

# **PUBLIC DISCLOSURE**

August 11, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

State Bank of Chandler  
Certificate Number: 8858

342 Main Ave  
Chandler, Minnesota 56122

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	6
APPENDICES .....	7
SMALL BANK PERFORMANCE CRITERIA.....	7
GLOSSARY.....	8

## 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 average net 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.
- A geographic distribution analysis was not conducted as the bank's assessment area does not include any low- or moderate-income geographies and would not have resulted in meaningful conclusions.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes.
- The institution has not received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

State Bank of Chandler is majority owned by Chandler Bancshares, Inc., a one-bank holding company located in Chandler, Minnesota. The institution does not have any affiliates or subsidiaries that offer credit products. The bank operates from its sole location in Chandler. No merger or acquisition activities have occurred since the last evaluation. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated December 2, 2019, based on Interagency Small Institution Examination Procedures.

State Bank of Chandler offers a variety of loan products, including agricultural, commercial, and home mortgage loans with a primary focus on agricultural lending. In addition to conventional loan products, the bank also participates in government-sponsored loans offered through the Farm Service Agency, Small Business Administration (SBA), and Farmer Mac. Since the previous evaluation, the bank originated 212 loans totaling \$7.5 million through the SBA's Payment Protection Program, which assisted small businesses and farms struggling with the impact of the Coronavirus pandemic. The bank also provides a variety of deposit products, such as checking, savings, and certificate of deposit accounts. Alternative banking services include internet and mobile banking, electronic statements, and prepaid cards.

As of June 30, 2025, the institution reported total assets of \$67.0 million, total loans of \$45.0 million, and total deposits of \$58.5 million. The bank's loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 6/30/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	366	0.8
Secured by Farmland	14,780	32.9
Secured by 1-4 Family Residential Properties	2,725	6.1
Secured by Multifamily (5 or more) Residential Properties	134	0.3
Secured by Nonfarm Nonresidential Properties	1,248	2.8
<b>Total Real Estate Loans</b>	<b>19,253</b>	<b>42.9</b>
Commercial and Industrial Loans	4,685	10.5
Agricultural Production and Other Loans to Farmers	18,739	41.7
Consumer Loans	1,708	3.8
Obligations of State and Political Subdivisions in the U.S.	492	1.1
Other Loans	11	< 0.1
Lease Financing Receivable (net of unearned income)	97	< 0.1
Less: Unearned Income	0	0
<b>Total Loans</b>	<b>44,985</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</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 performance will be evaluated. State Bank of Chandler designated a single contiguous assessment area in the nonmetropolitan portion of southwestern Minnesota. The assessment area remains unchanged from the previous evaluation and comprises one census tract in the southwest portion of Murray County, one census tract in northwest Nobles County, and one census tract in the southeast portion of Pipestone County. According to 2020 U.S. Census data, all three census tracts within the assessment area are designated as middle-income geographies.

### **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)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	8,264	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,822	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,835	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	559	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	428	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	686	0.0	0.0	100.0	0.0	0.0
Farms by Geography	224	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	2,248	17.7	24.3	23.4	34.7	0.0
Household Distribution by Income Level	3,394	22.0	16.7	20.6	40.7	0.0
Minnesota Non-MSA Median Family Income	\$74,710	Median Housing Value		\$ 118,528		
		Median Gross Rent		\$695		
		Families Below Poverty Level		4.9%		
<i>Source: 2020 Census and 2024 D&amp;B Data</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> <i>Due to rounding, totals may not equal 100%.</i>						

### **Competition**

According to June 30, 2024, FDIC Deposit Market Share data, 7 financial institutions operate 9 offices within the assessment area. Of these institutions, State Bank of Chandler ranks 3<sup>rd</sup> with a deposit market share of 16.7 percent. When including population centers just outside the assessment area, such as Pipestone, Worthington, and Slayton, 14 institutions operate 21 offices of which State Bank of Chandler ranks 9<sup>th</sup> with only a 3.7 percent deposit market share. Other non-bank lenders, including agricultural and automobile dealerships, offer competitive rates to farm operators and individuals but are not included in the deposit market share data reports.

### **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. It also shows what credit and community development opportunities are available.

Examiners contacted an individual from an economic development-related organization in the assessment area. The contact stated that the primary credit need in the area is agricultural lending as agriculture and agricultural-related businesses are the major drivers in the economy. The contact also indicated that unemployment in the area has remained low. Overall, the contact stated that local financial institutions are meeting the credit needs of the area.

### **Credit Needs**

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

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated December 2, 2019, to the current evaluation dated August 11, 2025. Examiners used Interagency Small Institution Examination Procedures to conduct the evaluation, which includes a Lending Test. Refer to the Appendices for the description of the test.

### **Activities Reviewed**

The bank's major product line and primary lending focus is agricultural loans, followed by commercial loans. This conclusion considered the bank's business strategy, volume of loans by both number and dollar volume originated during the evaluation period, data from Reports of Condition and Income, and discussions with bank management. The lending focus and product mix remained consistent throughout the entire evaluation period. As such, examiners reviewed all small farm and small business loans originated, renewed, extended, or purchased in 2024, including those loans that were subsequently paid off in 2024, for the Assessment Area criterion. This consisted of 380 small farm loans totaling \$24.1 million and 43 small business loans totaling \$2.3 million. For the Borrower Profile criterion, examiners reviewed all 27 small business loans totaling \$1.8 million from the aforementioned review that were located within the bank's assessment area. However, a random sample of 58 small farm loans totaling \$3.9 million were reviewed for this criterion as revenue information was not readily available to evaluate the entire universe. Examiners did not review the Geographic Distribution criterion for this evaluation as there are no low- or moderate-income geographies within the bank's assessment area. Home mortgage lending was not reviewed as it comprises a small portion of the total loan portfolio and is not a credit focus for the bank. Small farm lending received the most weight when drawing overall conclusions, followed by small business lending. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans rather than the dollar volume of loans, as it is a better indicator of the number of farms and businesses served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

State Bank of Chandler demonstrated satisfactory performance under the Lending Test. The bank's combined performance in all applicable criteria supports this conclusion.

### **Loan-to-Deposit Ratio**

State Bank of Chandler's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 76.5 percent over the past 23 calendar quarters from December 31, 2019, through June 30, 2025. The loan-to-deposit ratio ranged from a low of 61.4 percent as of March 31, 2022, to a high of 90.7 percent as of September 30, 2020.

The average net loan-to-deposit ratio is similar to that of comparable institutions. Examiners selected comparable institutions based on their asset size, branching structure, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2025 (\$000s)</b>	<b>Average Net Loan-to-Deposit Ratio (%)</b>
<b>State Bank of Chandler, Chandler, Minnesota</b>	<b>67,039</b>	<b>76.5</b>
Adrian State Bank, Adrian, Minnesota	53,875	76.3
Currie State Bank, Currie, Minnesota	101,971	103.3
<i>Source: Reports of Condition and Income 12/31/2019 – 6/30/2025</i>		

**Assessment Area Concentration**

As detailed in the following table, State Bank of Chandler originated a majority of its small farm and small business loans, by number and dollar volume, within its assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000)</b>				<b>Total \$(000)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business	27	62.8	16	37.2	43	1,760	76.8	531	23.2	2,291
Small Farm	302	79.5	78	20.5	380	20,463	84.9	3,650	15.1	24,113
<b>Total</b>	<b>329</b>	<b>77.8</b>	<b>94</b>	<b>22.2</b>	<b>423</b>	<b>22,223</b>	<b>84.2</b>	<b>4,181</b>	<b>15.8</b>	<b>26,404</b>
<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- or 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. The bank’s reasonable small farm lending performance was given more weight than the bank’s excellent small business lending performance. Examiners focused on the percentage, by number, of loans to farms and businesses with gross annual revenues of \$1 million or less.

***Small Farm Loans***

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes in the assessment area. Although the bank’s performance lags demographic data, the 2022 Census of Agriculture revealed that 49.8 percent of producers in the counties that comprise the assessment area do not list farming as their primary occupation. Furthermore, the Agriculture Census revealed that 48.0 percent of farm operations did not report any interest expense. This is an indicator that many farms in the assessment area may have off-farm income and may not need credit to finance farm operations. Furthermore, management stated that in order to be a viable source of income, the

size of farms is increasing. This statement is confirmed by looking at CRA aggregate data since the previous evaluation. Although the bank is not required to collect or report its small farm loan data and has not elected to do so, aggregate data can be used to provide context about the size of farms in which other banks are able to lend. In looking at aggregate data spanning from 2019 to 2023 (most recent year available), on average, 52.1 percent of small farm loans were to farms with gross annual revenues of \$1 million or less, leaving approximately an average of 47.9 percent of small farm loans to farms with gross annual revenues greater than \$1 million. Finally, 22 of the 24 small farm loans originated to borrowers with gross revenues greater than \$1 million were originated to three borrowers, which significantly skews the data. Considering this additional information, the bank’s performance is reasonable.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	100.0	34	58.6	1,218	31.2
> \$1,000,000	0.0	24	41.4	2,681	68.8
Revenue Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>3,899</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different sizes. Specifically, all 27 sampled small business loans reviewed were businesses with gross annual revenues of \$1 million or less. This mirrors the comparable D&B data at 100.0 percent for the same revenue category.

**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 laws relating to discrimination and other illegal credit practices was reviewed, including 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.