

PUBLIC DISCLOSURE

September 18, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Jonesburg State Bank
Certificate Number: 8896

110 1st Street
Jonesburg, Missouri 63351

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut St, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Jonesburg State Bank (JSB)'s satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the rating. The following points summarize the bank's performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of the home mortgage, small business, and small farm loans reviewed are located inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the CRA rating.

DESCRIPTION OF INSTITUTION

Jonesburg State Bank is a community bank headquartered in Jonesburg, Missouri. The bank is wholly-owned by Montgomery Bancshares, Inc., Jonesburg, Missouri. JSB operates from three full-service locations in east-central Missouri. No merger or acquisition activities have occurred since the prior evaluation. At the prior FDIC Performance Evaluation on August 7, 2017, JSB received a Satisfactory rating based on Small Institution Examination Procedures.

JSB offers traditional loan products, including residential, commercial, agricultural, and consumer lending. Residential and commercial lending continue to be the bank's primary businesses focus. However, while the bank's lending strategy and focus has remained consistent throughout the evaluation period, the loan product mix has changed slightly due to changes in external market demand. Since the prior evaluation, the percentage of residential loans increased from 29.3% to 41.1% and commercial loans decreased from 33.4% to 26.6%. Additionally, the bank participated in the Small Business Administration's Paycheck Protection Program (PPP) in 2020 and 2021. The program provided financial support to businesses and farms adversely affected by the COVID-19 pandemic.

JSB offers traditional deposit products, including checking, savings, individual retirement accounts, and certificates of deposit. Alternative banking services include online banking, bill pay, mobile banking, and telephone banking. The bank operates three deposit-taking ATMs, all of which are located at the bank’s branches.

According to the June 30, 2023, Reports of Condition and Income (Call Report), the institution reported total assets of \$126.9 million, total loans of \$83.7 million, and total deposits of \$115.9 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,996	7.2
Secured by Farmland	11,442	13.7
Secured by 1-4 Family Residential Properties	34,589	41.3
Secured by Multifamily (5 or more) Residential Properties	2,588	3.1
Secured by Nonfarm Nonresidential Properties	16,601	19.8
Total Real Estate Loans	71,216	85.1
Commercial and Industrial Loans	5,637	6.7
Agricultural Production and Other Loans to Farmers	3,937	4.7
Consumer Loans	2,410	2.9
Obligations of State and Political Subdivisions in the U.S.	56	0.0
Other Loans	308	0.4
Lease Financing Receivable (net of unearned income)	164	0.2
Less: Unearned Income	-	-
Total Loans	83,728	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. JSB designated two assessment areas within Missouri, referred to as the MSA Assessment Area and the Non-MSA Assessment Area. The geographic boundaries of the assessment areas have not changed since the prior evaluation; however, the release of 2020 U.S. Census Data resulted in slight changes in the designated census tracts. The MSA Assessment Area is located in the St. Louis, MO-IL MSA and contains all of Warren County and four census tracts in western Lincoln County in Missouri. The Non-MSA Assessment Area is located in nonmetropolitan Missouri and includes all of Montgomery County. The assessment areas are discussed in further detail under their respective sections.

SCOPE OF EVALUATION

General Information

Examiners used Interagency Small Bank Evaluation Procedures to evaluate the bank's CRA performance. This evaluation covers the period from the prior evaluation dated August 7, 2017, to the current evaluation dated September 18, 2023. Examiners used full-scope examination procedures to assess the bank's performance in both the MSA and Non-MSA assessment areas. However, the Non-MSA assessment area received more weight when determining the overall performance ratings due to the majority of branches, loans, and deposits being located in the assessment area.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage, small business, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Based on the bank's business focus and loan portfolio composition, examiners placed the most weight on home mortgage lending, then small business lending, and then small farm lending when arriving at overall conclusions for both assessment areas.

For all three lending products, examiners reviewed 2022 lending activity. Management indicated the bank's lending patterns in 2022 were reasonably representative of its overall lending patterns since the previous evaluation. The bank originated or renewed 41 home mortgage loans totaling \$10.9 million, 32 home mortgage loans totaling \$5.4 million, and 33 small farm loans totaling \$4.1 million in 2022. All aforementioned loans are included in the Assessment Area Concentration criterion analysis.

For the Geographic Distribution and Borrower Profile criterion, examiners reviewed all home mortgage, small business, and small farm loans originated or renewed within the respective assessment areas. The 2020 Census data provides a standard of comparison for the bank's home mortgage lending performance, and 2022 D&B data provides a standard of comparison for the bank's small business and small farm lending performance. Although both the number and dollar volume of loans are included throughout this evaluation, examiners emphasize performance by number of loans as it is a better indicator of the number of individuals, businesses, and farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

JSB demonstrated reasonable performance under the Lending Test. The bank's overall Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports this conclusion.

Loan-to-Deposit Ratio

JSB's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs. The bank's net loan-to-deposit ratio, calculated from Call

Report data, averaged 72.0 percent over the past 24 quarters from September 30, 2017, to June 30, 2023. As shown in the following table, the bank’s ratio is comparable to other institutions’ ratios. The similarly-situated institutions were selected based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Jonesburg State Bank, Jonesburg, MO	126,914	72.0
Bank Star, Pacific, MO	190,061	88.2
Community State Bank of Missouri, Bowling Green, MO	285,914	73.2
United Security Bank, Fulton, MO	86,202	73.9

Source: Reports of Condition and Income 9/30/2017 - 6/30/2023

Assessment Area Concentration

JSB originated a majority of home mortgage, small business, and small farm loans, by number, within its assessment areas. The following table presents a breakdown of lending inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	28	68.3	13	31.7	41	4,462	40.8	6,487	59.2	10,949
Small Business	20	62.5	12	37.5	32	3,974	73.4	1,437	26.6	5,411
Small Farm	26	78.8	7	21.2	33	2,927	70.6	1,217	29.4	4,144

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects overall reasonable dispersion throughout the assessment areas. Examiners generally focus on the percentage of loans, by number, in low- and moderate- income census tracts located in the assessment areas. However, there are no low- or moderate-income geographies in the Non-MSA Assessment Area, and only moderate-income geographies in the MSA Assessment Area. As such, the bank’s reasonable performance in the MSA Assessment Area supports the overall conclusion for this criterion. Refer to the comments under the MSA Assessment Area for more specific analysis.

Borrower Profile

The distribution of borrowers reflects an overall reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes. Reasonable performance in the Non-MSA and MSA Assessment Areas support this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers, and the percentage, by number, of small business and small farm loans with gross annual revenues of \$1 million or less. Refer to the comments under each separately analyzed assessment area for additional analysis.

Response to Complaints

The bank did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA ASSESSMENT AREA

The Non-MSA Assessment Area is comprised of two middle- and two upper-income tracts in Montgomery County in east-central Missouri. These income designations are based on 2020 U.S. Census data.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	4	0.0	0.0	50.0	50.0
Population by Geography	11,322	0.0	0.0	46.4	53.6
Housing Units by Geography	6,252	0.0	0.0	50.9	49.1
Owner-Occupied Units by Geography	3,630	0.0	0.0	52.0	48.0
Occupied Rental Units by Geography	1,365	0.0	0.0	34.4	65.6
Vacant Units by Geography	1,257	0.0	0.0	65.8	34.2
Businesses by Geography	1,297	0.0	0.0	39.9	60.1
Farms by Geography	184	0.0	0.0	53.3	46.7
Family Distribution by Income Level	3,296	16.1	14.9	21.5	47.4
Household Distribution by Income Level	4,995	21.9	12.8	16.9	48.4
Median Family Income Non-MSAs - MO	\$56,957	Median Housing Value			\$120,915
Families Below Poverty Level	9.3%	Median Gross Rent			\$662
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

The 2022 Federal Financial Institutions Examination Council’s (FFIEC)-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Non-MSA Assessment Area are presented in the following table.

Non-Metropolitan Missouri Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$63,500)	<\$31,750	\$31,750 to <\$50,800	\$50,800 to <\$76,200	≥\$76,200
<i>Source: FFIEC</i>				

Competition

JSB operates in a moderately competitive environment in the Non-MSA Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are four financial institutions operating from nine locations in Montgomery County. JSB ranked second with 28.3

percent of deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share reports, the bank also faces competition from other lenders, such as government agencies and credit unions.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. Further, it is an indication of the credit and community development opportunities available.

Examiners conducted a new contact with a local government agency that serves Montgomery County. The contact stated that the economy is strong. The primary employers in the area are manufacturing and agriculture. Several new manufacturers have moved to the area in recent years including CertainTeed, Kansas City Protein, and Porta-King Building Systems. Farms continue to consolidate into larger operations. This trend has been exacerbated in recent years as land prices increased due to solar energy moving into the area. The population is aging, but since the COVID-19 pandemic, Montgomery County has seen an influx of new, younger residents. Area housing stock is low as demand continues to outpace supply, but residential construction has increased to try and meet demand in recent years. Area housing prices have also increased. The contact stated that local institutions are active in the community and adequately meet area credit needs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, small business, and small farm loans are the primary credit needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA ASSESSMENT AREA

LENDING TEST

JSB demonstrated reasonable performance in the Non-MSA Assessment Area. Reasonable Borrower Profile performance supports this conclusion.

Geographic Distribution

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

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes in the Non-MSA Assessment Area.

Home Mortgage Loans

The distribution of home mortgage borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income. As shown in the following table, the percentage of loans to low- and moderate-income borrowers is comparable to the percentage of low- and moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	16.1	2	11.1	150	7.0
Moderate	14.9	2	11.1	166	7.7
Middle	21.5	2	11.1	138	6.4
Upper	47.5	12	66.7	1,693	78.9
Total	100.0	18	100.0	2,147	100.0
<i>Source: 2020 U.S. Census; Bank Data</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. As shown in the following table, the percentage of loans to businesses with revenues of \$1 million or less is comparable to the percentage of assessment area businesses in this category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.8	10	90.9	1,595	73.0
>\$1,000,000	3.5	1	9.1	589	27.0
Revenue Not Available	9.7	0	0.0	0	0.0
Total	100.0	11	100.0	2,184	100.0
<i>Source: 2022 D&B Data, Bank Data.</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes. As shown in the following table, the percentage of farms with revenues of \$1 million or less is below the percentage of assessment area farms in this category. However, examiners consulted two different community contacts and several members of bank management, all of which indicated that there are a number of large farming operations active in the area with gross annual revenue of more than \$1 million, though the exact number is unknown. Given that the majority of small farm loans were made to farms with gross annual revenues of \$1 million or less, the bank's performance is considered reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.4	14	73.7	1,381	74.1
>\$1,000,000	0.0	4	21.1	361	19.4
Revenue Not Available	1.6	1	5.2	121	6.5
Total	100.0	19	100.0	1,863	100.0
<i>Source: 2022 D&B Data, Bank Data.</i>					

MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MSA ASSESSMENT AREA

The MSA Assessment Area is comprised of four moderate-, eight middle-, and one upper-income tract. The assessment area is located in Warren and Lincoln counties in east-central Missouri. These income designations are based on 2020 U.S. Census data.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	13	0.0	30.8	61.5	7.7
Population by Geography	49,017	0.0	33.1	62.2	4.8
Housing Units by Geography	20,878	0.0	31.2	58.1	10.7
Owner-Occupied Units by Geography	14,596	0.0	29.7	63.8	6.5
Occupied Rental Units by Geography	3,152	0.0	54.7	44.8	0.5
Vacant Units by Geography	3,130	0.0	14.3	45.0	40.6
Businesses by Geography	4,891	0.0	32.8	61.8	5.4
Farms by Geography	413	0.0	21.8	73.8	4.4
Family Distribution by Income Level	13,591	22.0	21.1	21.3	35.6
Household Distribution by Income Level	17,748	19.4	19.4	19.6	41.6
Median Family Income MSA - 41180 St. Louis, MO-IL MSA	\$84,758	Median Housing Value			\$200,160
Families Below Poverty Level	6.8%	Median Gross Rent			\$859
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

The 2022 Federal Financial Institutions Examination Council’s (FFIEC)-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the MSA Assessment Area are presented in the following table.

St. Louis MO-IL MSA Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$96,800)	<\$48,400	\$48,400 to <\$77,440	\$77,440 to <\$116,160	≥\$116,160
<i>Source: FFIEC</i>				

Competition

JSB operates in a highly competitive environment in the MSA Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 16 financial institutions operating from 28 locations in Warren and Lincoln counties. JSB ranked 14th with 2.1 percent of deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share reports, the bank also faces competition from other lenders, such as government agencies and credit unions.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. Further, it is an indication of the credit and community development opportunities available.

Examiners conducted a new contact with an economic development organization that serves Montgomery and Warren counties. The contact indicated that the economy is strengthening, driven primarily by increased manufacturing in the area. Major area industries include manufacturing and agriculture. Several new manufacturing plants have opened in the area recently including CertainTeed, Porta-King Building Systems, and Uncle Ray's Potato Chip Plant. Additionally, several more large plants are set to open over the coming years, including a 2,500 head-a-day beef processing plant in Warren County currently under construction. The contact attributed some of the industrial growth to Montgomery County being designated as a certified site for industrial development by the State of Missouri in 2022. The agricultural industry continues to be strong, but is in the process of transitioning from small, family farms to larger, corporate operations. The contacted noted that sufficient workforce housing continues to be a challenge, but additional housing is being built. The contact stated that local financial institutions are very engaged with the community and eager to lend and are meeting the vast majority of area credit needs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, small business, and small farm loans are the primary credit needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MSA ASSESSMENT AREA

LENDING TEST

JSB demonstrated reasonable performance in the MSA Assessment Area. Reasonable Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

JSB's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable home mortgage and small business lending, and excellent small farm lending performance supports this conclusion. Examiners focused on the bank's lending in moderate-income geographies.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the percentage of loans to borrowers in moderate-income tracts is comparable to the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	29.7	4	40.0	702	30.3
Middle	63.8	4	40.0	402	17.4
Upper	6.5	2	20.0	1,211	52.3
Total	100.0	10	100.0	2,315	100.0

Source: 2020 U.S. Census, Bank Data

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the percentage of loans to businesses in moderate-income tracts is comparable to the percentage of assessment area businesses.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	32.8	4	44.4	246	13.7
Middle	61.8	2	22.2	555	31.0
Upper	5.4	3	33.3	989	55.3
Totals	100.0	9	100.0	1,790	100.0

Source: 2022 D&B Data; Bank Data

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the percentage of loans to farms in moderate-income tracts exceeds the percentage of assessment area farms.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	21.8	5	71.4	1,024	96.2
Middle	73.8	2	28.6	40	3.8
Upper	4.4	0	0.0	0	0.0
Totals	100.0	7	100.0	1,064	100.0

Source: 2022 D&B Data; Bank Data.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes in the MSA Assessment Area.

Home Mortgage Loans

The distribution of home mortgage borrowers reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the percentage of loans to low-income borrowers is slightly below the percentage of low-income families, but the bank's performance to moderate-income borrowers exceeded the percentage of moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.0	1	10.0	13	0.5
Moderate	21.1	6	60.0	590	25.5
Middle	21.3	2	20.0	752	32.5
Upper	35.6	1	10.0	961	41.5
Total	100.0	10	100.0	2,315	100.0
<i>Source: 2020 U.S. Census; Bank Data</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. As shown in the following table, the percentage of loans to businesses with revenues of \$1 million or less is comparable to the percentage of assessment area businesses in this category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	92.7	8	88.9	1,295	72.3
>\$1,000,000	2.0	1	11.1	495	27.7
Revenue Not Available	5.3	-	-	-	-
Total	100.0	9	100.0	1,790	100.0
<i>Source: 2022 D&B Data, Bank Data.</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes. As shown in the following table, the percentage of farms with revenues of \$1 million or less is below the percentage of assessment area farms in this category. However, examiners consulted a community contact and several members of bank management, all of which indicated that there are a number of large farming operations active in the area with gross annual revenue of more than \$1 million, though the exact number is unknown. Additionally, both loans in the gross annual revenue greater than \$1 million category were made to the same borrower. Given that the majority of small farm loans were made to farms with gross annual revenues of \$1 million or less, the bank's performance is considered reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.8	5	71.4	264	24.8
>\$1,000,000	0.0	2	28.6	800	75.2
Revenue Not Available	0.2	-	-	-	-
Total	100.0	7	100.0	1,064	100.0
<i>Source: 2022 D&B Data, Bank Data.</i>					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

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

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.