

PUBLIC DISCLOSURE

June 9, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Wilson State Bank
Certificate Number: 12136

422 26th Street
Wilson, Kansas 67490

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

The bank's Community Reinvestment Act (CRA) performance under the applicable criteria supports the overall rating. The following points summarize this performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment area.
- The bank originated a substantial majority of the small farm, home mortgage, and small business loans within the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms 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.

DESCRIPTION OF INSTITUTION

The Wilson State Bank (WSB) is headquartered in Wilson, Kansas. The bank operates from four offices in north central Kansas. The bank continues to be wholly owned by Wilson Bancshares, Inc., Wilson, Kansas, a one-bank holding company. Due to common ownership, the bank is also affiliated with CSB Bancshares, Inc., a one-bank holding company, and its subsidiary, Citizens Bank and Trust Co. in Ellsworth, Kansas. The bank has not opened or closed any branches, and there have been no merger or acquisition activities since the previous CRA evaluation. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated May 20, 2019, based on Interagency Small Institution Examination Procedures.

WSB offers traditional loan products including home mortgage, commercial, agricultural, and consumer loans. The bank also makes agriculture and business loans through various government programs, and originated loans under the Small Business Administration's Paycheck Protection Program. This program was established in 2020 to provide relief to small businesses during the Coronavirus Disease 2019 pandemic. Agricultural lending represents the bank's primary lending focus, followed by home mortgage and commercial lending. In addition, the bank offers long term fixed-rate home mortgage loans to individuals through the Federal Home Loan Bank's Mortgage Partnership Finance program. The institution provides a variety of deposit services including

checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online banking, and three bank-owned ATMs.

According to the March 31, 2025 Reports of Condition and Income, the bank reported total assets of \$122.7 million, total deposits of \$106.4 million, and total loans of \$84.7 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	27,213	32.1
Secured by 1-4 Family Residential Properties	30,506	36.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	44	0.1
Total Real Estate Loans	57,763	68.2
Commercial and Industrial Loans	18,152	21.4
Agricultural Production and Other Loans to Farmers	4,866	5.7
Consumer Loans	3,094	3.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	13	0.0
Lease Financing Receivable (net of unearned income)	849	<1.0
Less: Unearned Income	0	0.0
Total Loans	84,737	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would 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. WSB designated one assessment area, which is comprised of the entirety of Russell, Barton, Lincoln, and Ellsworth counties, as well as the western half of Ottawa County (census tract 857), which are all in the nonmetropolitan area of Kansas. The assessment area is unchanged from the previous examination.

Economic and Demographic Data

The assessment area is comprised of 14 census tracts, 1 of which is a moderate-income census tract, and the rest are middle-income tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	14	0.0	7.1	92.9	0.0
Population by Geography	45,226	0.0	6.8	93.2	0.0
Housing Units by Geography	23,504	0.0	6.8	93.2	0.0
Owner-Occupied Units by Geography	13,591	0.0	5.6	94.4	0.0
Occupied Rental Units by Geography	5,289	0.0	9.6	90.4	0.0
Vacant Units by Geography	4,624	0.0	7.3	92.7	0.0
Businesses by Geography	4,627	0.0	4.5	95.5	0.0
Farms by Geography	608	0.0	3.6	96.4	0.0
Family Distribution by Income Level	12,051	18.4	18.5	22.3	40.8
Household Distribution by Income Level	18,880	22.8	17.4	21.0	38.8
Median Family Income Non-MSAs – Kansas	\$65,183	Median Housing Value			\$99,145
Families Below Poverty Level	7.4%	Median Gross Rent			\$662
<i>Source: 2020 U.S. Census and 2024 D&B Data</i>					

The Federal Financial Institutions Examination Council (FFIEC) provides updated median family income levels that are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the nonmetropolitan area of Kansas are presented in the following table for 2024.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$65,183)	<\$32,592	\$32,592 to <\$52,146	\$52,146 to <\$78,220	≥\$78,220
<i>Source: FFIEC</i>				

Competition

The competition for financial services in the assessment area is high given the area’s size and population density. According to the June 30, 2024 FDIC Deposit Market Share data, there are 19 institutions operating 41 locations in the assessment area. These institutions range from small community banks to larger national banks. WSB ranked 9th with 4.9 percent of the deposit market share. In addition to the financial institutions included in the market share report, the bank also faces competition from other lenders, such as credit unions and Farm Credit Associations.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area’s credit needs. This information helps determine whether local financial institutions are responsive to those needs. Further, these discussions reveal indications of the credit opportunities available.

Examiners relied on an existing community contact who is a member of the community familiar with the economic conditions in the assessment area. The contact indicated that the local economy

is doing well overall but experiencing some softening. The contact mentioned that the agricultural industry in the area is experiencing a significant economic downturn due to drought and lower commodity prices. The contact indicated that banks are willing to work with existing customers but are hesitant to take on new ones. The contact also stated that real estate purchase loans were the primary credit need of the area as renting is next to impossible and rental rates are very high.

Credit Needs

Considering information from bank management, the community contact, and demographic and economic data, examiners determined that agricultural lending represents the largest credit need of the assessment area, followed home mortgage and small business lending.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 20, 2019, to the current evaluation dated June 9, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance.

Activities Reviewed

Examiners determined that the bank's major product lines are agricultural, home mortgage, and commercial lending; therefore, examiners evaluated small farm, home mortgage, and small business loans for this evaluation. Examiners selected these products based on the bank's strategy, loan portfolio composition, and the volume of loans originated during the evaluation period. Agricultural lending is the institution's primary focus; therefore, small farm loans received the most weight when determining overall conclusions.

Examiners reviewed all small farm, home mortgage, and small business loans originated, renewed or extended in calendar year 2024 for this evaluation. Bank officials confirmed this time period was representative of the bank's lending activities for the entire review period. According to the bank's 2024 loan records, WSB originated 202 small farm loans totaling \$14.7 million, 50 home mortgage loans totaling \$6.8 million, and 109 small business loans totaling \$9.6 million.

For the Lending Test, examiners reviewed the entire universe of small farm, home mortgage, and small business loans to evaluate the Assessment Area Concentration criterion. All small farm, home mortgage, and small business loans inside the assessment area were reviewed for the Geographic Distribution criterion. For the Borrower Profile criterion, examiners sampled small farm, home mortgage, and small business loans made inside the assessment area. The sample included 51 small farm loans totaling \$2.5 million, 30 home mortgage loans totaling \$3.6 million, and 47 small business loans totaling \$3.9 million.

The 2024 D&B data provided the standard of comparison for the bank's small farm and small business lending performance. The 2020 U.S. Census Data provided the standard of comparison for the bank's home mortgage lending performance. Examiners placed greater weight on the number of loans, as opposed to the dollar volume, as the number of loans is a better indicator of the number of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

WSB demonstrated satisfactory performance under the Lending Test. The bank’s overall performance under the applicable criteria supports this conclusion.

Loan-to-Deposit Ratio

WSB’s average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and the credit needs and economic conditions of the assessment area. As shown in the following table, the bank’s net loan-to-deposit ratio averaged 75.0 percent over the past 24 calendar quarters. This ratio compares reasonably to the ratios of similarly situated banks, which were selected based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
The Wilson State Bank, Wilson, Kansas	122,716	75.0
First Bank of Beloit, Beloit, Kansas	105,667	65.6
The Farmers State Bank, McPherson, Kansas	161,942	55.3
The Bank of Holyrood, Holyrood, Kansas	66,278	77.6
<i>Source: Reports of Condition and Income 6/30/2019 – 3/31/2025</i>		

Assessment Area Concentration

Overall, WSB made a substantial majority of the small farm, home mortgage, and small business loans within the assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Farm	177	87.6	25	12.4	202	12,506	85.2	2,176	14.8	14,682
Home Mortgage	43	86.0	7	14.0	50	5,498	80.4	1,343	19.6	6,841
Small Business	101	92.7	8	7.3	109	9,109	94.8	495	5.2	9,604
Total	321	88.9	40	11.1	361	27,113	87.1	4,014	12.9	31,127
<i>Source: Bank Data</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent dispersion throughout the assessment area. Although the small farm lending performance was reasonable, the bank’s excellent small business and home mortgage lending performance supports this conclusion. For this criterion, examiners focused on the bank’s percentage of lending in the moderate-income census tract as there are no low-income census tracts in the assessment area.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank’s lending performance in the moderate-income census tract is commensurate with demographic data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	3.6	9	5.1	1,411	11.3
Middle	96.4	168	94.9	11,095	88.7
Totals	100.0	177	100.0	12,506	100.0

Source: 2024 D&B Data, Bank Data

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank’s lending performance in the moderate-income census tract significantly exceeds demographic data.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	5.6	6	14.0	384	7.0
Middle	94.4	37	86.0	5,114	93.0
Totals	100.0	43	100.0	5,498	100.0

Source: 2020 U.S. Census, Bank Data

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank’s lending performance in the moderate-income census tract significantly exceeds demographic data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	4.5	13	12.9	495	5.4
Middle	95.5	88	87.1	8,614	94.6
Totals	100.0	101	100.0	9,109	100.0

Source: 2024 D&B Data, Bank Data

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes, and individuals of different incomes. Although the small business performance is excellent, WSB’s reasonable small farm and home mortgage lending performance supports this conclusion. For this criterion, examiners focused on the percentage of small farm and small

business loans to operations with gross annual revenues of \$1 million or less, and home mortgage loans to low- or moderate-income individuals.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration to farms with revenues of \$1 million or less. As shown in the following table, the bank’s lending performance to farms with revenues of \$1 million or less is reasonably proportionate to demographic data in this revenue category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.2	48	94.1	2,121	84.6
>\$1,000,000	1.0	3	5.9	386	15.4
Revenue Not Available	0.8	0	0.0	0	0.0
Totals	100.0	51	100.0	2,507	100.0
<i>Source: 2024 D&B Data, Bank Data</i>					

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is reasonable. As shown in the following table, the bank’s lending performance to low-income borrowers is lower than comparable demographic data; however, the lending performance to moderate-income borrowers exceeds comparable demographic data. Given the overall lending to low- and moderate-income borrowers, the bank’s performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	18.4	4	13.3	130	3.7
Moderate	18.5	8	26.7	450	12.6
Middle	22.3	9	30.0	705	19.7
Upper	40.8	9	30.0	2,281	64.0
Totals	100.0	30	100.0	3,566	100.0
<i>Source: 2020 U.S. Census, Bank Data</i>					

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with revenues of \$1 million or less. As shown in the following table, the bank’s lending performance to businesses with revenues of \$1 million or less significantly exceeds demographic data in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.7	46	97.9	2,862	74.1
>\$1,000,000	4.5	1	2.1	1,000	25.9
Revenue Not Available	14.8	0	0.0	0	0.0
Totals	100.0	47	100.0	3,862	100.0
<i>Source: 2024 D&B Data, Bank Data</i>					

Response to Complaints

WSB has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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).

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g., 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.

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 (also known as non-MSA): 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.