

PUBLIC DISCLOSURE

January 21, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Greeley
Certificate Number: 17995

118 West Brown Street
Greeley, Kansas 66033

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 all 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.
- A majority of the reviewed loans are in the institution's assessment area.
- Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels.
- The geographic distribution of loans was not analyzed since there are no low- or moderate-income census tracts in the assessment area.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not impact the rating.

DESCRIPTION OF INSTITUTION

Bank of Greeley is a full-service institution operating in eastern Kansas. The institution's sole office is in a middle-income census tract in Greeley, Kansas, which is in Anderson County. The bank has not opened or closed any branches, and no merger or acquisition activities have occurred since the previous evaluation.

The bank is wholly owned by Greeley Bancshares, Inc, a one-bank holding company in Greeley, Kansas. The bank received a Satisfactory rating at its prior FDIC Performance Evaluation dated January 14, 2019, based on Interagency Small Institution Examination Procedures.

Bank of Greeley offers agricultural, commercial, home mortgage, and consumer loans. The bank also originated loans under the Small Business Administration's Paycheck Protection Program, which was established in 2020 to provide relief to small businesses during the Coronavirus Disease 2019 pandemic. The bank provides a variety of deposit services including checking, savings, and certificates of deposit.

According to the September 30, 2024 Reports of Condition and Income, the institution reported total assets of \$46.3 million, total loans of \$21.7 million, and total deposits of \$39.3 million. Bank management indicated that lending is focused on agricultural, home mortgage, and commercial

loans, although agricultural lending is the primary focus. The following table illustrates the loan portfolio composition based on dollar volume.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	822	3.8
Secured by Farmland	6,074	28.0
Secured by 1-4 Family Residential Properties	5,842	27.0
Secured by Non-farm Non-Residential Properties	1,091	5.0
Total Real Estate Loans	13,829	63.8
Commercial and Industrial Loans	1,610	7.4
Agricultural Production and Other Loans to Farmers	3,871	17.9
Consumer	2,323	10.7
Other Loans	51	0.2
Less: Unearned Income	(1)	-
Total Loans	21,683	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affects 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. Bank of Greeley designated one assessment area comprised of all of Anderson County and one adjacent census tract in Franklin County. Both counties are nonmetropolitan counties in Kansas. Bank management reduced the assessment area slightly since the previous evaluation to more accurately reflect the area served. The following sections discuss demographic and economic information for the bank’s assessment area.

Economic and Demographic Data

The assessment area is comprised of three census tracts, all of which are designated as middle-income census tracts. The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	13,783	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,481	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,423	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,216	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	842	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,214	0.0	0.0	100.0	0.0	0.0
Farms by Geography	205	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,043	22.3	11.7	25.8	40.1	0.0
Household Distribution by Income Level	5,639	24.9	11.5	16.6	47.0	0.0
Median Family Income Non-MSA Kansas		\$65,183	Median Housing Value			\$136,663
Families Below Poverty Level		10.3%	Median Gross Rent			\$685
<i>Source: 2020 U.S. Census and 2024 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2024 D&B data, service industries represent the largest portion of businesses at 24.7 percent; followed by non-classifiable establishments (20.5 percent); and agriculture, forestry, and fishing businesses (14.5 percent). In addition, 94.5 percent of the businesses have 9 or fewer employees, and 91.4 percent operate from a single location.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC) median family income figure for the nonmetropolitan area of Kansas to analyze home mortgage performance under the Borrower Profile criterion. This figure, along with the corresponding income thresholds, is shown in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$80,900)	<\$40,450	\$40,450 to <\$64,720	\$64,720 to <\$97,080	≥\$97,080
<i>Source: FFIEC</i>				

Competition

There is significant competition for financial services in the assessment area. According to the June 30, 2024 FDIC Deposit Market Share report, 12 banks operate 21 branches in Anderson and Franklin counties. Of these institutions, Bank of Greeley ranks 10th, with a 4.5 percent deposit market share. There is also competition for agricultural loans from Farm Credit Associations.

Community Contact

To help gain insight into the area economy, demographic trends, business environment, and credit needs within the local community, examiners interview individuals that are familiar with the area.

This section includes observations made by a representative of an organization supporting businesses in southeastern Kansas, including Anderson County.

The contact indicated that agriculture is the primary focus in the region, although other industries have a growing presence in some areas. The individual indicated that the area's economy has fared generally well in recent years, but the agricultural economy likely will not perform as well as it did in prior years. Housing stock is very limited and tends to be older homes requiring work, and finding housing developers willing to take on affordable housing projects is difficult.

The contact indicated that competition among financial institutions is high, and the individual believed that financial institutions are meeting the area's credit needs. The contact does see some opportunities for banks to provide additional funding to small businesses and start-ups, although limited housing and childcare are noted barriers to attracting new businesses to the region.

Credit Needs

Based on information from economic and demographic data, the community contact, and bank management, examiners identified small farm loans as the primary credit need in the assessment area. The demand for small farm loans is also illustrated by the large percentage of farm operations with gross annual revenues of \$1 million or less.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 14, 2019, to the current evaluation dated January 21, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance.

Activities Reviewed

Examiners reviewed small farm, small business, and home mortgage loans to assess the bank's performance for this performance evaluation. Examiners selected the loan products reviewed based on the bank's business strategy and loan volume during the evaluation period. Small farm lending received more weight when drawing overall conclusions since this loan category had the most lending activity.

For all three loan categories reviewed, examiners focused on 2024 lending activity as bank management confirmed the lending patterns for that year would be reasonably representative of the bank's lending throughout the evaluation period. In 2024, bank records show the institution originated 99 small farm loans totaling \$5.4 million, 24 small business loans totaling \$2.8 million, and 20 home mortgage loans totaling \$2.8 million.

For the Lending Test, examiners analyzed all of these loans to evaluate the Assessment Area Concentration criterion. Additionally, all of the 2024 loans originated inside the assessment area were further reviewed to evaluate the Borrower Profile criterion. Examiners used 2024 D&B data as the standard of comparison for the bank's small farm and small business lending performance, and the 2020 U.S. Census data as the standard of comparison for the bank's home mortgage lending

performance. Although both the number and dollar volume of loans are shown throughout this evaluation, examiners emphasize performance by the number of loans because it is a better indicator of the number of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bank of Greeley demonstrated satisfactory performance under the Lending Test. The bank’s performance in all evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and the credit needs of the assessment area. The bank’s performance for this criterion was evaluated based on the average of the 23 quarterly net loan-to-deposit ratios since the previous evaluation. The bank’s average net loan-to-deposit ratio is the lowest, but still comparable to most of the similarly situated institutions’ ratios during the same period. Examiners selected the similarly situated institutions based on their asset size, geographic location, and product mix. See the following table for details.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Bank of Greeley, Greeley, Kansas	46,346	57.9
The Farmers State Bank of Blue Mound, Blue Mound, Kansas	53,700	73.5
The City State Bank, Fort Scott, Kansas	52,194	66.0
The Kansas State Bank Overbrook, Overbrook, Kansas	87,976	61.0
Prescott State Bank, Prescott, Kansas	15,804	68.1

Source: Reports of Condition and Income 3/31/2019 – 9/30/2024

Assessment Area Concentration

Overall, a majority of the reviewed loans were located inside the assessment area. Examiners noted that a majority of home mortgage loans reviewed (by both number and dollar volume) were located outside the assessment area. The borrowers outside the assessment area were generally customers with ties to the bank or the community. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	90	90.9	9	9.1	99	4,717	87.7	661	12.3	5,378
Small Business	20	83.3	4	16.7	24	1,819	65.2	969	34.8	2,788
Home Mortgage	9	45.0	11	55.0	20	974	34.9	1,816	65.1	2,790
Total	119	83.2	24	16.8	143	7,510	68.5	3,446	31.5	10,956

Source: Bank Data

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration. The bank’s reasonable small business and home mortgage lending performance supports this conclusion. Although the bank’s small farm lending performance was excellent, it did not elevate the overall 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 the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Farm Loans

The distribution of loans to farms of different revenue sizes is excellent. All 90 small business loans were originated to operations with revenues of \$1 million or less. This exceeds demographic data, which indicates that 98.0 percent of assessment area farms are in this same revenue category.

Small Business Loans

The distribution of loans to businesses of different revenue sizes is reasonable. As illustrated in the following table, the bank’s percentage of lending to small businesses with revenues of \$1 million or less is comparable to the demographic data for this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.8	18	90.0	837	46.0
>\$1,000,000	3.3	2	10.0	982	54.0
Revenue Not Available	10.9	0	0.0	0	0.0
Total	100.0	20	100.0	1,819	100.0

Source: 2024 D&B Data, Bank Data

Home Mortgage Loans

The distribution of loans to individuals of different income levels is reasonable. As the following table shows, one of the reviewed loans was extended to a low-income borrower, and none of the reviewed loans were extended to moderate-income borrowers. While the bank’s percentage of lending in both of these income categories is lower than the corresponding demographic data, performance is still considered reasonable. Examiners considered several factors when assessing performance including that 10.3 percent of low-income families in the assessment area generate incomes below the poverty level and are less likely to qualify for traditional home mortgage loans. Additionally, almost half of the reviewed loans were for business purposes, and the bank’s overall level of home mortgage lending in the assessment area is very limited.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.3	1	11.1	35	3.6
Moderate	11.7	0	0.0	0	0.0
Middle	25.8	2	22.2	103	10.6
Upper	40.1	6	66.7	836	85.8
Totals	100.0	9	100.0	974	100.0
<i>Source: 2020 U.S. Census, Bank Data Due to rounding, totals may not equal 100.0%</i>					

Geographic Distribution

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

Response to Complaints

The institution 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.