

# **PUBLIC DISCLOSURE**

November 3, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Welcome State Bank  
RSSD# 215653

111 Guide Street North  
P.O. Box 238  
Welcome, MN 56181

Federal Reserve Bank of Minneapolis

90 Hennepin Ave  
Minneapolis, MN 55401

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

**Welcome State Bank** (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and farms of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

### SCOPE OF EXAMINATION

Examiners utilized The Federal Financial Institutions Examination Council's (FFIEC's) Interagency Examination Procedures for Small Institutions to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Examiners reviewed the following data:

- The bank's 17-quarter average NLTD ratio and
- A statistical sample of 44 small farm loans originated between January 1, 2024, and December 31, 2024, and 51 consumer loans originated between July 1, 2024, and December 31, 2024. As shown in Table 1, agricultural loans represent 53.0% and consumer loans represent 7.1% of the bank's loan portfolio.

Of the five core criteria, examiners placed the greatest weight on the bank's lending to farms of different sizes and borrowers of different income levels. Geographic distribution of loans received the second highest weight. The NLTD ratio and lending inside the AA were weighted equally but lower compared to the other categories. The bank and the Reserve Bank have not received any CRA-related complaints since the previous evaluation. By loan type, examiners placed the greatest weight on small farm loans, reflecting the bank's primary role as an agricultural lender, while consumer loans received secondary weight.

### DESCRIPTION OF INSTITUTION

Welcome State Bank is a community bank headquartered in Welcome, Minnesota. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Welcome Bancshares, Inc.
- The bank has total assets of \$43.8 million as of September 30, 2025.

- The bank’s only office is in Welcome. It features drive-up services with extended hours Monday through Friday, and it offers extended hours in the lobby on Friday.
- The bank currently operates six cash-dispensing-only ATMs at local Minnesota businesses. One is in Welcome, three are in Fairmont, one is in Sherburne, and one is in Ceylon.
- As shown in Table 1, the bank’s primary business focus is agricultural lending. The bank also offers commercial loans, residential real estate loans, and consumer loans.

| <b>Table 1</b>  |                |          |
|---|----------------|----------|
| <b>Composition of Loan Portfolio as of September 30, 2025</b> |                |          |
| <b>Loan Type</b>  | <b>\$(000)</b> | <b>%</b> |
| Agricultural  | 15,985         | 53.0     |
| Commercial  | 7,006          | 23.2     |
| Residential Real Estate                                       | 5,004          | 16.6     |
| Consumer  | 2,148          | 7.1      |
| Other   | 12             | <0.1     |
| Gross Loans   | 30,155         | 100.0    |

*Note: Percentages may not total 100.0 percent due to rounding.*

The bank was rated Satisfactory under the CRA at its October 25, 2021, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s AA consists of Martin County (see Appendix A for an AA map and Appendix B for additional demographic data).

- The bank has not changed its AA since the previous evaluation.
- The AA consists of one upper-income, five middle-income, and one moderate-income census tracts, based on 2020 census changes. All the middle-income census tracts are classified as underserved. Since the previous evaluation, one middle-income tract was changed to moderate income and another middle-income tract was split into two tracts now designated as upper and middle income.
- According to the June 30, 2025, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 10th out of 12 FDIC-insured institutions with offices in Martin County and holds 3.6% of the deposits.
- Examiners spoke with a community contact familiar with local agricultural conditions.

| Table 2<br>Population Change<br>Welcome AA   |                 |                 |          |
|--|-----------------|-----------------|----------|
| Area   | 2015 Population | 2020 Population | % Change |
| Welcome AA   | 20,350          | 20,025          | -1.6%    |
| Non-MSA Minnesota  | 1,244,292       | 1,260,920       | 1.3%     |
| Minnesota  | 5,419,171       | 5,706,494       | 5.3%     |
| <i>Source: 2020 U.S. Census Bureau: Decennial Census<br/>2011-2015 U.S. Census Bureau: American Community Survey</i> |                 |                 |          |

- The population in Martin County has decreased slightly since the 2015 census, as shown in Table 2.
- Bank management indicated that credit demand has not been impacted by population demographics and has remained relatively consistent.
- A community contact mentioned that younger farmers are slowly taking over operations from both parents and grandparents.

| Table 3<br>Median Family Income Change<br>Welcome AA   |                           |                           |          |
|--|---------------------------|---------------------------|----------|
| Area   | 2015 Median Family Income | 2020 Median Family Income | % Change |
| Welcome AA   | \$68,174                  | \$71,626                  | 5.1%     |
| Non-MSA Minnesota  | \$68,851                  | \$74,710                  | 8.5%     |
| Minnesota  | \$84,188                  | \$92,692                  | 10.1%    |
| <i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey<br/>2016 - 2020 U.S. Census Bureau American Community Survey<br/>Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i> |                           |                           |          |

- The median family income in Martin County increased slightly since the 2015 census and is slightly below the median family income for Non-MSA Minnesota, as shown in Table 3.
- The median family income for both Martin County and Non-MSA Minnesota is considerably lower than the median family income for the state of Minnesota.
- Based on 2024 FFIEC adjusted census data, low- and moderate-income families make up 40.5% of all families in Martin County (see Appendix B).
- The same data indicates that 9.2% of families in Martin County live below the poverty line.

| Table 4<br>Unemployment Rates<br>Welcome AA   |      |      |      |      |
|---|------|------|------|------|
| Area  | 2021 | 2022 | 2023 | 2024 |
| Welcome AA  | 3.4% | 2.4% | 2.8% | 2.9% |
| Non-MSA Minnesota   | 3.9% | 3.0% | 3.4% | 3.5% |
| Minnesota   | 3.7% | 2.5% | 2.8% | 3.0% |
| <i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i> |      |      |      |      |

- The unemployment rates in Martin County and the state have been decreasing overall since the previous evaluation, as shown in Table 4, but did experience a slight uptick in the most recent year.
- Consistent through the evaluation period, Martin County's unemployment rate continues to be slightly lower than the Non-MSA Minnesota rate and slightly lower than the statewide rate.
- Agricultural activity continues to be the primary economic driver in the bank's AA, as confirmed by bank management, with healthcare and manufacturing serving as other prominent economic sectors. According to bank management and a community contact, corn and soy crop yields have been good this season. Despite the strong crop yields, a community contact indicated that tariffs and foreign trade uncertainty have negatively impacted market outlook.
- Consistent with the slight increase in unemployment for 2024, bank management indicated that the area has experienced some recent layoffs in non-agricultural industries.
- A community contact mentioned that demand for credit is good overall, though equipment purchases are down compared to the prior year due to uncertainty with tariffs and foreign trade. The contact mentioned that farmers are likely to repair old equipment as opposed to purchasing new equipment because of economic-related uncertainties.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and location (operating within the AA). The bank's NLTD ratio is reasonable.

The bank's average NLTD for the past 17 quarters is 69.2%. At the previous evaluation, the bank's 16-quarter average NLTD was 85.3%. According to bank management, the lower NLTD reflects ongoing impacts from the COVID-era influx of deposits coupled with lower agricultural credit demand. During the review period, the bank's quarterly NLTD has ranged from as low as 59.0% at the end of 2022 to the high as of June 30, 2025, of 81.3%. The bank's average ratio is generally consistent with the peer group average ratio over the same time period.

| Table 5<br>Comparative NLTD Ratios September 30, 2021 – September 30, 2025 |                    |                       |                       |
|--|--------------------|-----------------------|-----------------------|
| Institution  | Location           | Asset Size<br>\$(000) | NLTD Ratio (%)        |
|  |                    |                       | 17 Quarter<br>Average |
| Welcome State Bank   | Welcome, Minnesota | 43,818                | 69.2%                 |
| <b>Similarly-Situated Institutions</b>                                     |                    |                       |                       |
| Triumph State Bank   | Trimont, Minnesota | 86,816                | 65.6%                 |
| Farmers State Bank of Trimont  | Trimont, Minnesota | 73,392                | 67.9%                 |

### Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. As shown in Table 6, the bank originated a majority of the bank’s loans, by number and dollar, inside the AA.

| Table 6<br>Lending Inside and Outside the AA |           |             |              |             |           |             |              |             |
|--|-----------|-------------|--------------|-------------|-----------|-------------|--------------|-------------|
| Loan Type                                    | Inside    |             |              |             | Outside   |             |              |             |
|  | #         | #%          | \$(000)      | %           | #         | #%          | \$(000)      | %           |
| Consumer Loans                               | 42        | 82.4        | 319          | 79.6        | 9         | 17.6        | 82           | 20.4        |
| Small Farm Loans                             | 36        | 81.8        | 2,898        | 64.1        | 8         | 18.2        | 1,626        | 35.9        |
| <b>Total Loans</b>                           | <b>78</b> | <b>82.1</b> | <b>3,217</b> | <b>65.3</b> | <b>17</b> | <b>17.9</b> | <b>1,708</b> | <b>34.7</b> |

*Note: Percentages may not total 100.0 percent due to rounding.*

### Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. Examiners did not identify any unexplained gaps in lending.

#### Small Farm Lending

The geographic distribution of small farm lending is reasonable. While no small farm loans were made in the moderate-income census tract, this census tract includes the city of Fairmont, which results in lower agricultural loan demand and makes small farm lending here difficult. In addition, a municipal airport comprises a large portion of the tract’s geography, further limiting agricultural land use. Due to the makeup of Martin County, most of the lending opportunity for small farms is in the middle-income tracts that comprise the majority of the AA. All the tracts that included small farm loan originations were designated as underserved middle-income tracts during the review period.

| Table 7<br>Distribution of 2024 Small Farm Lending By Income Level of Geography<br>Welcome AA |            |       |         |       |                  |
|---|------------|-------|---------|-------|------------------|
| Geographic<br>Income Level  | Bank Loans |       |         |       | Total Farms<br>% |
|   | #          | #%    | \$(000) | %     |                  |
| Low   | 0          | 0.0   | 0       | 0.0   | 0.0              |
| Moderate  | 0          | 0.0   | 0       | 0.0   | 1.9              |
| Middle  | 36         | 100.0 | 2,898   | 100.0 | 93.9             |
| Upper   | 0          | 0.0   | 0       | 0.0   | 4.2              |
| Unknown   | 0          | 0.0   | 0       | 0.0   | 0.0              |
| Tract-Unk   | 0          | 0.0   | 0       | 0.0   |                  |
| <b>Total</b>  | 36         | 100.0 | 2,898   | 100.0 | 100.0            |

Source: 2024 FFIEC Census Data  
 2024 Dun & Bradstreet Data  
 2016-2020 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.

Consumer Lending

The geographic distribution of consumer lending is reasonable. The bank made nine of 42 consumer loans to individuals living in the sole moderate-income census tract in the AA. This is consistent with the demographic distribution, as 22.6% of AA households are in the moderate-income tract, as shown in Table 8.

| Table 8<br>Distribution of 2024 Consumer Loan Data Lending By Income Level of Geography<br>Welcome AA |            |       |         |       |              |
|---|------------|-------|---------|-------|--------------|
| Geographic<br>Income Level  | Bank Loans |       |         |       | Households % |
|   | #          | #%    | \$(000) | %     |              |
| Low   | 0          | 0.0   | 0       | 0.0   | 0.0          |
| Moderate  | 9          | 21.4  | 46      | 14.4  | 22.6         |
| Middle  | 33         | 78.6  | 273     | 85.6  | 68.4         |
| Upper   | 0          | 0.0   | 0       | 0.0   | 9.0          |
| Unknown   | 0          | 0.0   | 0       | 0.0   | 0.0          |
| Tract-Unk   | 0          | 0.0   | 0       | 0.0   |              |
| <b>Total</b>  | 42         | 100.0 | 319     | 100.0 | 100.0        |

Source: 2024 FFIEC Census Data  
 2016-2020 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.

### Lending to Borrowers of Different Income Levels and to Farms of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and farms of different revenue sizes. Overall, the bank’s lending has a reasonable distribution among farms of different sizes and individuals of different income levels.

#### Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank originated 63.9% of small farm loans to farms with gross annual revenues of \$1 million or less, as shown in Table 9. While below demographic data showing that 98.5% of farms in the AA have gross annual revenues of \$1 million or less, it is reasonable given that 12 of the 13 loans made to small farms with revenues greater than \$1 million were to the same two borrowers. Of loans made to small farms with gross annual revenues of \$1 million or less, 69.6% were for \$100,000 or less indicating the bank is responsive to smaller agricultural operators’ need for low dollar amount loans in the AA.

| Table 9<br>Distribution of 2024 Small Farm Lending By Revenue Size of Farms<br>Welcome AA  |            |       |         |       |               |
|--|------------|-------|---------|-------|---------------|
|  | Bank Loans |       |         |       | Total Farms % |
|  | #          | #%    | \$(000) | %     |               |
| <b>By Revenue</b>  |            |       |         |       |               |
| <b>\$1 Million or Less</b>   | 23         | 63.9  | 2,033   | 70.2  | 98.5          |
| <b>Over \$1 Million</b>  | 13         | 36.1  | 865     | 29.8  | 1.5           |
| <b>Revenue Unknown</b>   | 0          | 0.0   | 0       | 0.0   | 0.0           |
| <b>Total</b>   | 36         | 100.0 | 2,898   | 100.0 | 100.0         |
| <b>By Loan Size</b>  |            |       |         |       |               |
| <b>\$100,000 or Less</b>   | 26         | 72.2  | 1,193   | 41.2  |               |
| <b>\$100,001 - \$250,000</b>   | 9          | 25.0  | 1,275   | 44.0  |               |
| <b>\$250,001 - \$500,000</b>   | 1          | 2.8   | 430     | 14.8  |               |
| <b>Total</b>   | 36         | 100.0 | 2,898   | 100.0 |               |
| <b>By Loan Size and Revenues \$1 Million or Less</b>   |            |       |         |       |               |
| <b>\$100,000 or Less</b>   | 16         | 69.6  | 681     | 33.5  |               |
| <b>\$100,001 - \$250,000</b>   | 6          | 26.1  | 922     | 45.4  |               |
| <b>\$250,001 - \$500,000</b>   | 1          | 4.3   | 430     | 21.2  |               |
| <b>Total</b>   | 23         | 100.0 | 2,033   | 100.0 |               |
| <i>Source: 2024 FFIEC Census Data<br/>           2024 Dun &amp; Bradstreet Data<br/>           2016-2020 U.S. Census Bureau: American Community Survey</i> |            |       |         |       |               |
| <i>Note: Percentages may not total 100.0 percent due to rounding.</i>  |            |       |         |       |               |

Consumer Lending

The borrower distribution of consumer lending is excellent. Overall, 26 of 42 loans in the AA were made to low- or moderate-income borrowers as shown in Table 10. The bank made 47.6% of its consumer loans to low-income borrowers, greatly outpacing the area demographic of 23.7%. While the bank made a smaller number of loans to moderate-income borrowers, it was relatively consistent with the area demographic at 14.3% by number versus 19.3% of the area households. The bank did not collect income information for 23.8% of the consumer loans in the AA, a common practice for its well-known customers.

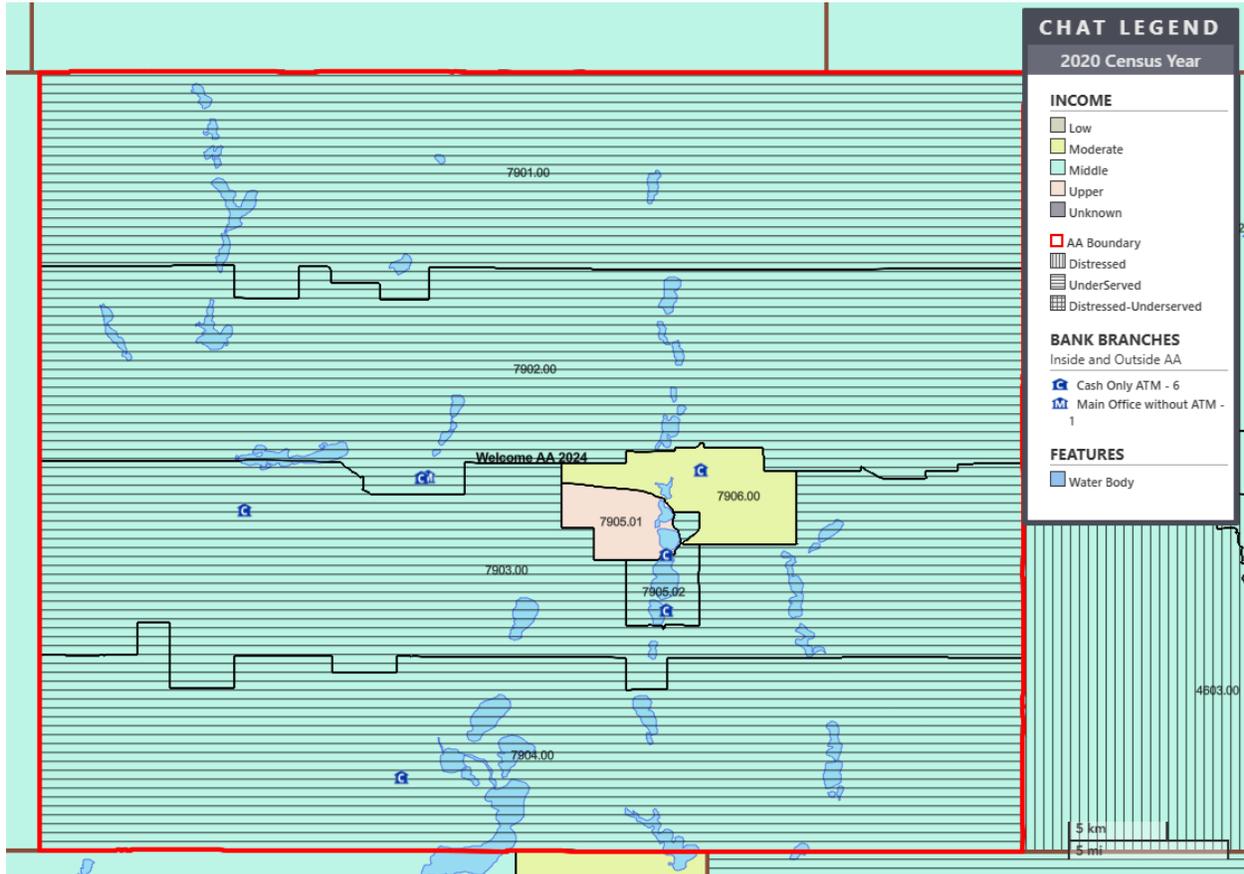
| Table 10<br>Distribution of 2024 Other Loan Data Lending By Borrower Income Level<br>Welcome AA |            |       |         |       |  |
|---|------------|-------|---------|-------|--|
| Borrower<br>Income Level  | Bank Loans |       |         |       | Households by<br>Household Income<br>% |
|   | #          | #%    | \$(000) | %     |  |
| Low   | 20         | 47.6  | 115     | 36.1  | 23.7                                   |
| Moderate  | 6          | 14.3  | 54      | 16.9  | 19.3                                   |
| Middle  | 5          | 11.9  | 49      | 15.4  | 18.7                                   |
| Upper   | 1          | 2.4   | 28      | 8.8   | 38.3                                   |
| Unknown   | 10         | 23.8  | 72      | 22.6  | 0.0                                    |
| <b>Total</b>  | 42         | 100.0 | 319     | 100.0 | 100.0                                  |

*Source: 2024 FFIEC Census Data  
 2016-2020 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.*

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B – Equal Credit Opportunity Act and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

APPENDIX A – MAP OF THE ASSESSMENT AREA



**APPENDIX B – DEMOGRAPHIC INFORMATION**

| Welcome AA Demographics                |                           |                       |                                    |              |  |              |                           |              |
|--|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories                      | Tract Distribution        |                       | Families by Tract Income           |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income |              |
|  | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Low                                    | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 1,065                     | 19.5         |
| Moderate                               | 1                         | 14.3                  | 991                                | 18.2         | 200  | 20.2         | 1,147                     | 21.0         |
| Middle                                 | 5                         | 71.4                  | 3,871                              | 71.0         | 296  | 7.6          | 1,198                     | 22.0         |
| Upper                                  | 1                         | 14.3                  | 590                                | 10.8         | 6  | 1.0          | 2,042                     | 37.5         |
| Unknown                                | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>                        | <b>7</b>                  | <b>100.0</b>          | <b>5,452</b>                       | <b>100.0</b> | <b>502</b>   | <b>9.2</b>   | <b>5,452</b>              | <b>100.0</b> |
|  | Housing Units by Tract    | Housing Type by Tract |                                    |              |  |              |                           |              |
|  |                           | Owner-occupied        |                                    |              | Rental   |              | Vacant                    |              |
|  |                           | #                     | % by tract                         | % by unit    | #  | % by unit    | #                         | % by unit    |
| Low                                    | 0                         | 0                     | 0.0                                | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| Moderate                               | 2,100                     | 964                   | 14.9                               | 45.9         | 1,027  | 48.9         | 109                       | 5.2          |
| Middle                                 | 6,877                     | 4,858                 | 74.9                               | 70.6         | 1,180  | 17.2         | 839                       | 12.2         |
| Upper                                  | 976                       | 662                   | 10.2                               | 67.8         | 133  | 13.6         | 181                       | 18.5         |
| Unknown                                | 0                         | 0                     | 0.0                                | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>                        | <b>9,953</b>              | <b>6,484</b>          | <b>100.0</b>                       | <b>65.1</b>  | <b>2,340</b>                                       | <b>23.5</b>  | <b>1,129</b>              | <b>11.3</b>  |
|  | Total Businesses by Tract |                       | Businesses by Tract & Revenue Size |              |  |              |                           |              |
|  |                           |                       | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|  | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Low                                    | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| Moderate                               | 341                       | 34.9                  | 301                                | 34.5         | 36   | 45.6         | 4                         | 14.8         |
| Middle                                 | 560                       | 57.3                  | 505                                | 57.9         | 33   | 41.8         | 22                        | 81.5         |
| Upper                                  | 77                        | 7.9                   | 66                                 | 7.6          | 10   | 12.7         | 1                         | 3.7          |
| Unknown                                | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>                        | <b>978</b>                | <b>100.0</b>          | <b>872</b>                         | <b>100.0</b> | <b>79</b>  | <b>100.0</b> | <b>27</b>                 | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                           |                       |                                    | <b>89.2</b>  |  | <b>8.1</b>   |                           | <b>2.8</b>   |

| Welcome AA Demographics   |                      |              |                               |              |                  |              |                      |            |
|---|----------------------|--------------|-------------------------------|--------------|------------------|--------------|----------------------|------------|
|   | Total Farms by Tract |              | Farms by Tract & Revenue Size |              |                  |              |                      |            |
|   |                      |              | Less Than or =<br>\$1 Million |              | Over \$1 Million |              | Revenue Not Reported |            |
|   | #                    | %            | #                             | %            | #                | %            | #                    | %          |
| <b>Low</b>  | 0                    | 0.0          | 0                             | 0.0          | 0                | 0.0          | 0                    | 0.0        |
| <b>Moderate</b>   | 5                    | 1.9          | 4                             | 1.5          | 1                | 25.0         | 0                    | 0.0        |
| <b>Middle</b>   | 248                  | 93.9         | 245                           | 94.2         | 3                | 75.0         | 0                    | 0.0        |
| <b>Upper</b>  | 11                   | 4.2          | 11                            | 4.2          | 0                | 0.0          | 0                    | 0.0        |
| <b>Unknown</b>  | 0                    | 0.0          | 0                             | 0.0          | 0                | 0.0          | 0                    | 0.0        |
| <b>Total AA</b>   | <b>264</b>           | <b>100.0</b> | <b>260</b>                    | <b>100.0</b> | <b>4</b>         | <b>100.0</b> | <b>0</b>             | <b>0.0</b> |
| <b>Percentage of Total Farms:</b>   |                      |              |                               | <b>98.5</b>  |                  | <b>1.5</b>   |                      | <b>0.0</b> |
| <i>Source: 2024 FFIEC Census Data<br/>           2024 Dun &amp; Bradstreet Data<br/>           2016-2020 U.S. Census Bureau: American Community Survey</i><br><i>Note: Percentages may not total 100.0 percent due to rounding.</i> |                      |              |                               |              |                  |              |                      |            |

## APPENDIX C – 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.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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, other secured consumer loans, and other unsecured consumer loans.

**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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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