



PUBLIC DISCLOSURE

August 1, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Girard
Charter Number 3216

205 S. Summit
Girard, KS 66743

Office of the Comptroller of the Currency

7101 College Boulevard
Suite 1600
Overland Park, KS 66210

NOTE: 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

OVERALL CRA RATING.....1

DEFINITIONS AND COMMON ABBREVIATIONS.....2

DESCRIPTION OF INSTITUTION.....6

SCOPE OF EVALUATION.....6

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....8

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....8

LENDING TEST.....8

APPENDIX A: SCOPE OF EXAMINATION.....A-1

APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....B-1

APPENDIX C: TABLES OF PERFORMANCE DATA.....C-1

Overall CRA Rating

The Lending Test is rated: **Satisfactory**.

The major factors supporting this rating for The First National Bank of Girard (FNB) are:

- The average quarterly loan-to-deposit (LTD) ratio since the previous CRA examination is more than reasonable and reflects responsiveness towards meeting the credit needs of the community.
- The majority of loans originated during this evaluation period were made within FNB's assessment area (AA).
- The distribution of loans to borrowers of different income levels within the AA is reasonable.
- FNB received no consumer complaints concerning its performance in meeting the community's credit needs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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/AA.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. CTs generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA(s) or outside the AA(s) provided the bank has adequately addressed the community development needs of its AA(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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.

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, which 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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement, and refinances, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing, and one-to-four family dwellings other than manufactured housing.

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.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state MA. 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 multi-state MA, the institution will receive a rating for the multi-state MA.

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

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

FNB is an \$81 million, single-state, financial institution headquartered in Girard, Kansas. FNB is a wholly owned subsidiary of Mid-America Bancshares, Inc., a single-asset holding company with \$9.2 million in consolidated assets. FNB has not opened or closed any branches since the prior CRA examination.

FNB has one AA, which includes three middle-income census tracts in Crawford County, Kansas. Census tracts include 9566, 9567, and 9568. The AA is not in an MSA. Including the entirety of Crawford County would result in an AA too large for FNB to adequately serve.

FNB is a full-service financial institution operating one branch in Girard, Kansas. FNB offers a variety of loan and deposit products including various consumer loans, residential real estate loans, and commercial loans. As of June 30, 2018, the loan portfolio totaled \$49.2 million or 62 percent of total assets. FNB's loan portfolio consists of the following, by dollar: real estate loans (61 percent), commercial loans (17 percent), and other loans (22 percent). Net tier 1 capital totals \$9.2 million and deposits total \$67.4 million. FNB holds 7.64 percent of the deposit market share, which ranks 6th out of the 12 financial institutions in Crawford County. Primary competitors include GNBank, National Association, Commerce Bank, and Community National Bank and Trust.

FNB's strategy is to continue originating agriculture, residential real estate, and commercial loans in the bank's AA. There are no legal, financial, or other factors impeding FNB's ability to meet credit needs in the community. FNB received a "satisfactory" rating at the previous CRA examination dated February 19, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The scope of the examination included evaluating FNB based on the small bank CRA examination procedures and focused primarily on the lending test. Our objective was to assess the bank's ability to serve and meet the community's needs within its AA.

FNB's primary, newly-originated, loan products, by number and dollar, are consumer and agriculture, respectively, based on 2015-2017 loan origination data. To assess the bank's performance, we selected two random samples of consumer loans and two random samples of agriculture loans. The consumer samples include 30 loans originated between January 1, 2015 and December 31, 2016 (2015-2016) and 30 loans originated between January 1, 2017 and December 31, 2017 (2017). The agriculture samples include 30 loans originated in 2015-2016 and 30 loans originated in 2017. Greater weight was placed on the consumer and agriculture samples originated in 2015-2016, as more loans were originated in this time period compared to 2017.

We used the samples to determine the bank's lending record to borrowers of different income classes and the percentage of loan originations extended to borrowers located within the AA.

Data Integrity

This evaluation was based on accurate data. FNB is not required to collect and maintain data on consumer loans or small farm loans. Therefore, we utilized random sampling to obtain data on these loans, including income and geographic data.

Selection of Areas for Full-Scope Review

FNB has one AA, which received a full-scope review. Refer to Appendix A for details.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is rated satisfactory.

Loan-to-Deposit Ratio

FNB's LTD ratio reflects more than reasonable responsiveness toward meeting the credit needs of the community. FNB's average quarterly LTD ratio, based on Call Report information from December 31, 2012 to March 31, 2018, is 74.7 percent. The average quarterly LTD ratio for similarly situated financial institutions for the same time period is 42.9 percent. The highest peer ratio is 57.0 percent, and the lowest is 30.4 percent. FNB ranked third in asset size out of five similarly situated financial institutions. These peer institutions ranged from \$95.3 million to \$69.3 million in asset size, as of March 31, 2018, with an average asset size of \$80.4 million.

Lending in Assessment Area

FNB's lending in the AA is reasonable. A majority of consumer loans by number and dollar were originated inside the AA at 73.3 percent and 85.6 percent, respectively, for 2015-2016, and 63.3 percent and 90.0 percent, respectively, for 2017. Additionally, a majority of small loans to farms by number and dollar were also originated inside the AA at 76.7 percent and 80.8 percent, respectively, for 2015-2016 and 80.0 percent and 92.7 percent, respectively, for 2017.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall borrower distribution of loans is reasonable. The distribution of consumer loans reflects an overall reasonable penetration. The distribution of small loans to farms reflects an overall reasonable penetration.

Loans to Consumers

The overall distribution of consumer loans within the AA reflects reasonable penetration. The bank's 2015-2016 consumer loan distribution among moderate-income borrowers within the AA is above the demographic data, whereas the distribution among low-income borrowers within the AA is below the demographic data. This is reasonable given that the 2015 ACS U.S. Census data reports that 15.5 percent of households within the AA are below the poverty line. The bank's 2017 consumer loan distribution reflects more than reasonable penetration of the moderate-income borrower class within the AA. The remainder of the bank's performance in 2017 is not inconsistent with the overall performance noted in 2015-2016. Refer to Table V in Appendix C for details.

Small Loans to Farms

The overall distribution of small loans to farms of different sizes within the AA reflects reasonable penetration. FNB's percentage of loans to farms with revenues of \$1 million or less within the AA for 2015-2016 is 95.4 percent. This is reasonably consistent with demographic data. The bank's 2017 agriculture loan distribution is not inconsistent with the performance noted in 2015-2016. Refer to Table T in Appendix C for details.

Geographic Distribution of Loans

FNB's AA is located exclusively in middle income tracts.

Responses to Complaints

FNB did not receive any written complaints relating to its CRA performance during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/2015 to 12/31/2017	
Financial Institution		Products Reviewed
First National Bank of Girard (FNB) Girard, Kansas		Consumer loans; Agriculture Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Census Tracts 9566, 9567, and 9568 in Crawford County, Kansas	Full-Scope	See Appendix B for additional information.

Appendix B: Community Profiles for Full-Scope Areas

Crawford County, Kansas

Table A – Demographic Information of the Assessment Area						
Assessment Area: Crawford County Non-MSA AA 2017						
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	11,581	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,490	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,384	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,122	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	984	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	564	0.0	0.0	100.0	0.0	0.0
Farms by Geography	115	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	2,992	24.3	18.9	22.6	34.2	0.0
Household Distribution by Income Level	4,506	28.0	19.8	17.4	34.8	0.0
Median Family Income Non-MSAs - KS		\$56,877	Median Housing Value			\$72,934
			Median Gross Rent			\$619
			Families Below Poverty Level			11.0%
<i>Source: 2015 ACS Census and 2017 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>						

FNB’s AA includes three middle income CTs in Crawford County, KS (9566, 9567, 9568). FNB operates a single branch in the AA in Girard, Kansas. The AA is not located in an MSA. Demographic data shows the 2017 MFI as \$56,877, and 11.0 percent of households in the AA reported income below the poverty level.

Primary industries in the AA include education, healthcare, construction, and entertainment. The AA’s largest employers include Pittsburg State University, Crossland Construction, Downstream Casino and Resort, Pittsburg USD 250, and Via Christi Hospital. The majority of these employers are located in Pittsburg, KS, which is approximately 14 miles from the bank’s branch location in Girard, Kansas. The unemployment rate in Crawford County is 4.4 percent compared to 3.6 percent in the state of Kansas and 3.9 percent nationally.

Based on loan originations during the evaluation period, the primary products for the institution are consumer and agriculture loans. Competition in the AA is strong. FNB holds 7.64 percent of the deposit market share, which ranks sixth out of the 12 institutions in the AA. The top four competitors – including GNBANK, National Association, Commerce Bank, Community National Bank and Trust, and Labette Bank – hold 67.24 percent of the AA's deposit market share.

During the examination, we reviewed one community contact. The contact was an executive officer of a local non-profit dedicated to eliminating poverty in Southeast Kansas. The organization assists low-income families with housing, utilities, transportation, employment, medical care, childcare, education, nutrition, and community resource awareness. The contact indicated that affordable housing options are limited, and much of the affordable housing consists of older homes in poor condition. The contact also indicated that banks have limited lending opportunities within the AA because the residents do not have the financial capacity to obtain a loan. The contact was not aware of any complaints or discriminatory practices regarding local financial institutions.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate MAs are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.

Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/AA.

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2015-16	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans	
Crawford County Non-MSA AA 2015-2016	30	1,524	100	32	99.3	95.4	43.8	0.7	4.6	0.0	0.0	
Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data. Due to rounding, totals may not equal 100.0												

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans	
Crawford County Non-MSA AA 2017	30	1,630	100	32	99.1	94.7	43.8	0.9	5.3	0.0	0.0	
Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data. Due to rounding, totals may not equal 100.0												

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2015-16	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Crawford County Non-MSA AA 2015-2016	30	173	100	26.5	13.0	16.5	17.4	19.0	30.4	37.9	39.1	0.0	0.0	
Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0														

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Crawford County Non-MSA AA 2017	30	187	100	28.0	12.5	19.8	33.3	17.4	16.7	34.8	37.5	0.0	0.0	
Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0														