOANS &amp; LEASES</b>	<b>RESERVE FOR BAD DEBT</b>	<b>SUBTOTAL</b>	<b>TOTAL DEPOSITS</b>	<b>TOTAL ASSETS</b>	<b>LOANS TO DEPOSITS RATIO %</b>
3/31/2018	119,105,201.22	1,899,870.75	117,205,330.47	144,374,458.02	170,030,364.62	82.50%
6/30/2018	121,078,036.94	2,080,671.41	118,997,365.53	140,840,614.19	166,745,949.94	85.97%
9/30/2018	121,893,195.75	2,278,933.19	119,614,262.56	139,215,844.42	165,274,737.58	87.56%
12/31/2018	123,968,546.04	2,290,540.38	121,678,005.66	146,195,350.39	172,355,418.77	84.80%
3/31/2019	126,369,126.24	2,272,710.44	124,096,415.80	153,608,574.24	180,662,469.53	82.27%
6/30/2019	128,177,003.18	2,246,396.45	125,930,606.73	156,742,662.99	184,392,347.87	81.78%
9/30/2019	127,608,137.44	2,254,310.70	125,353,826.74	156,436,631.80	184,997,799.08	81.57%
12/31/2019	126,153,194.97	2,077,506.53	124,075,688.44	158,270,541.78	186,475,494.22	79.71%
3/31/2020	126,622,867.48	2,135,943.48	124,486,924.00	162,505,947.40	190,837,251.30	77.92%
6/30/2020	130,924,821.52	2,058,186.88	128,866,634.64	182,536,742.04	212,566,357.49	71.73%
9/30/2020	124,171,378.93	2,356,198.94	121,815,179.99	176,136,277.75	206,503,080.08	70.50%
12/31/2020	127,100,197.39	2,267,450.31	124,832,747.08	184,234,892.14	214,577,134.77	68.99%
3/31/2021	129,730,833.16	2,305,774.47	127,425,058.69	193,877,061.94	224,261,703.70	66.91%
6/30/2021	139,071,594.56	2,345,062.37	136,726,532.19	194,671,078.49	225,906,721.03	71.44%
9/30/2021	128,926,133.67	2,251,019.44	126,675,114.23	194,636,079.54	226,635,056.98	66.24%
12/31/2021	130,439,587.61	2,231,787.67	128,207,799.94	192,584,444.05	223,798,924.25	67.73%
3/31/2022	131,266,435.28	2,379,082.03	128,887,353.25	202,843,194.84	232,206,365.00	64.71%
6/30/2022	130,293,362.54	2,608,752.65	127,684,609.89	204,256,438.62	231,790,961.74	63.79%
9/30/2022	129,154,805.32	2,607,877.89	126,546,927.43	201,409,589.11	227,707,573.26	64.13%
12/31/2022	137,701,368.82	2,402,540.82	135,298,828.00	202,169,698.59	227,218,103.76	68.11%
3/31/2023	145,732,425.58	2,833,013.99	142,899,411.59	198,539,497.21	228,071,615.78	73.40%
6/30/2023	146,059,244.52	2,825,738.23	143,233,506.29	193,921,398.58	226,104,371.80	75.32%
9/30/2023	142,581,689.25	2,830,987.58	139,750,701.67	184,158,539.73	214,961,418.13	77.42%
12/31/2023	146,978,375.65	2,810,454.76	144,167,920.89	190,717,656.77	226,440,746.71	77.07%
3/31/2024	152,923,569.15	2,793,537.07	150,130,032.08	197,848,650.07	223,784,569.30	77.29%

**Resources****December 31, 2022****December 31, 2023**

Cash and Due from Banks	\$9,909,140.54	\$6,792,564.19
Federal Agency Bonds	\$10,925,252.74	\$9,842,469.15
State and Municipal Bonds	\$57,035,453.20	\$56,661,927.75
Federal Funds Sold	\$3,943,000.00	\$434,000.00
Loans and Overdrafts	\$135,298,828.00	\$144,167,920.89
Bank Building and Equipment	\$2,879,746.29	\$2,743,008.07
Interest Earned, Not Collected (Loans & Investments)	\$2,190,411.32	\$2,738,114.03
Prepaid Expense	\$312,967.68	\$423,292.77
Other Assets	\$4,723,303.99	\$2,637,449.86
	<hr/>	<hr/>
	\$227,218,103.76	\$226,440,746.71

**Liabilities And Capital**

Deposits	\$202,169,698.59	\$190,717,656.77
Reserves for Interest and Taxes	\$106,971.88	\$234,979.65
Capitol Stock - Common	\$94,250.00	\$94,250.00
Surplus	\$377,000.00	\$377,000.00
Undivided Profits	\$24,470,183.29	\$24,191,860.29
Other Liabilities	\$0.00	\$10,825,000.00
	<hr/>	<hr/>
	\$227,218,103.76	\$226,440,746.71

\*\*December 31, 2023 Contingent Liabilities (Letters of Credit)

\$4,273,353.97**STATEMENT OF CONDITION**



## Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. HMDA data for many other financial institutions are also available online.

For more information, visit the Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)).

# FACTS

## WHAT DOES DO WITH YOUR PERSONAL INFORMATION?

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>■ Social Security number and</li> <li>■ and</li> <li>■ and</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		
<b>For our marketing purposes—</b> to offer our products and services to you		
<b>For joint marketing with other financial companies</b>		
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences		
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness		
<b>For nonaffiliates to market to you</b>		

<b>Questions?</b>	Call or go to
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## Who we are

Who is providing this notice?

## What we do

How does protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does collect my personal information?

We collect your personal information, for example, when you

- or
- or
- 

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

## Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- 

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- 

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- 

## Other important information