

PUBLIC DISCLOSURE

April 14, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First State Bank of Ransom
Certificate Number: 15469

306 South Vermont Avenue
Ransom, Kansas 67572

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	7
APPENDICES	8
SMALL BANK PERFORMANCE CRITERIA.....	8
GLOSSARY.....	9

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding 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 and small business loans within the assessment area.
- The bank does not have any low- or moderate-income census tracts within its assessment area; therefore, this factor did not affect the rating.
- The distribution of borrowers reflects excellent penetration among 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.
- The bank made qualified investments and provided community development services, which enhanced credit availability in its assessment area. The number and nature of the investments and services was sufficient to raise the bank's CRA rating from Satisfactory to Outstanding.

DESCRIPTION OF INSTITUTION

The First State Bank of Ransom (FSBR) is headquartered in Ransom, Kansas. The bank operates from two offices in Ness County, Kansas. The bank has not opened or closed any branches, and no merger or acquisition activities have occurred since the previous CRA evaluation. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated April 1, 2019, based on Interagency Small Institution Examination Procedures.

FSBR offers traditional loan products including home mortgage, commercial, agricultural, and consumer loans. Agricultural lending represents the bank's primary lending focus, followed by commercial 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 a bank-owned ATM.

According to the December 31, 2024 Reports of Condition and Income, the bank reported total assets of \$46.6 million, total deposits of \$38.5 million, and total loans of \$17.9 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	6,552	36.5
Secured by 1-4 Family Residential Properties	537	3.0
Secured by Multifamily (5 or more) Residential Properties	51	0.3
Secured by Nonfarm Nonresidential Properties	0	0.0
Total Real Estate Loans	7,140	39.8
Commercial and Industrial Loans	4,103	22.9
Agricultural Production and Other Loans to Farmers	6,112	34.1
Consumer Loans	463	2.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	31	0.2
Lease Financing Receivable (net of unearned income)	76	0.4
Less: Unearned Income	0	0.0
Total Loans	17,925	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. FSBR designated one assessment area, which is comprised of the entirety of Ness, Trego, Gove, and Lane counties, all in the nonmetropolitan area of Kansas. The assessment area is unchanged from the previous examination.

Lane and Gove counties are classified as distressed and underserved, and Ness County is classified as underserved. A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average; (2) A poverty rate of 20.0 percent or more; or (3) A population loss of 10.0 percent or more between the previous and most recent decennial census or a net migration loss of 5.0 percent or more over the 5-year period preceding the most recent census. A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs. These designations have been unchanged since the previous examination.

Economic and Demographic Data

The assessment area includes three middle- and one upper-income census tract. 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)	4	0.0	0.0	75.0	25.0
Population by Geography	9,787	0.0	0.0	71.3	28.7
Housing Units by Geography	5,794	0.0	0.0	70.5	29.5
Owner-Occupied Units by Geography	3,575	0.0	0.0	70.8	29.2
Occupied Rental Units by Geography	1,035	0.0	0.0	70.2	29.8
Vacant Units by Geography	1,184	0.0	0.0	69.9	30.1
Businesses by Geography	1,387	0.0	0.0	72.7	27.3
Farms by Geography	336	0.0	0.0	80.1	19.9
Family Distribution by Income Level	2,892	14.8	17.9	21.9	45.4
Household Distribution by Income Level	4,610	20.6	16.2	18.5	44.7
Median Family Income Non-MSAs - KS		\$65,183	Median Housing Value		\$89,277
Families Below Poverty Level		6.7%	Median Gross Rent		\$612

Source: 2020 U.S. Census and 2024 D&B Data

Competition

The competition for financial services in the assessment area is significant given the area’s size and population density. According to the June 30, 2024 FDIC Deposit Market Share data, there are 11 institutions operating 14 locations in the assessment area. These institutions range from small community banks to moderately sized regional banks. FSBR ranked 8th with 7.3 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 with a member of the community familiar with the economic conditions in the assessment area. The contact indicated that the local economy is stressed and experiencing a decline in population. The decline is corroborated by the number of census tracts in the assessment area considered distressed due to population loss. The contact noted that many of the businesses in the area are established and would likely not have much need for credit. In addition, they stated agricultural lending is the primary credit need in the area.

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.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 1, 2019, to the current evaluation dated April 14, 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 and commercial lending; therefore, examiners evaluated small farm 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. Examiners did not review home mortgage lending, as it makes up a very small percentage of the bank's loan portfolio. 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 and small business loans originated or renewed 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, FSBR originated 135 small farm loans totaling \$6.4 million, and 36 small business loans totaling \$792,000.

For the Lending Test, examiners reviewed the entire universe of small farm and small business loans to evaluate the Assessment Area Concentration criterion. All small farm and small business loans inside the assessment area were reviewed for the Borrower Profile criterion.

The 2024 D&B data provided the standard of comparison for the bank's small farm and small business 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 and businesses served.

Bank management voluntarily provided examiners information on the bank's qualified investments and community development services since April 1, 2019, which examiners considered as part of the evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

FSBR’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 42.1 percent over the past 23 calendar quarters. This ratio is within the range of the other institutions that were considered comparable based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
The First State Bank of Ransom, Ransom, Kansas	46,578	42.1
The First National Bank of Spearville, Spearville, Kansas	78,640	54.6
The First State Bank, Ness City, Kansas	85,585	37.8
Ford County State Bank, Spearville, Kansas	59,165	47.5
The State Bank of Canton, Canton, Kansas	32,953	41.3

Source: Reports of Condition and Income 6/30/2019 – 12/31/2024

Assessment Area Concentration

Overall, FSBR originated a substantial majority of the reviewed 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 \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Farm	133	98.5	2	1.5	135	6,317	98.3	110	1.7	6,427
Small Business	22	61.1	14	38.9	36	642	81.1	150	18.9	792
Total	155	90.6	16	9.4	171	6,959	96.4	260	3.6	7,219

Source: 2024 Bank Data

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes. FSBR’s excellent small farm and small business 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.

Small Farm Loans

The distribution of small farm loans reflects excellent lending 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 slightly exceeds comparable demographic data. However, according to the 2022 Census of Agricultural data, approximately 56.0 percent of farms in the bank's assessment area do not report interest expense, and 54.0 percent are considered hobby farmers and do not farm as their primary occupation. This performance context indicates a sizeable percentage of farms appear to have little or no need for credit; thus, the bank's performance, which slightly exceeds demographic data, is considered outstanding.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.9	131	98.5	5,317	84.2
>\$1,000,000	1.5	2	1.5	1,000	15.8
Revenue Not Available	0.6	0	0.0	0	0.0
Totals	100.0	133	100.0	6,317	100.0

Source: 2024 D&B Data, 2024 Bank Data

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 comparable 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	78.3	20	90.9	542	84.4
>\$1,000,000	4.2	2	9.1	100	15.6
Revenue Not Available	17.5	0	0.0	0	0.0
Totals	100.0	22	100.0	642	100.0

Source: 2024 D&B Data, 2024 Bank Data

Response to Complaints

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

QUALIFIED INVESTMENTS AND SERVICES

Although not required under the Lending Test, FSBR performed a significant volume of qualified investments and community development services. Examiners considered qualified investments and community development services from April 1, 2019, to the current evaluation dated April 14, 2025. Examiners also considered the bank's capacity and the need and availability of such opportunities within the assessment area. This significant volume of community development activity elevated the bank's rating to Outstanding.

Examiners evaluated qualified investments purchased prior to this evaluation that remained outstanding, and investments and donations funded since the previous evaluation. The bank made one investment, and several donations to organizations that support community development in the assessment area. The investment was to purchase one of two bonds active in the bank's assessment area, both of which were issued prior to the review period. The bank also made qualifying broader statewide and regional investments, which include the bank's assessment area. In total, the bank received credit for six investments totaling \$1.0 million, and six donations totaling \$1,550. An example of a notable investment was the bank purchased a general obligation bond to support improvements to a local hospital that employs primarily low- and moderate-income people.

During the evaluation period, the bank engaged in a variety of community development services. Bank personnel used their financial expertise to serve on various boards and organizations that benefit the assessment area. The services were targeted toward essential community services in underserved census tracts. The bank received credit for seven services during the review period. Examples of notable community development services included a bank employee serving on an advisory committee for a local school that helps facilitate career and technical education for students, and a bank employee serving as secretary on a board for an organization that provides essential community services to an underserved community. Also, both of the bank's locations and its only ATM are in underserved, middle-income census tracts.

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.