



PUBLIC DISCLOSURE

January 3, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Harveyville
Charter Number: 11822

197 Main Street
Harveyville, KS 66431

Office of the Comptroller of the Currency

7101 College Blvd., Suite 1600
Overland Park, KS 6610

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, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory.

The major factors that support this rating include:

- The loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's loans by number and by dollar are in the assessment area (AA).
- The distribution of credit to businesses with gross revenues under \$1 million is excellent.
- The distribution of credit to consumers of different incomes is reasonable.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is reasonable.

First National Bank of Harveyville's (FNB) quarterly average LTD ratio is reasonable at 71.5 percent. The Office of the Comptroller of the Currency (OCC) calculated FNB's quarterly average LTD ratio using information from the Consolidated Reports of Condition from December 31, 2018, to December 31, 2021. FNB's average LTD peaked at 81.9 percent compared to a low of 62.9 percent. The quarterly average LTD ratio for similarly situated financial institutions during the same period is 61 percent. The peer group peak is 73.6 percent compared to a low of 46.2 percent. By asset size, FNB ranked 4th out of six similarly situated financial institutions. These financial institutions ranged in asset size from \$13.2 million to \$22.1 million with an average asset size of \$17.4 million

Lending in Assessment Area

A majority of the bank's loans are inside its AA.

The bank originated and purchased 50.8 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

FNB's AA is an agricultural AA that includes some small towns with a small population in the AA. There are 10 other banking institutions with operations inside of the AA creating a high level of competition for loans.

Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Consumer	39	65.0	21	35.0	60	394	62.3	238	37.7	632
Commercial	22	36.7	38	63.3	60	4,718	72.6	1,778	27.4	6,496

Total	61	50.8	59	49.2	120	5,112	71.7	2,016	28.3	7,128
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

FNB is a nationally chartered community bank with its home office in Harveyville, Kansas. FNB is a wholly-owned subsidiary of Mohler Bancshares, Inc., a one-bank holding company. FNB operates one full-service branch in Harveyville, KS. Since the prior CRA examination, FNB has not added or closed any branches, or made any significant changes to its corporate structure, including merger or acquisition activities.

FNB offers a full range of deposit and loan products and services. As of December 31, 2021, the loan portfolio totaled \$8.9 million, or 56.0 percent of total assets. FNB's loan portfolio consisted of the following by dollar: real estate loans (62.6 percent), commercial loans (16.4 percent), individual loans (9.4 percent), agricultural loans (13.0 percent), and other loans (5.0 percent). Tier 1 capital totals \$1.5 million and deposits total \$13.9 million. FNB holds 3.1 percent of its AA's deposit market share, which ranks eighth out of the 11 financial institutions in the AA. Primary competitors include larger local banks with multiple offices and many smaller banks, including Landmark National Bank, First National Bank of Kansas, Flint Hills Bank, and The Kansas State Bank of Overbrook.

There are no legal, financial, or other factors impeding FNB's ability to meet the community's credit needs. The bank was rated satisfactory at its prior small bank CRA examination dated November 5, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The OCC used small bank examination procedures to evaluate FNB's record of meeting the credit needs of its community through its lending activities. The lending test review period is January 1, 2019, through December 31, 2021. The bank has one AA that includes two census tracts (CT). Conclusions were based on the bank's consumer lending as the primary product by number and commercial lending by dollar. We sampled 60 consumer loans and 60 commercial loans originated during the review period to assess the bank's performance under the Lending Test.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The bank has only one AA and one banking location with all weight placed on lending in that AA and location.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, 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.

State Rating

State of Kansas

CRA rating for the State of Kansas¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- Lending businesses with gross revenues under \$1 million is excellent.
- Lending to consumer borrowers of different incomes is reasonable.

Description of Institution's Operations in Kansas

The Wabaunsee-Osage County AA consists of two CTs and includes tract 4832 in Wabaunsee County, KS and tract 102 in Osage County, KS. Both Wabaunsee and Osage Counties are part of the Topeka, KS MSA. Both of the CTs are designated as middle-income tracts, and neither are considered underserved or distressed. The town of Harveyville, KS, where FNB is located, sits in the very southeast corner of Wabaunsee County, just a few miles west of tract 102 in Osage County, KS. Both CT and both counties are very rural.

According to the US Census Demographic data, the AA's population is 5,086. The census shows the median family income (MFI) as \$64,984. The AA has 9.4 percent of households below the poverty level and 4.0 percent of families below the poverty level. Unemployment data reports for Wabaunsee County from December 2021 show an unemployment rate in the AA of 1.6 percent, increasing to 2.0 percent as of November 2022. Osage County unemployment rate from December 2021 is 2.0 percent, increasing to 2.6 percent as of November 2022. The state of Kansas unemployment rate was 2.0 percent for December 2021 and 2.5 percent for November 2022, and the national unemployment rate was 3.9 percent for December 2021 and 3.6 percent for November 2022.

Primary businesses within the AA are agriculture, service, and government. The larger employers include the Harveyville Seed Company in Harveyville, KS, individual farms and ranching operations, local schools, and city and county government.

Competition within the AA is very strong. There are 11 total financial institutions in the FNB market area. As of June 30, 2021, FNB ranks eighth in deposit market share, accounting for 3.1 percent of the market. Primary competitors include larger local banks with multiple offices and many smaller banks, including Landmark National Bank, First National Bank of Kansas, Flint Hills Bank, and The Kansas State Bank of Overbrook.

The OCC performed one community contact in relation to this examination with the City of Harveyville, KS. The contact indicated that the primary credit needs in the AA are small, guaranteed

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

business loans and need for new housing in the community, including rental properties, such as duplexes. There is no new housing stock and much of it is in need of repair. Financial institutions are meeting credit needs, with FNB Harveyville mentioned as being responsive and involved in the community.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Wabaunsee-Osage County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	5,085	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	2,662	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,678	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	408	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	576	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	291	0.0	0.0	100.0	0.0	0.0
Farms by Geography	51	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,473	18.7	20.4	26.6	34.2	0.0
Household Distribution by Income Level	2,086	24.7	17.3	21.8	36.2	0.0
Median Family Income MSA - 45820 Topeka, KS MSA		\$64,984	Median Housing Value			\$96,270
Median Household Income: \$49,809		Median Gross Rent			\$639	
Households Below Poverty Level: 9.4%		Families Below Poverty Level			4.0%	
<i>Source: 2015 ACS and 2021 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>						

Scope of Evaluation in Kansas

Examiners used small bank examination procedures to evaluate FNB's record of meeting the credit needs of its community through its lending activities. The lending test review period is January 1, 2019 through December 31, 2021. The bank has one AA, Wabaunsee-Osage County AA (one tract each from each county, both a part of the Topeka, KS MSA). Conclusions were based on the bank's consumer lending, the primary product by number, and commercial lending, as the primary product by dollar. We sampled 60 consumer and 60 commercial loans originated or purchased by FNB during the evaluation period.

LENDING TEST

The bank's performance under the Lending Test in Kansas is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Wabaunsee-Osage County AA is good.

Distribution of Loans by Income Level of the Geography

There are no low- or moderate-income tracts in FNB's AA; therefore, no meaningful analysis could be performed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in the state of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The overall distribution of loans to businesses with gross revenues of under \$1 million is excellent at 81.8 percent when compared to demographics of 84.2 percent and significantly exceeds aggregate lending of other institutions at 38.5 percent. FNB actively makes loans to commercial borrowers in an AA, with few commercial borrowers in a rural AA given the low population and very strong competition from other lenders.

Consumer Loans

Refer to Table V in the state of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Overall lending to consumer borrowers of different incomes is reasonable. Lending to low-income borrowers is excellent at 33.3 percent compared to demographics of 24.7 percent. Lending to moderate-income borrowers is reasonable at 12.8 percent compared to demographics of 17.3 percent. While lending falls below demographics, overall lending is reasonable given the low AA population to lend, very strong lending competition in the AA, and strong lending to low-income borrowers.

Responses to Complaints

FNB has not received any CRA or related complaints 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 MSAs and non-MSAs 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:	01/01/2019 – 12/31/2021	
Bank Products Reviewed:	Small business and consumer loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Wabaunsee-Osage County AA	Small Bank	One AA with a Full-Scope Review.

Appendix B: Summary of MMSA and State Ratings

RATINGS	(BANK NAME)
Overall Bank:	Lending Test Rating
FNB Harveyville	Satisfactory
State:	
Kansas	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

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: 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 Metropolitan Statistical Area 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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. 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.

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

- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - 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 MMSA/assessment area.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2019-21
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Wabaunsee-Osage County AA	22	4,718	100.0	26	84.2	81.8	38.5	2.7	18.2	13.1	0.0	
Total	22	4,718	100.0	26	84.2	81.8	38.5	2.7	18.2	13.1	0.0	

*Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower														2019-21
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	
Wabaunsee-Osage County AA	39	394	100.0	24.7	33.3	17.3	12.8	21.8	28.2	36.2	25.6	0.0	0.0	
Total	39	394	100.0	24.7	33.3	17.3	12.8	21.8	28.2	36.2	25.6	0.0	0.0	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.
Due to rounding, totals may not equal 100.0%*