



PUBLIC DISCLOSURE

August 12, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bankwest of Kansas
RSSD# 989758

924 Main Street
Goodland, Kansas 67735

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Bankwest of Kansas (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. In addition, available aggregate data for the most recent three years (2020, 2021, and 2022) was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's single AA. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio,
- A statistical sample of 84 small farm loans was selected from a universe of 144 loans originated between January 1, 2023 through December 31, 2023.

DESCRIPTION OF INSTITUTION

Bankwest of Kansas is a community bank headquartered in Goodland, Kansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of G.S. Bancshares, Inc.
- The bank has total assets of \$139.8 million as of March 31, 2024.
- In addition to its main office in Goodland, the bank has two additional full-service branches located in Colby and St. Francis, Kansas.
- The bank operates three cash-only automated teller machines, one at each location.

- As shown in the table below, the bank’s primary business focus is agricultural lending.

Table 1

Composition of Loan Portfolio as of March 31, 2024		
Loan Type	\$(000)	%
Construction and Land Development	0	0.0
Farmland	50,452	69.1
1- to 4-Family Residential Real Estate	5,254	7.2
Multifamily Residential Real Estate	0	0.0
Nonfarm Nonresidential Real Estate	3,572	4.9
Agricultural	7,395	10.1
Commercial and Industrial	2,258	3.1
Consumer	1,322	1.8
Other	2,772	3.8
Gross Loans	73,025	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its December 9, 2019 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s Western Kansas AA consists of Cheyenne, Sherman, and Thomas Counties in their entirety. (Refer to Appendix A for an AA map and Appendix B for additional demographic data).

- The bank’s AA is comprised of three middle- and two upper-income census tracts.
- The bank’s delineated AA remains unchanged since the previous evaluation, although the tract composition has changed. At the previous evaluation, the AA included four middle- and one upper-income census tract.
- Cheyenne and Sherman Counties both contain a distressed and underserved middle-income census tract, and Thomas County contains an underserved middle-income census tract.
- According to the June 30, 2023 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank had a deposit market share of 12.3 percent, which ranked fourth out of nine FDIC-insured institutions operating in the AA.

- To further augment the performance evaluation, an interview with a member of the community was conducted to ascertain the credit needs of the community and responsiveness of the area banks in meeting those credit needs and to gain perspective on local economic and demographic characteristics. The community member represents a local agricultural organization.

Table 2

Population Change			
Assessment Area: Western Kansas			
Area	2015 Population	2020 Population	Percent Change
Western Kansas	16,661	16,473	(1.1)
Cheyenne County, KS	2,682	2,616	(2.5)
Sherman County, KS	6,054	5,927	(2.1)
Thomas County, KS	7,925	7,930	0.1
NonMSA Kansas	922,403	892,006	(3.3)
Kansas	2,892,987	2,937,880	1.6

*Source: 2020 U.S. Census Bureau: Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey*

- The city of Goodland, Kansas is the second most populated city in the AA with 4,376 residents in 2020, totaling approximately 73.8 percent of the Sherman County population and 26.6 percent of the AA's total population.
- Approximately 84.1 percent of the AA's total population resides in Sherman and Thomas Counties.
- A community member stated that there is a continuous supply of farmland and irrigation from Goodland to St. Francis, emphasizing the need for small farm credit around that area and within Cheyenne County, specifically.

Table 3

Median Family Income Change			
Assessment Area: Western Kansas			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Western Kansas	62,840	71,988	14.6
Cheyenne County, KS	65,792	63,105	(4.1)
Sherman County, KS	55,139	70,197	27.3
Thomas County, KS	74,767	80,455	7.6
NonMSA Kansas	62,527	65,467	4.7
Kansas	72,535	77,620	7.0

*Source: 2011-2015 U.S. Census Bureau: American Community Survey
2016-2020 U.S. Census Bureau: American Community Survey*

Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.

- Median Family Income (MFI) in the AA experienced double the amount of growth from 2015 to 2020 compared to the state of Kansas and triple the amount of growth compared to other rural areas statewide.
- Based on MFI, Cheyenne County is the least affluent county in the AA and experienced a 4.1 percent decrease in MFI from 2015 to 2020, while Sherman County experienced a 27.3 percent increase during the same time period.
- A community member noted that many farmers with small acreage farms will supplement their income by renting their farmland to moderate or large size farms. The community member also mentioned that small farms continue to be aggressively approached by larger farms as the competitive pressure to expand farmland continues to increase throughout the AA.

Table 4

Housing Cost Burden						
Assessment Area: Western Kansas						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Western Kansas	53.8	15.7	26.3	58.3	20.4	12.4
Cheyenne County, KS	50.5	18.8	26.7	55.1	10.9	17.1
Sherman County, KS	74.2	11.1	29.5	53.1	38.0	13.0
Thomas County, KS	40.9	17.6	23.0	65.2	9.6	9.9
NonMSA Kansas	66.3	20.7	33.9	52.4	20.9	15.1
Kansas	73.6	27.8	38.2	57.4	24.8	15.4

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

- The housing cost burden for low- and moderate-income (LMI) renters and owners in the AA is lower than the figures reported for rural areas statewide and the state of Kansas. The housing cost burden in the AA is primarily driven by Cheyenne and Sherman counties.

Table 5

Unemployment Rates					
Assessment Area: Western Kansas					
Area	2018	2019	2020	2021	2022
Western Kansas	2.6	2.5	2.8	2.1	2.1
Cheyenne County, KS	2.3	2.5	2.1	1.9	2.4
Sherman County, KS	2.8	2.8	3.3	2.6	2.3
Thomas County, KS	2.5	2.3	2.7	1.9	1.9
NonMSA Kansas	3.2	3.2	4.5	2.8	2.5
Kansas	3.4	3.3	5.8	3.3	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Primary employment industries in the AA include Agriculture, Forestry, Fishing, and Hunting, Educational Services, Health Care, and Social Assistance.
- Unemployment rates across the AA, rural areas statewide, and the state of Kansas spiked in 2020 at the onset of the Coronavirus Disease 2019 Pandemic (pandemic). However, these unemployment rates trended back to below pre-pandemic levels in 2022 with the exception of Cheyenne County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending test performance is Satisfactory. The conclusion was reached based on a reasonable NLTD ratio, a majority of loans being originated within the bank’s AA, a reasonable geographic distribution of loans, and a reasonable borrower distribution of loans.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison, to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and areas of operation within or near the bank’s AA.

The bank’s NLTD ratio is reasonable. The bank’s 18-quarter average NLTD ratio of 62.3 percent falls within range of NLTD ratios of other similarly situated institutions, with ratios ranging from 47.6 percent to 100.2 percent.

Table 6

Comparative NLTD Ratios September 30, 2019 – December 31, 2023			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			18 Quarter Average
Bankwest of Kansas	Goodland, KS	150,889	62.3
Similarly Situated Institutions			
Farmers National Bank	Phillipsburg, KS	165,905	64.7
Farmers State Bank of Oakley	Oakley, KS	272,841	100.2
FNB Bank	Goodland, KS	258,312	75.0
Farmers Bank & Trust Company	Atwood, KS	154,405	47.6

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by number and dollar, inside the AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Small Farm	56	66.7	5,835	58.5	28	33.3	4,145	41.5
Total Loans	56	66.7	5,835	58.5	28	33.3	4,145	41.5

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Small Farm Lending

The geographic distribution of small farm lending is reasonable. The distribution of small farm lending among middle-income census tracts is above, while the distribution of small farm lending among upper-income census tracts is below the percentage of total farms operating in the AA. Additionally, an evaluation of the bank’s dispersion of small farm lending was conducted and revealed no conspicuous gaps or lapses throughout the AA.

Table 8

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Western Kansas					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	45	80.4	4,868	83.4	53.4
Upper	11	19.6	968	16.6	46.6
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	56	100.0	5,835	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Farms of Different Sizes

This performance criterion evaluates the bank’s lending to farms of different revenue sizes. The bank’s lending has a reasonable distribution among farms of different sizes.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank’s lending to small farms with gross annual revenues of \$1 million or less is comparable to the percentage of small farms operating within the AA.

Table 9

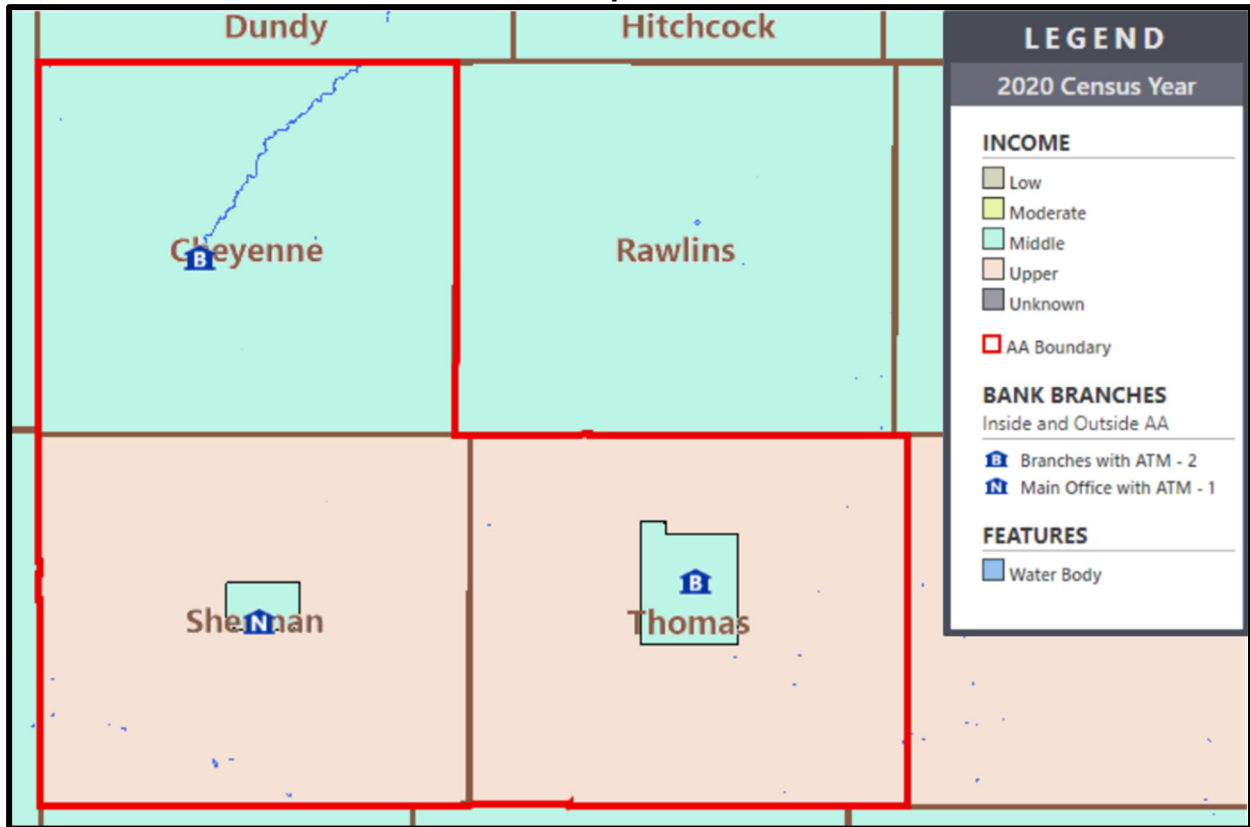
Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Western Kansas					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	52	92.9	5,177	88.7	97.9
Over \$1 Million	4	7.1	659	11.3	2.1
Revenue Unknown	0	0.0	0	0.0	0.0
Total	56	100.0	5,835	100.0	100.0
By Loan Size					
\$100,000 or Less	37	66.1	1,308	22.4	
\$100,001 - \$250,000	12	21.4	2,018	34.6	
\$250,001 - \$500,000	7	12.5	2,509	43.0	
Total	56	100.0	5,835	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	35	67.3	1,165	22.5	
\$100,001 - \$250,000	11	21.2	1,903	36.8	
\$250,001 - \$500,000	6	11.5	2,109	40.7	
Total	52	100.0	5,177	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Map A-1



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2023 Western Kansas AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	604	13.4
Moderate	0	0.0	0	0.0	0	0.0	680	15.1
Middle	3	60.0	3,339	74.3	192	5.8	1,194	26.6
Upper	2	40.0	1,155	25.7	63	5.5	2,016	44.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5	100.0	4,494	100.0	255	5.7	4,494	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	6,447	3,902	76.5	60.5	1,671	25.9	874	13.6
Upper	1,776	1,197	23.5	67.4	356	20.0	223	12.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	8,223	5,099	100.0	62.0	2,027	24.7	1,097	13.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	774	79.7	714	79.5	44	81.5	16	84.2
Upper	197	20.3	184	20.5	10	18.5	3	15.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	971	100.0	898	100.0	54	100.0	19	100.0
Percentage of Total Businesses:				92.5		5.6		2.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	151	53.4	148	53.4	3	50.0	0	0.0
Upper	132	46.6	129	46.6	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	283	100.0	277	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.9		2.1		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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 nonrelatives 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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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 is analyzed using only quantitative factors (for example, 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 area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

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 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. 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.

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