

PUBLIC DISCLOSURE

July 7, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank of Golva
Certificate Number: 10243

410 Terrell Avenue
Golva, North Dakota 58632

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 institution's Community Reinvestment Act (CRA) performance:

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

DESCRIPTION OF INSTITUTION

First State Bank of Golva is a family-owned community bank that operates from its main office in Golva, North Dakota, as well as branches in Beach and Medora, North Dakota. The institution received a Satisfactory rating at the previous FDIC Performance Evaluation, dated August 26, 2019, based on Interagency Small Institution Examination Procedures.

First State Bank of Golva offers a variety of traditional credit products, including agricultural, commercial, residential real estate, and consumer loans, as well as credit cards. However, agricultural lending continues to represent the institution’s primary lending focus, followed by commercial lending. The bank also participates in various government-sponsored loan programs, including those offered through the Farm Service Agency and Small Business Administration (SBA). For example, the bank originated loans through the SBA’s Paycheck Protection Program in 2020 and 2021. This program assisted small farm and business operators struggling with the impact of the COVID-19 pandemic. In addition, First State Bank of Golva provides a standard array of deposit products, such as checking, savings, and individual retirement accounts, as well as certificates of deposit. Additional banking services include online banking, electronic bill payment, and two cash-dispensing ATMs.

As of March 31, 2025, First State Bank of Golva reported total assets of \$112.9 million, total deposits of \$106.1 million, and total loans of \$42.6 million. The following table illustrates the bank’s loan portfolio. Aside from statutory lending limits, examiners did not identify any financial, legal, or other impediments that would limit the bank’s ability to meet the credit needs of its assessment area.

Loan Portfolio Distribution as of March 31, 2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	138	0.3
Secured by Farmland	10,231	24.0
Secured by 1-4 Family Residential Properties	5,201	12.2
Secured by Multifamily (5 or more) Residential Properties	316	0.7
Secured by Nonfarm Nonresidential Properties	2,241	5.3
Total Real Estate Loans	18,127	42.5
Agricultural Production and Other Loans to Farmers	16,978	39.8
Commercial and Industrial Loans	3,737	8.8
Consumer Loans	3,724	8.7
Obligations of States and Political Subdivisions in the U.S.	60	0.1
Other Loans	0	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	42,626	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0%</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. First State Bank of Golva has designated a single assessment area comprised of Billings and Golden Valley counties in western North Dakota and Fallon and Wibaux counties in eastern Montana. Fallon County was added to the assessment area since the prior CRA evaluation. Per 2020 U.S. Census data, the assessment area consists of two middle- and two upper-income census 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 #	N/A* % of #
Geographies (Census Tracts)	4	0.0	0.0	50.0	50.0	0.0
Population by Geography	6,667	0.0	0.0	40.2	59.8	0.0
Housing Units by Geography	3,801	0.0	0.0	42.0	58.0	0.0
Owner-Occupied Units by Geography	2,195	0.0	0.0	41.0	59.0	0.0
Occupied Rental Units by Geography	736	0.0	0.0	38.2	61.8	0.0
Vacant Units by Geography	870	0.0	0.0	47.8	52.2	0.0
Businesses by Geography	1,096	0.0	0.0	43.2	56.8	0.0
Farms by Geography	241	0.0	0.0	39.0	61.0	0.0
Family Distribution by Income Level	1,776	14.4	13.3	17.6	54.7	0.0
Household Distribution by Income Level	2,931	18.1	16.8	15.4	49.7	0.0
Median Family Income – Nonmetropolitan Montana		\$64,515	Median Housing Value			\$152,066
Median Family Income – Nonmetropolitan North Dakota		\$81,182	Median Gross Rent			\$678
			Families Below Poverty Level			6.9%
<i>Source: 2020 U.S. Census; 2024 D&B Data</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2024 D&B data, agriculture, forestry, fishing, and hunting represent the largest portion of business operations within the assessment area at 18.0 percent; followed by non-classifiable establishments at 10.6 percent; other services at 9.1 percent; construction at 7.8 percent; and retail trade at 7.2 percent. Local businesses are predominantly small operations; per 2024 D&B data, 91.4 percent of the assessment area’s businesses operate from a single location and 78.4 percent have four or fewer employees.

Competition

First State Bank of Golva operates in a moderately competitive market for financial services. Per 2024 FDIC Deposit Market Share data, four financial institutions operate six offices in the assessment area. Of these institutions, First State Bank of Golva ranked 2nd with a deposit market share of 33.8 percent.

Credit Needs

Considering information from bank management, in addition to economic and demographic data, examiners determined that agricultural loans represent the primary credit need within the assessment area, followed by commercial loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior CRA evaluation dated August 26, 2019, to the current evaluation dated July 7, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate First State Bank of Golva's CRA performance. These procedures evaluate the institution's performance according to the Lending Test criteria as detailed in the Appendices.

Activities Reviewed

First State Bank of Golva's primary lending focus is agricultural loans, followed by commercial loans. This conclusion considered the bank's business strategy, lending activity during the evaluation period, and the composition of the loan portfolio. Further, bank records indicate that the lending focus and product mix remained relatively consistent throughout the evaluation period. Therefore, examiners selected 2024, the most recent calendar year, as the review period. This time frame was considered representative of the bank's performance throughout the evaluation period. Accordingly, the scope of the evaluation included all small farm and small business loans originated or purchased in 2024. However, loans that were originated or purchased and subsequently paid off in 2024 were not included in the review as this data was not provided. Finally, home mortgage loans were not evaluated as they are not a lending focus of the bank and only five were originated during 2024.

Examiners analyzed the entire universe of small farm and small business loans to evaluate the Assessment Area Concentration criterion. This included 68 small farm loans totaling \$7.3 million and 20 small business loans totaling \$1.5 million. To evaluate the Borrower Profile criterion, examiners reviewed a sample of small farm loans made within the assessment area as revenue data was not readily available. Specifically, examiners reviewed 36 small farm loans totaling \$4.2 million. Finally, all small business loans made within the assessment area (10 loans totaling \$573,000) were reviewed for the Borrower Profile analysis.

Although both the number and dollar volume of loans are presented, examiners emphasize performance by number of loans because the number of loans is a better indicator of the number of farms and businesses served. Further, small farm lending was given the most weight in analyzing the bank's performance due to the larger volume of loan activity during the review period. Finally, 2024 D&B data provided a standard of comparison for small farm and small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First State Bank of Golva demonstrated satisfactory performance under the Lending Test. The bank's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

First State Bank of Golva's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. As shown in the following table, the bank's net loan-to-deposit ratio averaged 43.4 percent over the past 23 calendar quarters, which is similar to the ratios of comparable institutions. Examiners selected comparable institutions based on their asset size, lending focus, and geographic location. While First State Bank of Golva's current average loan-to-deposit ratio is lower than the previous evaluation's average ratio (56.4 percent), the ratio remains reasonable due to a decrease in demand. Specifically, local loan demand has not kept pace with deposit growth because of the influx of deposits from customers receiving funds from various government programs during the COVID-19 pandemic. A significant amount of these funds remain on deposit and continue to reduce customers' need for loans. The comparable institutions also experienced decreases in their average net loan-to-deposit ratios due to large increases in deposits. Given this information, the bank's loan-to-deposit ratio is considered reasonable.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
First State Bank of Golva, Golva, North Dakota	112,871	43.4
The Bank of Baker, Baker, Montana	154,337	57.0
First State Bank of Forsyth, Forsyth, Montana	154,404	54.8

Source: Reports of Condition and Income, 9/30/2019 – 3/31/2025

Assessment Area Concentration

As detailed in the table below, First State Bank of Golva made a majority of its small farm and small business loans within its assessment area. The loans outside the assessment area were just outside the assessment area. In addition, 5 of the 10 loans outside the assessment area were extended to just two borrowers, somewhat skewing the results.

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		
	#	%	#	%		\$	%	\$	%	
Small Farm	54	79.4	14	20.6	68	6,003	82.2	1,299	17.8	7,302
Small Business	10	50.0	10	50.0	20	573	38.6	912	61.4	1,485
<i>Source: Bank Data</i>										

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank’s reasonable small farm and excellent small business lending performance support this conclusion. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

The distribution of the sampled small farm loans reflects reasonable penetration to operations with gross annual revenues of \$1 million or less when compared to D&B data, as illustrated in the table below. Although the bank’s performance is lower than demographic data, there are several mitigating factors explaining the shortfall. Specifically, the 2022 Census of Agriculture reveals that 47.7 percent of producers in the assessment area do not list farming as their primary occupation. Further, 52.4 percent of farm operations in the assessment area did not report interest expense. Accordingly, there is less opportunity for First State Bank of Golva to lend to smaller farm operations within its assessment area. Finally, as described earlier, there is local competition for small farm loans from other financial institutions, as well as Farm Credit Services. Given this information, the institution’s lending performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤\$1,000,000	98.8	32	88.9	3,711	87.7
>\$1,000,000	0.8	4	11.1	522	12.3
Revenue Not Available	0.4	0	0.0	0	0.0
Total	100.0	36	100.0	4,233	100.0
<i>Source: 2024 D&B Data; Bank Data</i>					

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with gross annual revenues of \$1 million or less. As shown in the table below, the bank’s lending performance exceeds 2024 D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000	86.6	9	90.0	473	82.5
>\$1,000,000	2.8	1	10.0	100	17.5
Revenue Not Available	10.6	0	0.0	0	0.0
Total	100.0	10	100.0	573	100.0
<i>Source: 2024 D&B Data; Bank Data</i>					

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 INSTITUTION 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 market, 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 are always 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 that update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses ACS 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 income of applicants; the loan amount requested; and the disposition of the application (approved, denied, or withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end lines of credit 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 the other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contains 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): A 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 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 (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural area. 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 Reports 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 Reports 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.