



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

April 25, 2016

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Girard National Bank  
Charter Number 13347

100 East Forest  
Girard, KS 66743

Office of the Comptroller of the Currency

1027 South Main Street, Suite 405, Joplin, MO 64801

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

<b>INSTITUTION'S CRA RATING .....</b>	<b>1</b>
<b>SCOPE OF EXAMINATION.....</b>	<b>1</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>1</b>
<b>SELECTION OF AREAS FOR FULL-SCOPE REVIEW.....</b>	<b>2</b>
<b>RATINGS .....</b>	<b>4</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA.....</b>	<b>4</b>
LOAN-TO-DEPOSIT RATIO.....	4
LENDING IN ASSESSMENT AREA.....	5
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....</b>	<b>5</b>
<b>STATE RATING.....</b>	<b>6</b>
STATE OF KANSAS.....	6
<b>STATE RATING.....</b>	<b>12</b>
STATE OF COLORADO.....	12
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: SUMMARY OF STATE RATINGS.....</b>	<b>B-1</b>

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

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

**The Community Development Test is rated: Outstanding.**

The major factors supporting the institution's rating:

- The Girard National Bank's (GNB) record of lending to small farms and businesses of different sizes is reasonable.
- The overall geographic dispersion of loans to small farms and businesses of different sizes is excellent.
- GNB's loan-to-deposit (LTD) ratio reflects more than reasonable responsiveness.
- GNB originates a substantial majority of loans within its combined assessment areas (AAs).
- GNB's community development activities show excellent responsiveness in meeting the needs of the AAs.

## **Scope of Examination**

Examiners used the intermediate small bank examination procedures to evaluate GNB's record of meeting the credit needs of its community through its lending and community development activities. The lending test review period is January 1, 2014 through March 31, 2016. GNB's primary loan products are agricultural and commercial loans. Conclusions are based on GNB's agricultural and commercial loan products originated or purchased during the review periods in the AAs and compared to the 2010 Census demographics. The evaluation period for the lending test is January 1, 2012 through March 31, 2016. The evaluation period for the Community Development Test is June 3, 2013 through April 25, 2016. We sampled 75 agricultural and 75 commercial loans for each of the review years.

## **Description of Institution**

GNB is a \$658 million interstate financial institution headquartered in Girard, Kansas. GNB is a wholly owned subsidiary of G.N. Bankshares, Inc., a one-bank holding company also headquartered in Girard, Kansas. GNB is a full-service banking institution offering a wide range of products for individuals and businesses. GNB operates fourteen branches throughout eleven different Kansas and Colorado communities.

In October 2014, GNB merged GNB Mortgage Company, Inc., into GNB. The mortgage company operates out of the Horton, Kansas branch.

In late 2015, G.N. Bankshares completed a merger with University National Bancshares, Inc., acquiring University Bank with branches in Pittsburg, Arma, and Galena. Management chose to start collecting CRA/HMDA data from the branches effective January 1, 2016 so their deposits and loans are not part of this performance evaluation.

GNB's trade area is primarily comprised of agricultural and related businesses at all locations from the surrounding rural communities and some commercial operations. As of March 31, 2016, the outstanding loan and lease portfolio balances consisted of 45 percent agricultural loans, 34 percent commercial loans, 16 percent residential real estate loans, 3 percent consumer loans, and 2 percent other loans and leases.

GNB has the financial capacity to assist in meeting the credit needs of its AAs. There are no known legal or financial constraints that impede its CRA efforts. GNB received a rating of "Satisfactory" at its last CRA examination June 3, 2013.

## **Selection of Areas for Full-Scope Review**

During this examination, GNB has designated three separate AAs using the counties where the branch has its operations. These include 13 counties located in Kansas (Atchison, Brown, Clay, Clark, Comanche, Crawford, Edwards, Ford, Hodgeman, Jackson, Kiowa, Nemaha, and Woodson) and 2 counties in Colorado (Kiowa and Prowers). We combined these counties into three AAs for analysis based on the similarity of the markets, as all are primarily rural agricultural communities with predominately middle-income census tracts. We labeled the AAs as the Topeka AA, non-metropolitan area (MA) Kansas AA, and non-MA Colorado AA.

**Topeka AA:** The Topeka AA is comprised of Jackson County, Kansas, which is a portion of the Topeka metropolitan statistical area (MSA), with a branch located in Holton. GNB operates two branches and one ATM in the AA.

This AA had 8 percent of bank deposits (by dollar) as of March 31, 2016. Competition from other financial institutions is low. GNB ranks third with a deposit market share of 15 percent. GNB's primary competitors are two local community banks, Denison State Bank and Farmers State Bank. The Topeka AA is comprised of three middle-income census tracts. The HUD updated 2015 median family income is \$65,600. The percent of low-, moderate-, middle-, and upper-income families is 18 percent, 20 percent, 26 percent, and 36 percent, respectively.

Primary businesses within the AA are government, casino, education, retail and residents commuting for employment outside of the county. Major employers in the AA include the county and local government, the school system, the Prairie Band casino, and Walmart. The March 2016 unemployment rate in the AA was 3.4 percent, compared to the state of Kansas unemployment rate of 3.9 percent.

During the examination, we performed one community contact with a real estate and appraisal service organization in the AA. Our contact stated opportunities for community

development lending are available and banks are meeting the credit needs of the small communities. There is a good amount of competition in the area, however if a borrower likes a specific bank, they will not usually shop around.

**Non-MA Kansas AA:** The following counties comprise the AA: Atchison, Brown, Clark, Clay, Comanche, Crawford, Edwards, Ford, Hodgeman, Kiowa, Nemaha, and Woodson. Branches are located in Bucklin, Clay Center, Girard, Horton, Hiawatha, Offerle, Wetmore, and Yates Center. GNB's main office is located in Crawford County. GNB operates eight branches and six ATMs in the AA.

This AA has 76 percent of GNB's deposits (by dollar) as of March 31, 2016. Competition from other financial institutions is strong. GNB ranks first with 9 percent of the deposit market share out of 46 financial institutions in the AA. GNB's primary competitors are several local community banks and branches of large regional institutions including United Bank and Trust, Exchange National Bank and Trust Company, The Morrill and James Bank and Trust Company, Community National Bank, Fidelity State Bank and Trust Company, and Commerce Bank.

The non-MA Kansas AA consists of 38 census tracts with a designation of 6 moderate-income, 30 middle-income, and 2 upper-income tracts. Of the 30 middle-income census tracts in the AA, 8 are distressed, 2 are underserved, and 5 are both distressed and underserved. Based on the U.S. Census data, the HUD updated 2015 median family income is \$57,700. The percent of low-income, moderate-income, middle-income, and upper-income families is 19 percent, 19 percent, 23 percent and 39 percent, respectively.

Major employers in the AA are agriculture, manufacturing, education, health care, and retail. Major employers include county and local government, Walmart, Pittsburg State University, Pitt Plastics, Sugar Creek Packing, and the Girard Medical Center. The March 2016 average unemployment rates in the AA is 3.8 percent, with Woodson County having the highest unemployment rate at 6.3 percent and Kiowa County having the lowest at 2.5 percent.

During the examination, we performed one community contact with a non-profit social services agency in the AA. Our contact stated banks have been helpful by meeting needs and serving on boards and volunteering on projects. Banks are also participating with projects and with home loans for clients that receive buyer education classes. The contact specifically mentioned GNB as having a good relationship and being active in meeting community needs.

**Non-MA Colorado AA:** The AA consists of Kiowa and Prowers counties in Colorado, with branches located in Eads and Lamar, Colorado. GNB operates two branches and one ATM in the AA.

This AA has 16 percent of GNB's deposits (by dollar) as of March 31, 2016. Competition is moderate with four other financial institutions in the AA. GNB ranks third for deposit market share in the AA with 21 percent of deposits. GNB's primary competitors are

Colorado East Bank and Trust, Community State Bank, Frontier Bank, and Legacy Bank.

The non-MA Colorado AA has six census tracts with a designation of one low-income, one moderate-income and four middle-income tracts, all of which are both distressed and underserved. There are no upper-income tracts in the AA. Based on the U.S. Census data, the HUD updated 2015 median family income is \$60,700. The percent of low-income, moderate-income, middle-income, and upper-income families is 31 percent, 17 percent, 21 percent, and 31 percent, respectively.

Major areas of employment in the AA include county and local governments, education, health care, retail, and agriculture. Major employers include Weisbrod Memorial County Hospital, Eads High School, Walmart, Lamar Community College, and Prowers Medical Center. As of March 2016, the average unemployment rate in the AA was 3.1 percent, compared to the state of Colorado unemployment rate of 2.9 percent. The highest unemployment rate in the AA is Prowers County at 3.8 percent, and the lowest is Kiowa County at 2.3 percent.

During the examination, we performed one community contact with a membership-funded organization. Our contact identified credit needs for start-up capital for potential businesses and current business owners for expansion or operating expenses needs. She stated banks in the market are for the most part meeting credit needs; however, they are not able to meet all needs and some businesses have to seek financing outside the market area.

## **Ratings**

GNB's overall rating is a blend of state ratings. We weighed performance based on the number of loan originations in the AAs and volume of deposit production. We gave more emphasis to performance in the state of Kansas, and more specifically to the non-MA Kansas AA, given the number of loan originations and deposit volume there. For the evaluation period, GNB had 78 percent of the total number of loan originations in the non-MA Kansas AA. As of March 31, 2016, 76.1 percent of GNB's deposits were from the non-MA Kansas AA.

## **Conclusions with Respect to Performance Criteria**

The following conclusions represent GNB's performance in all AAs based on a review of reported loan and other information maintained during the evaluation period.

### **Loan-to-Deposit Ratio**

GNB's quarterly average LTD ratio is reasonable at 79.3 percent. We calculated GNB's quarterly average LTD ratio using information from the Consolidated Reports of Condition from March 31, 2013 to September 30, 2015. The quarterly average LTD ratio for similarly situated financial institutions for the same period is 67.3 percent. The

highest peer ratio is 77.7 percent, and the lowest is 62.1 percent. By asset size, GNB ranked fourth out of seven similarly situated financial institutions serving its AAs. These financial institutions ranged from \$138 million to \$925 million in asset size with an average asset size of \$556 million.

### Lending in Assessment Area

The substantial majority by dollar and by number for both agricultural and commercial lending occurs within GNB’s AAs. For both commercial and agricultural lending combined, GNB had 91.3 percent by number and 89.6 percent by dollar of loans within its AAs.

Table 1 - Lending for The Girard National Bank										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total (000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Agriculture	65	86.67	10	13.33	75	4,014	87.02	599	12.98	4,613
Commercial	72	96.00	3	4.00	75	2,710	93.83	178	6.17	2,888
Totals	137	91.33	13	8.67	150	6,724	89.64	777	10.36	7,501

Source: Loan sample data.

### Responses to Complaints

GNB has not received any complaints during the evaluation period in regards to its CRA performance.

### Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) in determining a national bank’s 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.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of Kansas

**CRA Rating for Kansas: Outstanding.**

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

**The Community development test is rated: Outstanding.**

### LENDING TEST

GNB’s performance under the lending test in Kansas is satisfactory.

Lending to borrowers of different incomes is reasonable. The geographic dispersion of loans is excellent. Community development lending is outstanding. The non-MA Kansas AA received the greatest weight with 78 percent of total loan originations by number and 77 percent by dollar.

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

For the state of Kansas, GNB’s performance of lending to businesses and farms of different revenue levels and sizes demonstrates reasonable penetration. The analysis includes a review of agricultural and commercial loans. GNB’s agricultural lending activity received the most weight based upon the volume of loans originated by number and dollar during the evaluation period.

#### Non-MA Kansas AA

The overall borrower distribution of small loans to businesses and farms of different revenues and sizes demonstrates reasonable penetration in the non-MA Kansas AA.

#### *Small Loans to Businesses*

The percentage of bank loans to businesses with revenues less than or equal to \$1 million by number is slightly below area demographic data and reflects reasonable penetration. Review the chart below for details. Note: Approximately 35 percent of the loans in GNB’s sample with revenues less than \$ 1 million have revenues that are less than \$250 thousand. This demonstrates GNB’s efforts to meet the communities’ credit needs. Revenue information was not available for 20.8 percent of the loans in GNB’s sample and for 21.5 percent of the businesses that reported revenue data in the AA.

<b>Borrower Distribution of Loans to Businesses in Non-MA Kansas AA</b>				
<b>Business Revenues</b>	<b>≤ \$1,000,000</b>	<b>≥ \$1,000,000</b>	<b>Unavailable</b>	<b>Total</b>
% of AA Businesses	72.44%	6.03%	21.53%	100.00%
% of Bank Loans in AA by #	70.83%	8.33%	20.83%	100.00%
% of Bank Loans in AA by \$	92.78%	0.00%	7.22%	100.00%

*Source: Loan Sample and 2015 Business Geodemographic Data*

*Small Loans to Farms*

The percentage of bank loans to farms with revenues less than or equal to \$1 million by number is below area demographic data but still reflects reasonable penetration. Review the chart below for details. Note: In addition, approximately 50 percent of the loans in GNB's sample with revenues less than \$ 1 million have revenues that are less than \$250 thousand. This demonstrates GNB's efforts to meet the communities' credit needs. Revenue information was not available for 17.4 percent of the loans in GNB's sample.

<b>Borrower Distribution of Loans to Farms in Non-MA Kansas AA</b>				
Farm Revenue	≤ \$1,000,000	≥ \$1,000,000	Unavailable	Total
% of AA Farms	98.18%	1.30%	0.52%	100.00%
% of Bank Loans in AA by #	78.26%	4.35%	17.39%	100.00%
% of Bank Loans in AA by \$	71.39%	21.57%	7.04%	100.00%

*Source: Loan Sample and 2015 Business Geodemographic Data*

Topeka AA

The overall borrower distribution of small loans to businesses and farms of different revenues and sizes demonstrates reasonable penetration in the Topeka AA.

*Small Loans to Businesses*

The percentage of bank loans to businesses with revenues less than or equal to \$1 million by number is slightly below area demographic data but still reflects reasonable penetration. Review the chart below for details. Note: Approximately 72.2 percent of the loans in GNB's sample with revenues less than \$1 million have revenues that are less than \$250 thousand. This exemplifies GNB's efforts to meet community credit needs. Revenue information was not available for 17.4 percent of the loans in GNB's sample and for 15.5 percent of the businesses that reported revenue data in the AA.

<b>Borrower Distribution of Loans to Businesses in Topeka AA</b>				
Business Revenues	≤ \$1,000,000	≥ \$1,000,000	Unavailable	Total
% of AA Businesses	81.14%	3.41%	15.45%	100.00%
% of Bank Loans in AA by #	78.26%	4.35%	17.39%	100.00%
% of Bank Loans in AA by \$	75.76%	1.47%	22.78%	100.00%

*Source: Loan Sample and 2015 Business Geodemographic Data*

*Small Loans to Farms*

The percentage of bank loans to farms with revenues less than or equal to \$1 million by number is below area demographic data and reflects reasonable penetration. Review the chart below for details. Note: In addition, approximately 67 percent of the loans in GNB's sample with revenues less than \$ 1 million have revenues that are less than

\$250 thousand. Revenue information was not available for 33.3 percent of the loans in GNB’s sample.

<b>Borrower Distribution of Loans to Farms in Topeka AA</b>				
Farm Revenue	≤ \$1,000,000	≥ \$1,000,000	Unavailable	Total
% of AA Farms	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by #	62.50%	4.17%	33.33%	100.00%
% of Bank Loans in AA by \$	85.83%	5.25%	8.92%	100.00%

Source: Loan Sample and 2015 Business Geodemographic Data

**Geographic Distribution of Loans**

For the state of Kansas, GNB’s performance of lending to businesses and farms of different revenue levels and sizes demonstrates excellent dispersion. The analysis includes a review of agricultural and commercial loans. GNB’s agricultural lending activity received the most weight based upon the volume of loans originated by number and dollar during the evaluation period.

Non-MA Kansas

The geographic distribution of small loans to businesses and farms in the non-MA Kansas AA shows excellent dispersion.

*Small Loans to Businesses*

The geographic distribution of small loans to businesses in the non-MA Kansas AA reflects excellent dispersion. The dispersion of small loans to businesses within moderate-income geographies of 20.8 percent is slightly above area demographics of 19.8 percent. There are no low-income census tracts in the AA.

<b>Geographic Distribution of Commercial Loans in Non-MA Kansas AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Percent of Total	0.00	0.00	19.82	20.83	71.73	75.00	8.46	4.17

Source: Loan Sample and 2015 Business Geodemographic Data

*Small Loans to Farms*

The geographic distribution of small loans to farms in the non-MA Kansas AA shows excellent dispersion. The dispersion of small loans to farms exceeds area demographics of 3.8 percent with 10.5 percent of loans in moderate-income census tracts. There are no low-income census tracts in the AA.

Geographic Distribution of Agricultural Loans in Non-MA Kansas AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Percent of Total	0.00	0.00	3.83	10.53	90.13	89.47	6.04	0.00

Source: Loan Sample and 2015 Business Geodemographic Data

Topeka AA

The Topeka AA is comprised of middle-income census tracts so an analysis is not meaningful.

**COMMUNITY DEVELOPMENT TEST**

GNB’s performance under the community development test in Kansas is rated “Outstanding”.

Based on the analysis for the full-scope review, GNB’s responsiveness in the non-MA Kansas AA is excellent and in the Topeka AA is very poor. Primary weight is in the non-MA Kansas AA with 76 percent of GNB’s deposits. GNB provided community development loans, investments/donations, and services throughout the AAs. Bank officers and employees also provided community development services during the evaluation period.

Non-MA Kansas AA

GNB shows excellent responsiveness in meeting the community development needs of the AA. GNB has two branches located in moderate-income census tracts and the level of community development loans, investments and services in the middle-income distressed and underserved census tracts in the AA show GNB’s support to enhance these communities.

Topeka AA

GNB has a very poor level of responsiveness in meeting the needs of the AA. There were no loans, limited investments and services. This AA receives minimal weight with less than 8 percent of GNB’s deposits. Both branches in this AA are in middle-income census tracts.

## **Number and Amount of Community Development Loans**

### Non-MA Kansas AA

GNB originated 18 community development loans totaling \$10.7 million during the evaluation period. These loans promoted economic development by providing permanent jobs to low- and moderate-income individuals and services to communities by providing community resources in distressed and underserved census tracts.

### Topeka AA

No community development loans were originated during the evaluation period in the Topeka AA.

## **Number and Amount of Qualified Investments**

### Non-MA Kansas AA

GNB provided investments/donations totaling \$806 thousand during the evaluation period. These were to revitalize/stabilize communities in distressed and underserved census tracts and community services to low and moderate-income individuals.

### Topeka AA

GNB made six qualified investments/donations in the Topeka AA during the evaluation period totaling \$500.00 that focused on community services.

## **Extent to Which GNB Provides Community Development Services**

### Non-MA KS AA

During the evaluation period, bank employees provided forty-seven community development services to various organizations. These services helped to revitalize/stabilize communities, provide economic development, promote affordable housing, and provide social services.

### Retail banking

Branch and ATM distribution is satisfactory. GNB has 12 retail branches that are readily accessible to customers of various income levels. Seventeen percent of branches are located in moderate-income census tracts and eighty-three percent are located in middle-income census tracts. Four of the branches are located in distressed/underserved middle-income areas. The percentage of the AA's population residing in moderate-income tracts is 16.67 percent. Teller services are available in all locations and drive-up services are available on Saturday in six locations. Customers have access to eleven ATMs.

GNB offers customers checking, savings, electronic wire transfer, cashier checks, money orders, notary public service, direct deposit of government payments, Girard National Bank family of banks Master Card Debit Card, ATM access to the “surcharge free” Star® Network, internet banking with bill payment, and mobile banking. We placed no significant weight on these products or services as GNB did not maintain metrics to determine their effectiveness in helping to meet the credit needs of low and moderate-income individuals.

### Topeka AA

Bank employees provided two community services during the evaluation period in the Topeka AA.

### Retail banking

Branch and ATM distribution is adequate. GNB has two retail branches that are readily accessible to customers of various income levels. All branches and ATMs are located in middle-income census tracts. The county borders Shawnee County. Shawnee County has low- and moderate-income census tracts bordering Jackson County. Teller services are available in all locations and drive-up services are available on Saturday. Customers have access to two ATMs.

See non-MA Kansas AA for information on the products and services offered by GNB.

### **Responsiveness to Community Development Needs**

In the State of Kansas, GNB’s performance under the Community Development Test shows an excellent level of responsiveness.

## State Rating

### State of Colorado

**CRA Rating for Colorado: Satisfactory.**

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

**The Community development test is rated: Outstanding.**

### LENDING TEST

GNB’s performance under the lending test in Colorado is rated “Satisfactory”.

Lending to borrowers of different incomes and businesses of different sizes is satisfactory. Loans to businesses and farms shows reasonable penetration. The geographic distribution of loans to small businesses and farms shows reasonable dispersion. Community development in the non-MA Colorado AA is excellent.

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

The overall borrower distribution of small loans to businesses and farms of different revenues and sizes demonstrates reasonable penetration in the non-MA Colorado AA.

For the state of Colorado, GNB’s performance of lending to businesses and farms of different revenue levels and sizes demonstrates reasonable penetration. The analysis includes a review of agricultural and commercial loans. GNB’s agricultural lending activity received the most weight based upon the volume of loans originated by dollar during the evaluation period.

##### *Small Loans to Businesses*

The percentage of bank loans to businesses with revenues less than or equal to \$1 million by number significantly exceeds area demographic data and shows excellent penetration. Review the chart below for details. Note: In addition, approximately 55 percent of the loans in GNB’s sample with revenues less than \$ 1 million have revenues that are less than \$250 thousand. Revenue information was not available for 4 percent of the loans in GNB’s sample and for 22.8 percent of the businesses that reported revenue data in the AA.

<b>Borrower Distribution of Loans to Businesses in non-MA Colorado AA</b>				
Business Revenues	≤ \$1,000,000	≥ \$1,000,000	Unavailable	Total
% of AA Businesses	72.10%	5.12%	22.78%	100.00%
% of Bank Loans in AA by #	88.00%	8.00%	4.00%	100.00%
% of Bank Loans in AA by \$	55.49%	42.55%	1.96%	100.00%

*Source: Loan Sample and 2015 Business Geodemographic Data*

*Small Loans to Farms*

The percentage of bank loans to farms with revenues less than or equal to \$1 million by number is below area demographic data but still reflects reasonable penetration. Review the chart below for details. Note: In addition, approximately 72 percent of the loans in GNB’s sample with revenues less than \$1 million have revenues that are less than \$250 thousand. This demonstrates GNB’s efforts to meet community credit needs. Revenue information was not available for 18.2 percent of the loans in GNB’s sample.

<b>Borrower Distribution of Loans to Farms in non-MA Colorado AA</b>				
Farm Revenue	≤ \$1,000,000	≥ \$1,000,000	Unavailable	Total
% of AA Farms	96.85%	1.97%	1.18%	100.00%
% of Bank Loans in AA by #	81.82%	0.00%	18.18%	100.00%
% of Bank Loans in AA by \$	96.93%	0.00%	3.07%	100.00%

*Source: Loan Sample and 2015 Business Geodemographic Data*

**Geographic Distribution of Loans**

The geographic distribution of small loans to businesses and farms in the non-MA Colorado AA shows reasonable dispersion.

*Small Loans to Businesses*

The geographic distribution of small loans to businesses in the non-MA Colorado AA shows reasonable dispersion. GNB has 8.0 percent of loans to businesses in moderate-income census tracts while total businesses in the AA were at 8.1 percent. Lending in low-income census tracts at 4.0 percent is significantly below demographics of 25.0 percent. See the table below for more details.

<b>Geographic Distribution of Commercial Loans in non-MA Colorado AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Percent of Total	25.00	4.00	8.11	8.00	66.89	88.00	0.00	0.00

*Source: Loan Sample and 2015 Business Geodemographic Data*

*Small Loans to Farms*

The geographic distribution of small loans to farms in the non-MA Colorado AA shows reasonable dispersion. Lending in the moderate-income census tracts at 15.4 percent is below area demographics of 19.3 percent. Lending in low-income census tracts is not meaningful since there are only six farms in low-income tracts limiting GNB’s lending opportunities.

Geographic Distribution of Agricultural Loans in non-MA Colorado AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Percent of Total	2.36	0.00	19.29	15.38	78.35	84.62	0.00	0.00

Source: Loan Sample and 2015 Business Geodemographic Data

## COMMUNITY DEVELOPMENT TEST

GNB’s performance under the community development test in Colorado is rated “Outstanding”.

The non-MA Colorado AA shows excellent responsiveness to the community development needs. GNB has one retail branch located in a low-income census tract and the level of community development lending, investments, and services shows excellent responsiveness.

### Number and Amount of Community Development Loans

GNB originated 15 community development loans totaling \$10.8 million during the evaluation period. These loans promoted economic development by retaining jobs and providing permanent jobs to low- and moderate-income individuals and services to communities by providing community resources.

### Number and Amount of Qualified Investments

GNB provided investments/donations totaling \$69 thousand during the evaluation period. The investments were to revitalize/stabilize communities and provide community services to low- and moderate-income individuals.

### Extent to Which GNB Provides Community Development Services

Bank employees provided thirty community development services to different organizations during the evaluation period. These services helped to revitalize/stabilize communities, provide economic development, promote affordable housing, and provide social services.

### Retail banking

Branch and ATM distribution is excellent. GNB has two retail branches that are readily accessible to customers of various income levels. Fifty percent of branches are located in low-income census tracts and fifty percent are located in distressed or underserved middle-income census tracts. There is one ATM located in the low-income census tract.

The percentage of the AA's population residing in low-income tracts is 16.67 percent. Teller and drive-up services are available in all locations.

See non-MA Colorado AA for information on the products and services offered by GNB.

### **Responsiveness to Community Development Needs**

GNB's performance under the Community Development Test shows an excellent level of responsiveness given performance in the non-MA Colorado AA.

## 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”).

<b>Time Period Reviewed</b>	Lending Test: 01/01/2014 to 03/31/2016 Community Development Test: 06/03/2013 to 04/25/2016	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The Girard National Bank (GNB) Girard, Kansas	Small loans to farms and businesses, community development loans, community development investments, and community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
State of Kansas Topeka AA	Full scope	Jackson County, KS (a portion of the Topeka MSA #45820)
Non-MA Kansas AA	Full scope	Atchison, Brown, Clay, Clark, Comanche, Crawford, Edwards, Ford, Hodgeman, Jackson, Kiowa, Nemaha, and Woodson counties
State of Colorado Non-MA Colorado AA	Full scope	Kiowa and Prowers counties

## Appendix B: Summary of State Ratings

---

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Girard NB	Satisfactory	Outstanding	Outstanding
Kansas	Satisfactory	Outstanding	Outstanding
Colorado	Satisfactory	Outstanding	Outstanding