

PUBLIC DISCLOSURE

August 11, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

McIntosh County Bank
Certificate Number: 13794

204 West Main Street
Ashley, North Dakota 58413

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.

McIntosh County Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's 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 substantial majority of its small farm and small business loans within its assessment area.
- 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.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

McIntosh County Bank is owned by McIntosh County Bank Holding Company, Inc., a one-bank holding company located in Ashley, North Dakota. The bank continues to operate from its main office in Ashley, as well as from its branch office in Zeeland, North Dakota. McIntosh County Bank received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated September 23, 2019, based on Interagency Small Institution Examination Procedures.

McIntosh County Bank offers a variety of traditional loan products, including agricultural, commercial, and consumer loans. Agricultural lending continues to represent the institution's primary lending focus. In addition, the bank participates in loan programs via the Farm Service Agency. McIntosh County Bank also offers a standard array of deposit products, including checking, savings, and certificates of deposit accounts. Alternative banking services include internet and mobile banking, electronic periodic statements, bill pay, person-to-person payments, and mobile check deposit.

Per the Consolidated Reports of Condition and Income (Reports of Condition and Income) dated March 31, 2025, the bank reported total assets of \$112.8 million, total loans of \$65.3 million, and total deposits of \$97.7 million. The following table illustrates the bank's loan portfolio distribution. Finally, examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area's credit needs.

Loan Portfolio Distribution as of March 31, 2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	11,059	16.9
Secured by 1-4 Family Residential Properties	41	0.1
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	6,232	9.5
Total Real Estate Loans	17,332	26.5
Agricultural Production and Other Loans to Farmers	40,171	61.5
Commercial and Industrial Loans	5,394	8.3
Consumer Loans	2,076	3.2
Obligations of States and Political Subdivisions in the U.S.	196	0.3
Other Loans	24	<0.1
Lease Financing Receivables (net of unearned income)	113	0.2
Less: Unearned Income	0	0.0
Total Loans	65,306	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0%</i>		

DESCRIPTION OF ASSESSMENT AREA

McIntosh County Bank has designated a single assessment area comprised of McIntosh County in North Dakota and McPherson County in South Dakota, which remains unchanged since the prior evaluation. Per 2024 Federal Financial Institutions Examination Council (FFIEC)-Estimated Income data, the assessment area consists of two middle-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)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	4,941	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,245	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,678	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	610	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	957	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	581	0.0	0.0	100.0	0.0	0.0
Farms by Geography	175	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,291	23.6	19.4	25.5	31.5	0.0
Household Distribution by Income Level	2,288	30.6	17.6	16.8	35.0	0.0
North Dakota Non-MSA Median Family Income		\$81,182	Median Housing Value			\$ 70,000
South Dakota Non-MSA Median Family Income		\$72,374	Median Gross Rent			\$515
			Families Below Poverty Level			7.2%
<i>Source: 2020 Census; 2024 FFIEC-Estimated Income data; and 2024 D&B Data</i> (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

Competition

McIntosh County Bank operates in a minimally competitive banking market. Per Reports of Condition and Income data, five financial institutions operate six offices in the assessment area. Of these institutions, McIntosh County Bank ranked first with 41.1 percent of the deposit market share.

Community Contact

Examiners contacted a representative of an agricultural-related organization operating in the assessment area. The contact stated that the area’s overall economy is stable and heavily dependent on the agricultural sector. Crop yields were good in 2024, but commodity prices were low. Despite the low prices, the contact expects that most operations will be okay but there will be limited growth and large expenditures for the rest of 2025 into 2026. The contact added that livestock operations were doing very well. Per the contact, farms are decreasing in number but increasing in size. Many operators are selling some of their agricultural land due to the area’s high prices, with an acre selling between \$4,000 and \$7,000. The contact added that most farms have some form of off-farm income, whether it be the operator or a spouse. There are not many commercial lending opportunities available due to the area’s rural nature, but the contact noted that businesses are stable. Finally, the contact stated that banks are overall meeting the area’s credit needs; however, their lower statutory lending limits hinder their ability to lend. The contact added that McIntosh County Bank is doing its best to meet its customers’ needs.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 23, 2019, to the current evaluated dated August 11, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate McIntosh County Bank's CRA performance.

Activities Reviewed

Bank records indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period. The bank's primary lending focus is agricultural lending, followed by commercial lending based on its business strategy, loan volume, and Reports of Condition and Income data. Therefore, examiners analyzed all 203 small farm loans totaling \$21.7 million and 41 small business loans totaling \$3.4 million that were originated, extended, renewed, or purchased during the 12-month period ending May 30, 2025, for the Assessment Area Concentration criterion. Examiners analyzed the most recent 12-month period rather than the 2024 lending data since the bank originates seasonal agricultural loans, but available loan data did not include paid off loans. As such, the 2024 lending data would not capture the bank's actual lending performance. For the Borrower Profile criterion, examiners reviewed a sample of 51 small farm loans totaling \$5.4 million and all 25 small business loans totaling \$1.7 million that were originated within the assessment area during the review period. D&B data for 2024 provided a standard of comparison for the small farm and small business loans, and small farm lending received the most weight when assessing the bank's overall performance. While 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. Finally, examiners did not review home mortgage loans since the bank does not offer this product.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

McIntosh County Bank demonstrated satisfactory performance under the Lending Test. The bank's combined performance in all criteria supports this conclusion.

Loan-to-Deposit Ratio

McIntosh County Bank's 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 66.0 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, branching structure, lending focus, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
McIntosh County Bank, Ashley, North Dakota	112,791	66.0
Heartland State Bank, Edgeley, North Dakota	70,379	64.1
Bank of Hazelton, Hazelton, North Dakota	64,303	47.5
Strasburg State Bank, Strasburg, North Dakota	100,673	43.0
<i>Source: Reports of Condition and Income 9/30/2019 – 3/31/2025</i>		

Assessment Area Concentration

McIntosh County Bank made a substantial majority of its small farm and small business loans within its assessment area, which is depicted in the table below. As previously noted, small farm lending received the most weight in the analysis. While a majority of small business loans, based on dollar volume, were made outside the assessment area, these were primarily to businesses in Aberdeen, South Dakota. Bank management stated that one of their lenders commutes from Aberdeen, so they have been originating more commercial loans in this area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	182	89.7	21	10.3	203	20,513	94.3	1,232	5.7	21,745
Small Business	25	61.0	16	39.0	41	1,659	49.2	1,716	50.8	3,375
Total	207	84.8	37	15.2	244	22,172	88.3	2,948	11.7	25,120
<i>Source: Bank Data, as reported Due to rounding, totals may not equal 100.0%.</i>										

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 farms and businesses of different sizes, which is consistent with the small farm and small business lending performance. Examiners focused on the percentage of small farm and small business loans to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As illustrated in the following table, the bank’s performance is significantly less than D&B data. However, the 2022 Census of Agriculture revealed that 47.2 percent of farm operations in the assessment area did not report interest expenses related to their operations and 24.2 percent reported annual sales of less than \$2,500. The 2022 Census of Agriculture also revealed that 48.9 percent of area producers list their primary occupation as “Other” rather than farming. This information

indicates that many farms in the assessment area have off-farm income and may not need credit to finance farm operations. Further, bank management and the community contact stated that most assessment area farms have gross annual revenues greater than \$1 million. Finally, the bank is not required to collect or report its small farm loan data and has not elected to do so; however, aggregate data can be used to provide context about the size of farms in which other banks are able to lend. The aggregate data from 2021 through 2023 revealed that, on average, 47.6 percent of small farm loans were to farms with gross annual revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000	98.3	30	58.8	2,282	42.0
> \$1,000,000	0.0	21	41.2	3,151	58.0
Revenue Not Available	1.7	0	0.0	0	0.0
Total	100.0	51	100.0	5,433	100.0
<i>Source: 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

Small Business

The distribution of borrowers reflects reasonable penetration among businesses of different sizes when compared to D&B data, which is depicted in the table below. While the bank’s performance is slightly less than demographic data, D&B data includes all assessment area businesses that voluntarily respond to a survey request, including many very small entities that have limited or no credit needs. Further, bank management noted that the high inflation rate has resulted in increased gross annual revenues without any actual business growth. Finally, the aggregate data from 2021 through 2023 revealed that, on average, 37.0 percent of small business loans were to businesses with gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	80.0	18	72.0	678	40.9
> \$1,000,000	4.3	7	28.0	981	59.1
Revenue Not Available	15.7	0	0.0	0	0.0
Total	100.0	25	100.0	1,659	100.0
<i>Source: 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the 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.