

PUBLIC DISCLOSURE

January 16, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Goose River Bank
Certificate Number: 10236

44 Main Street West
Mayville, North Dakota 58257

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

1100 Walnut Street, 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.

The following points summarize the bank's Community Reinvestment Act (CRA) performance.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank originated a majority of its small farm and small business loans inside its assessment area.
- The geographic distribution of loans was not evaluated, as the bank's assessment area does not include any low- or moderate-income geographies and a review of this criterion would not result in meaningful conclusions.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes.
- The institution has not received CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

The Goose River Bank is wholly-owned by Goose River Holding Company, a one-bank holding company, in Mayville, North Dakota. The FDIC rated the institution "Satisfactory" at the March 12, 2018 CRA Evaluation using Small Institution Examination Procedures.

The Goose River Bank's main office is located in Mayville, North Dakota, with two branch offices located in Hatton and Hillsboro, North Dakota. The main office and both branches are located in Traill County. Additionally, three ATMs providing cash-dispensing services are located at the main office and at the branch locations in Hatton and Hillsboro.

The Goose River Bank offers a range of loan products, with a primary emphasis on agricultural and commercial lending to match the credit needs within the assessment area. The Goose River Bank uses various programs to assist customers, including Small Business Administration (504, 7(a), and micro), Farm Service Agency (guarantees and Beginning Farmer), and Bank of North Dakota (AgPace, Flex Pace, and business development) loans. The bank also has several referral arrangement options in place for customers to obtain longer term, secondary market conventional home mortgages. In addition to other traditional banking services, the bank offers debit cards,

online banking, bill pay, and electronic periodic statements.

As of September 30, 2023, the institution reported total assets of \$165.9 million, total loans of \$118.5 million and total deposits of \$140.5 million. The table below illustrates the bank’s loan portfolio distribution.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	440	0.4
Secured by Farmland	31,479	26.6
Secured by 1-4 Family Residential Properties	5,677	4.8
Secured by Multifamily (5 or more) Residential Properties	1,302	1.1
Secured by Nonfarm Nonresidential Properties	18,681	15.8
Total Real Estate Loans	57,579	48.6
Commercial and Industrial Loans	23,310	19.7
Agricultural Production and Other Loans to Farmers	30,883	26.1
Consumer Loans	3,937	3.3
Obligations of State and Political Subdivisions in the U.S.	928	0.8
Other Loans	1,872	1.6
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	118,509	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance is evaluated. The Goose River Bank operates in one assessment area in east central North Dakota, which includes all of Steele and Traill counties, and the southern portion of Grand Forks County. Based on 2020 U.S Census Data, six of the census tracts are considered middle income, and two are considered upper income. Since the previous evaluation, Census Tract 117 in Grand Forks County split into two upper-income census tracts. The tracts in Steele and Traill counties remain unchanged. The assessment area is primarily rural and contains a number of small communities with no presence of low- or moderate-income tracts.

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 #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	75.0	25.0	0.0
Population by Geography	18,977	0.0	0.0	60.6	39.4	0.0
Housing Units by Geography	8,454	0.0	0.0	67.1	32.9	0.0
Owner-Occupied Units by Geography	5,509	0.0	0.0	64.3	35.7	0.0
Occupied Rental Units by Geography	1,791	0.0	0.0	66.6	33.4	0.0
Vacant Units by Geography	1,154	0.0	0.0	80.9	19.1	0.0
Businesses by Geography	2,818	0.0	0.0	55.8	44.2	0.0
Farms by Geography	450	0.0	0.0	74.9	25.1	0.0
Family Distribution by Income Level	4,813	11.8	16.4	23.5	48.3	0.0
Household Distribution by Income Level	7,300	16.4	13.1	16.0	54.5	0.0
Median Family Income MSA – 24220 Grand Forks, North Dakota- MSA	\$82,257	Median Housing Value				\$175,288
Median Family Income Non-Metropolitan – North Dakota	\$82,366	Median Gross Rent				\$810
		Families Below Poverty Level				3.6%

Source: 2020 U.S. Census and 2023 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

Competition

The Goose River Bank operates in a competitive banking market. FDIC Deposit Market Share data as of June 30, 2023, notes 18 financial institutions operate 37 offices within Grand Forks, Steele, and Traill counties. Of these institutions, The Goose River Bank ranked ninth with a deposit market share of 4.0 percent. AgCounty Farm Credit Services in Hillsboro is also a significant competitor for agricultural loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs of the area. This information helps determine what credit opportunities are available and whether local financial institutions are responsive to credit needs. For this evaluation, examiners referenced an existing interview with a representative of an organization that helps support agricultural lending in the area.

The contact stated that finding employees is a common problem for all businesses. The contact also stated that agricultural lending is the primary credit need due to the high farm presence in the area. Lastly, the financial institutions are meeting lending needs by making credit readily available.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural lending represents the primary credit need in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior CRA evaluation dated March 12, 2018, to the current evaluation dated January 16, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate The Goose River Bank’s CRA performance. These procedures evaluate the institution’s performance according to the Lending Test criteria as detailed in the Appendices. This evaluation does not include any lending activity from affiliated entities.

Activities Reviewed

The Goose River Bank’s primary lending focus is agricultural lending, followed by commercial lending. This conclusion considered the bank’s business strategy, volume of loans originated during the evaluation period, and data from Reports of Condition and Income. Bank records indicate that the lending focus and product mix remained relatively consistent throughout the evaluation period. Therefore, examiners analyzed small farm and small business loans originated, extended, or renewed in 2023. These loans were considered representative of the bank’s lending during the entire evaluation period. The following table details the loan products reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	131	21,514	41	8,061
Small Business	166	28,708	47	5,336

Source: Bank Data

Examiners reviewed the entire universes of small farm and small business loans to evaluate the Assessment Area Concentration criterion. To evaluate the Borrower Profile criterion, examiners reviewed a random sample of small farm and small business loans originated within the assessment area. Although both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of farms and businesses served. D&B data for 2023 provided a standard of comparison for the small farm and small business loans. Although the bank also offers home mortgage loans, they are not a primary lending focus and a review would not provide meaningful conclusions. Small farm and small business conclusions were weighted equally due to both being lending focuses of the bank and both having similar volumes of loans originated during the review period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Goose River Bank demonstrated satisfactory performance under the Lending Test. The bank’s lending performance under all evaluated criteria support his conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs of the assessment area. The Goose River Bank’s loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 79.9 percent from March 31, 2018, to September 30, 2023. The bank’s ratio has fluctuated from 61.2 percent to 92.3 percent over the past 23 calendar quarters. The fluctuations in the loan-to-deposit ratio are attributed to the seasonal nature of agricultural lending and varying credit needs. Examiners selected comparable institutions based on their branching structure, asset size, geographic location, and lending focus. As shown in the following table, The Goose River Bank’s loan-to-deposit ratio is reasonable when compared with these institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2023	Average Net Loan-to-Deposit Ratio
	(\$000s)	(%)
Lincoln State Bank Hankinson, North Dakota	108,696	59.6
The Goose River Bank Mayville, North Dakota	165,882	79.9
Farmers and Merchants Bank of North Dakota Tolna, North Dakota	121,343	62.7

*Source: Reports of Condition and Income 03/31/2018 – 9/30/2023
Banks listed alphabetically by city.*

Assessment Area Concentration

As detailed in the following table, The Goose River Bank made a majority of its small farm and small business loans within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Farm	100	76.3	31	23.7	131	16,726	77.7	4,788	22.3	21,514
Small Businesses	112	67.5	54	32.5	166	16,627	57.9	12,081	42.1	28,708

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

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

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes throughout the assessment area. The bank’s reasonable performance under each loan category supports this conclusion. Examiners focused on the percentage by number of loans to businesses and farms with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes throughout the assessment area. As shown in the following table, the bank's lending to farms with gross annual revenues of \$1 million or less is lower than D&B data. It is important to note that some of the farms with revenues of \$1 million or less are smaller operations that may not require or even qualify for financing. The 2017 Census of Agricultural data shows that 47.1 percent of producers in Grand Forks, Steele, and Traill counties report a primary occupation other than farming, and 46.9 percent of farm operations did not report having interest expense. The high level of competition for this product type was also considered.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.1	30	73.2	5,247	65.1
>\$1,000,000	1.6	11	26.8	2,814	34.9
Revenue Not Available	1.3	0	0.0	0	0.0
Total	100.0	41	100.0	8,061	100.0

Source: 2023 D&B Data, Bank Data.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes throughout the assessment area. As shown in the following table, the bank's lending to business with gross annual revenues of \$1 million or less is comparable to the D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	81.5	42	89.4	4,531	84.9
>\$1,000,000	5.7	5	10.6	805	15.1
Revenue Not Available	12.8	0	0.0	0	0.0
Total	100.0	47	100.0	5,336	100.0

Source: 2023 D&B Data, Bank Data.

Response to Complaints

The institution has not received any CRA-related complaints since the previous 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.

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 bank'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 bank 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.