

PUBLIC DISCLOSURE

March 17, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Merchants State Bank
RSSD# 289757

305 South Main Street
P.O. Box 399
Freeman, South Dakota 57029

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, Minnesota 55480

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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Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix C at the end of this performance evaluation.

INSTITUTION'S CRA RATING

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

- The bank's net loan-to-deposit ratio (NLTD) is more than reasonable given the bank's size, financial condition, and assessment areas (AAs). In addition, the bank's community development loans enhance the NLTD performance to more than reasonable.
- A majority of the bank's loans are originated inside the AAs.
- An excellent distribution and dispersion of loans occurs throughout the bank's AAs.
- Lending reflects excellent penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes. This includes originating Paycheck Protection Program (PPP) loans to commercial and agricultural borrowers.
- 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. Lending performance was assessed within the bank's Viborg-Hurley and Freeman assessment areas. Examiners reviewed the following data:

- The bank's 20-quarter average NLTD ratio, and
- A statistical sample of 92 consumer loans, 86 small business loans, and 115 small farm loans originated between January 1, 2024, and December 31, 2024.

Of the five core performance criteria, examiners placed the greatest weight on borrower distribution, followed by lending inside the AAs and then geographic distribution, with the NLTD ratio receiving the least amount of weight. By loan product, examiners placed the greatest weight on small farm loans, followed by small business loans, and then consumer loans, although the analysis does not include Freeman AA consumer loans given low consumer lending volume in this AA. Examiners also provided more weight to the Viborg-Hurley AA analysis given greater lending volume in this AA. The bank and Reserve Bank have not received any CRA complaints since the previous evaluation.

DESCRIPTION OF INSTITUTION

Merchants State Bank is a community bank headquartered in Freeman, South Dakota. The bank's characteristics include:

- The bank is a wholly owned subsidiary of H&W Holding Company, Freeman, South Dakota.
- The bank has total assets of \$209.4 million as of December 31, 2024.
- In addition to its main office in Freeman, the bank has three full-service branches located in Irene, Viborg, and Hurley, South Dakota.
- The bank operates two cash-dispensing-only ATMs at the Freeman and Viborg branches.
- The bank’s primary business focus is agricultural lending. The bank also offers commercial and consumer loan products.

Table 1 Composition of Loan Portfolio as of December 31, 2024		
Loan Type	\$(000)	%
Agricultural	101,954	71.4
Commercial	31,885	22.3
Residential Real Estate	3,435	2.4
Consumer	3,106	2.2
Other	2,471	1.7
Gross Loans	142,851	100.0

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

The bank was rated Satisfactory under the CRA at its February 4, 2020, 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.

OVERALL CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The CRA requires a separate analysis for the bank’s performance in each AA. The separate AA sections of this evaluation contain detailed descriptions of the bank’s lending to farms and businesses of different sizes and to borrowers of different income levels and the geographic distribution of the bank’s loans. Examiners analyzed the NLTD ratio and the comparison of lending inside and outside of the AAs at the bank level. Examiners discuss these two criteria below.

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 AAs, and in comparison to similarly situated FDIC-insured institutions. As shown in Table 2, one similarly situated bank operates in the bank’s AAs. Similarly situated institutions are identified based on asset size, product offerings, and the institution operations in the AAs. The bank’s NLTD ratio is more than reasonable.

Table 2 Comparative NLTD Ratios			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			20 Quarter Average
Merchants State Bank	Freeman, SD	\$209,407	75.7%
Similarly Situated Institution			
Farmers State Bank	Parkston, SD	\$241,183	51.6%

The bank’s average NLTD ratio for the past 20 quarters is 75.7%. At the previous evaluation, the bank’s 17-quarter average NLTD ratio was 88.9%. Since then, the bank’s NLTD ratio ranged from 62.0% to 99.6%. As of December 31, 2024, the bank’s NLTD ratio was 82.6%, which is above the peer group ratio of 74%. The bank’s peer group includes insured commercial banks with assets between \$100 million and \$300 million and three or more full-service banking offices and not located in a metropolitan statistical area.

The bank operates in a competitive environment with numerous financial institutions, including regional banks as well as credit unions. During the evaluation period, the bank initially faced changing loan demand and deposit levels due to the COVID-19 pandemic; however, the bank responded to local credit needs for businesses and farms by originating PPP loans. Community contacts indicated that overall, local financial institutions meet area credit needs. Finally, the bank’s NLTD ratio is more than reasonable given the bank’s community development loans to hospitals in the AA: One stabilized an underserved nonmetropolitan middle-income census tract, and another helped retain jobs for low- and moderate-income individuals.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. The bank originated a majority of the bank’s loans, by number and dollar, inside the AAs.

Table 3 Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Small Business	69	80.2	6,808	61.3	17	19.8	4,297	38.7
Small Farm	105	91.3	13,291	90.8	10	8.7	1,350	9.2
Consumer (Non-Real Estate)	74	80.4	1,287	75.4	18	19.6	420	24.6
Total Loans	248	84.6	21,387	77.9	45	15.4	6,067	22.1

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 AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank's overall geographic distribution of loans reflects excellent distribution among the different census tracts and dispersion throughout the AAs.

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses and farms of different revenue sizes. The bank's lending has an overall excellent penetration among individuals of different income levels and businesses and farms of different sizes.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

METROPOLITAN AREA
 (Full Review)

DESCRIPTION OF THE VIBORG-HURLEY ASSESSMENT AREA

The bank’s Viborg-Hurley AA consists of Turner County and part of McCook County; both counties are part of the Sioux Falls, SD-MN MSA (Sioux Falls MSA) (see Appendix A for AA map).

- The bank’s AA boundaries have not changed since the previous evaluation.
- The Viborg-Hurley AA consists of one moderate- and two middle-income census tracts. At the previous evaluation, the Viborg-Hurley AA consisted of three middle-income census tracts.
- The AA includes the bank’s branches in Viborg and Hurley, Minnesota. They are both located in the moderate-income census tract.
- According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Market Share Report, the bank ranked fourth of eight FDIC-insured institutions operating in the AA, capturing 12.9% of deposits.
- Examiners spoke with two community contacts: one who works at an organization that specializes in the agricultural economy and another who specializes in the needs of local businesses.

Table 4			
Viborg-Hurley AA 2024 Population Change			
Area	2015 Population	2020 Population	Percent Change
All Counties in AA	13,915	14,355	3.2%
McCook County, SD	5,613	5,682	1.2%
Turner County, SD	8,302	8,673	4.5%
Sioux Falls MSA	252,294	286,434	13.5%
South Dakota	843,190	886,667	5.2%

*Source: 2011-2015 U.S. Census Bureau American Community Survey
 2020 U.S. Census Bureau Decennial Census*

- The population of the counties in the AA has increased since 2015, as shown in Table 4, but is outpaced by the population growth of South Dakota. The Sioux Falls MSA population growth is outpacing the rest of the state.

Table 5 Viborg-Hurley AA 2024 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
All Counties in AA	\$71,316	\$75,767	6.2%
McCook County, SD	\$75,247	\$80,227	6.6%
Turner County, SD	\$70,454	\$74,233	5.4%
Sioux Falls MSA	\$68,707	\$83,517	21.6%
South Dakota	\$71,276	\$77,042	8.1%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
 2016 - 2020 U.S. Census Bureau American Community Survey
 Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The median family income of the counties in the AA is below that of the state of South Dakota, as shown in Table 5, and has increased since 2015.
- Based on 2024 FFIEC adjusted census data, low- and moderate-income households make up 41.1% of all households in the AA.

Table 6 Viborg-Hurley AA 2024 Unemployment Rates				
Area	2020	2021	2022	2023
All Counties in AA	3.5%	2.3%	1.8%	1.8%
McCook County, SD	3.4%	2.3%	1.6%	1.7%
Turner County, SD	3.6%	2.2%	1.8%	1.9%
Sioux Falls MSA	3.8%	2.3%	1.8%	1.8%
South Dakota	4.2%	2.6%	2.0%	2.0%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

- As shown in Table 6, the unemployment rates for the counties in the AA are relatively low and have declined since the previous evaluation.
- Bank management and community contacts indicated that agriculture is the primary industry for the area and is a driver for main street businesses. Bank management also noted that Pioneer Memorial Hospital in Viborg, South Dakota, is a large employer in the AA.
- Bank management and community contacts stated that the agricultural economy has struggled somewhat recently given the area’s drought-like conditions the past few years, which has impacted crop yields.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects excellent distribution among the different census tracts and dispersion throughout the AA.

Small Business Lending

The geographic distribution of small business lending is excellent. The bank originated 93.0% of its small business loans in the AA’s moderate-income tract, as shown in Table 7. This significantly exceeds the demographics of 38.0% of businesses in the AA being in the moderate-income tract.

Table 7 Distribution of 2024 Small Business Lending By Income Level of Geography Viborg-Hurley AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	40	93.0	2,548	78.0	38.0
Middle	3	7.0	718	22.0	62.0
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	43	100.0	3,266	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.

Small Farm Lending

The geographic distribution of small farm lending is excellent. The bank originated 71.2% of its small farm loans in the AA’s moderate-income tract, as shown in Table 8. This significantly exceeds the demographics of 38.5% of farms in the AA being in the moderate-income tract.

Table 8 Distribution of 2024 Small Farm Lending By Income Level of Geography Viborg-Hurley AA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	42	71.2	4,025	60.8	38.5
Middle	17	28.8	2,600	39.2	61.5
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	59	100.0	6,625	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 excellent. The bank originated 92.7% of its consumer loans in the AA’s moderate-income tract, as shown in Table 9. This significantly exceeds the demographics of 40.1% of households being in the moderate-income tract.

Table 9 Distribution of 2024 Consumer Loan Data Lending By Income Level of Geography Viborg-Hurley AA					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	51	92.7	835	83.3	40.1
Middle	4	7.3	168	16.7	59.9
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	55	100.0	1,003	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 Businesses and Farms of Different Sizes

The bank’s lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank originated 93.0% of small business loans, which exceeds the percentage of small businesses (89.0%) located in the AA, as shown in Table 10. The small business lending dollars provided by the bank (83.8%) are below the percentage of small businesses in the AA; however, it is reasonable.

The bank shows its willingness to serve smaller businesses by making loans of \$100,000 or less, with 82.5% of these small business loans made to entities with revenues of \$1 million or less. In addition, the bank originated 101 PPP loans to businesses in the AA, with 79 of these loans in amounts of \$25,000 or less.

Table 10					
Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Viborg-Hurley AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	40	93.0	2,736	83.8	89.0
Over \$1 Million	3	7.0	530	16.2	6.8
Revenue Unknown	0	0.0	0	0.0	4.2
Total	43	100.0	3,266	100.0	100.0
By Loan Size					
\$100,000 or Less	35	81.4	1,203	36.8	
\$100,001 - \$250,000	3	7.0	506	15.5	
\$250,001 - \$1 Million	5	11.6	1,557	47.7	
Total	43	100.0	3,266	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	33	82.5	1,073	39.2	
\$100,001 - \$250,000	3	7.5	506	18.5	
\$250,001 - \$1 Million	4	10.0	1,157	42.3	
Total	40	100.0	2,736	100.0	
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is excellent. The bank originated 93.2% of small farm loans and 91.6% of small farm lending dollars to farms with gross annual revenues of \$1 million or less, as shown in Table 11. Furthermore, the bank made 178 PPP loans to agricultural borrowers, with 172 of these loans in amounts of \$25,000 or less. A local contact noted that local financial institutions are meeting small farm credit needs.

Table 11 Distribution of 2024 Small Farm Lending By Revenue Size of Farms Viborg-Hurley AA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	55	93.2	6,070	91.6	98.7
Over \$1 Million	4	6.8	555	8.4	1.3
Revenue Unknown	0	0.0	0	0.0	0.0
Total	59	100.0	6,625	100.0	100.0
By Loan Size					
\$100,000 or Less	36	61.0	1,343	20.3	
\$100,001 - \$250,000	15	25.4	2,451	37.0	
\$250,001 - \$500,000	8	13.6	2,831	42.7	
Total	59	100.0	6,625	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	34	61.8	1,253	20.6	
\$100,001 - \$250,000	14	25.5	2,276	37.5	
\$250,001 - \$500,000	7	12.7	2,541	41.9	
Total	55	100.0	6,070	100.0	
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 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, 72.7% of the bank’s consumer loans were made to LMI borrowers, as shown in Table 12. The bank’s lending to low-income borrowers is 41.8%, which is significantly above demographics given that 25.6% of households in the AA are low income. The bank’s lending to moderate-income borrowers at 30.9% is significantly above demographics given that 15.5% of households in the AA are moderate income.

Table 12 Distribution of 2024 Consumer Loan Data Lending By Borrower Income Level Viborg-Hurley AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	%	
Low	23	41.8	183	18.2	25.6
Moderate	17	30.9	338	33.7	15.5
Middle	14	25.5	327	32.6	22.1
Upper	1	1.8	155	15.5	36.8
Unknown	0	0.0	0	0.0	0.0
Total	55	100.0	1,003	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.

NONMETROPOLITAN AREA
 (Full Review)

DESCRIPTION OF THE FREEMAN ASSESSMENT AREA

The bank’s Freeman AA is comprised of all of Hanson and Hutchinson counties and part of Yankton and Clay counties (see Appendix A for an AA map). The census tracts of Hanson and Clay counties in the AA are classified as distressed, and the middle-income census tracts of Hutchinson County are classified as underserved.

- The bank’s AA boundaries have not changed since the previous evaluation.
- The Freeman AA consists of five middle- and one upper-income census tracts. At the previous evaluation, the composition was the same; however, the upper-income tract in Clay County is now a middle-income census tract, and a middle-income tract in Hutchinson County is now an upper-income tract.
- The AA includes the bank’s main branch in Freeman and its branch in Irene, South Dakota.
- According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Market Share Report, the bank ranked sixth of 16 FIDC-insured institutions operating in the AA, capturing 4.7% of deposits.
- Examiners spoke with two community contacts: one who works at an organization that specializes in the agricultural economy and another who specializes in the needs of local businesses.

Table 13			
Freeman AA 2024 Population Change			
Area	2015 Population	2020 Population	Percent Change
All Counties in AA	47,259	49,165	4.0%
Clay County, SD	14,011	14,967	6.8%
Hanson County, SD	3,386	3,461	2.2%
Hutchinson County, SD	7,226	7,427	2.8%
Yankton County, SD	22,636	23,310	3.0%
NonMSA South Dakota	444,757	445,734	0.2%
South Dakota	843,190	886,667	5.2%

*Source: 2011-2015 U.S. Census Bureau American Community Survey
 2020 U.S. Census Bureau Decennial Census*

- The population of the counties in the AA has increased since 2015, as shown in Table 13, but is outpaced by the population growth of South Dakota.

Table 14 Freeman AA 2024 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
All Counties in AA	\$68,622	\$78,311	14.1%
Clay County, SD	\$67,452	\$86,576	28.4%
Hanson County, SD	\$76,844	\$79,554	3.5%
Hutchinson County, SD	\$66,357	\$76,463	15.2%
Yankton County, SD	\$69,175	\$77,707	12.3%
NonMSA South Dakota	\$66,381	\$72,374	9.0%
South Dakota	\$71,276	\$77,042	8.1%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
 2016 - 2020 U.S. Census Bureau American Community Survey
 Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The median family income of the counties in the AA is above that of the state of South Dakota, as shown in Table 14, and has increased since 2015.
- Based on 2024 FFIEC adjust census data, low- and moderate-income households make up 30.6% of all households in the AA.

Table 15 Freeman AA 2024 Unemployment Rates				
Area	2020	2021	2022	2023
All Counties in AA	4.0%	2.5%	2.0%	1.9%
Clay County, SD	4.1%	2.5%	2.1%	2.1%
Hanson County, SD	4.6%	3.4%	2.5%	2.2%
Hutchinson County, SD	3.4%	2.6%	2.2%	2.1%
Yankton County, SD	4.1%	2.3%	1.8%	1.8%
NonMSA South Dakota	4.2%	2.8%	2.2%	2.1%
South Dakota	4.2%	2.6%	2.0%	2.0%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

- As shown in Table 15, the unemployment rates for the counties in the AA have been low and have declined since the previous evaluation.
- Bank management and community contacts indicated that the agricultural community is the primary industry for the area and is a significant driver for main street businesses. Bank management also noted that Freeman Regional Health Services in Freeman, South Dakota, and Sunset Manor Avera in Irene, South Dakota, are two large employers in the AA.
- The agricultural economy has been stressed recently due to drought conditions, which has impacted crop yields.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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 AA contains five middle- and one upper-income census tracts. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. No unexplainable gaps in lending were identified.

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

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

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank originated 88.5% of small business loans, which is comparable to the percentage of small businesses located in the AA (86.0%), as shown in Table 16. The bank originated 32.2% of small business lending dollars to small businesses, which is significantly below demographics; however, this is explainable. The three loans made to large businesses account for 67.8% of lending dollars in the AA.

The bank shows its willingness to serve smaller businesses by making loans of \$100,000 or less and made 91.3% of these small business loans to entities with revenues of \$1 million or less. In addition, the bank originated 65 PPP loans to businesses in the AA, with 43 of these loans in amounts of \$25,000 or less.

Table 16 Distribution of 2024 Small Business Lending By Revenue Size of Businesses Freeman AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	23	88.5	1,142	32.2	86.0
Over \$1 Million	3	11.5	2,400	67.8	8.4
Revenue Unknown	0	0.0	0	0.0	5.5
Total	26	100.0	3,542	100.0	100.0

Table 16 Distribution of 2024 Small Business Lending By Revenue Size of Businesses Freeman AA					
By Loan Size					
\$100,000 or Less	21	80.8	767	21.7	
\$100,001 - \$250,000	2	7.7	375	10.6	
\$250,001 - \$1 Million	3	11.5	2,400	67.8	
Total	26	100.0	3,542	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	21	91.3	767	67.2	
\$100,001 - \$250,000	2	8.7	375	32.8	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	23	100.0	1,142	100.0	
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

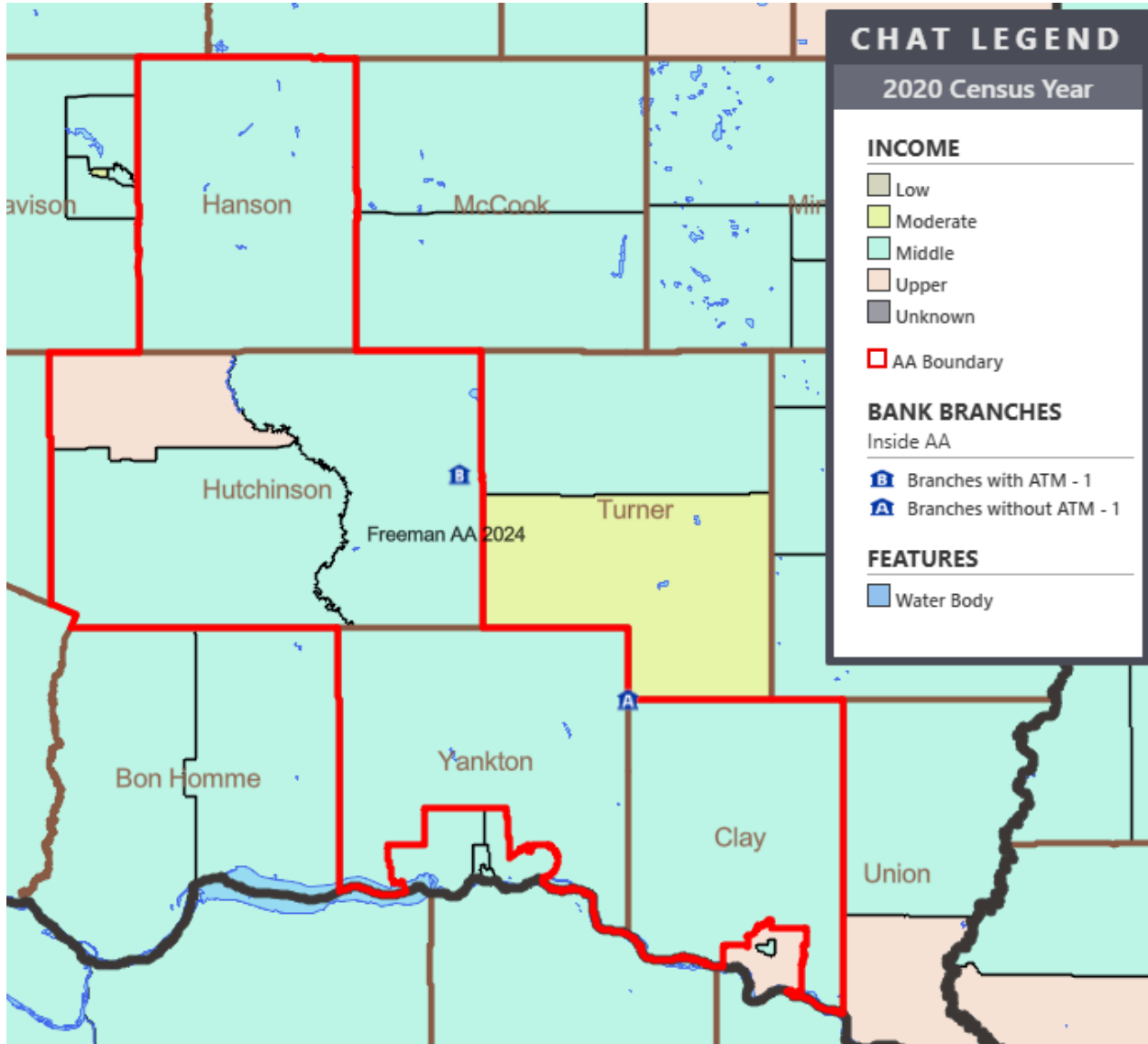
The borrower distribution of small farm lending is excellent. The bank originated 89.1% of small farm loans and 89.9% small farm lending dollars to farms with gross annual revenues of \$1 million or less, as shown in Table 17. Furthermore, the bank made 170 PPP loans to agricultural borrowers, with 155 of these loans in amounts of \$25,000 or less. A local contact noted that local financial institutions are meeting small farm credit needs.

Table 17 Distribution of 2024 Small Farm Lending By Revenue Size of Farms Freeman AA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	41	89.1	5,995	89.9	98.2
Over \$1 Million	5	10.9	671	10.1	1.8
Revenue Unknown	0	0.0	0	0.0	0.0
Total	46	100.0	6,666	100.0	100.0
By Loan Size					
\$100,000 or Less	21	45.7	902	13.5	
\$100,001 - \$250,000	15	32.6	2,472	37.1	
\$250,001 - \$500,000	10	21.7	3,292	49.4	
Total	46	100.0	6,666	100.0	

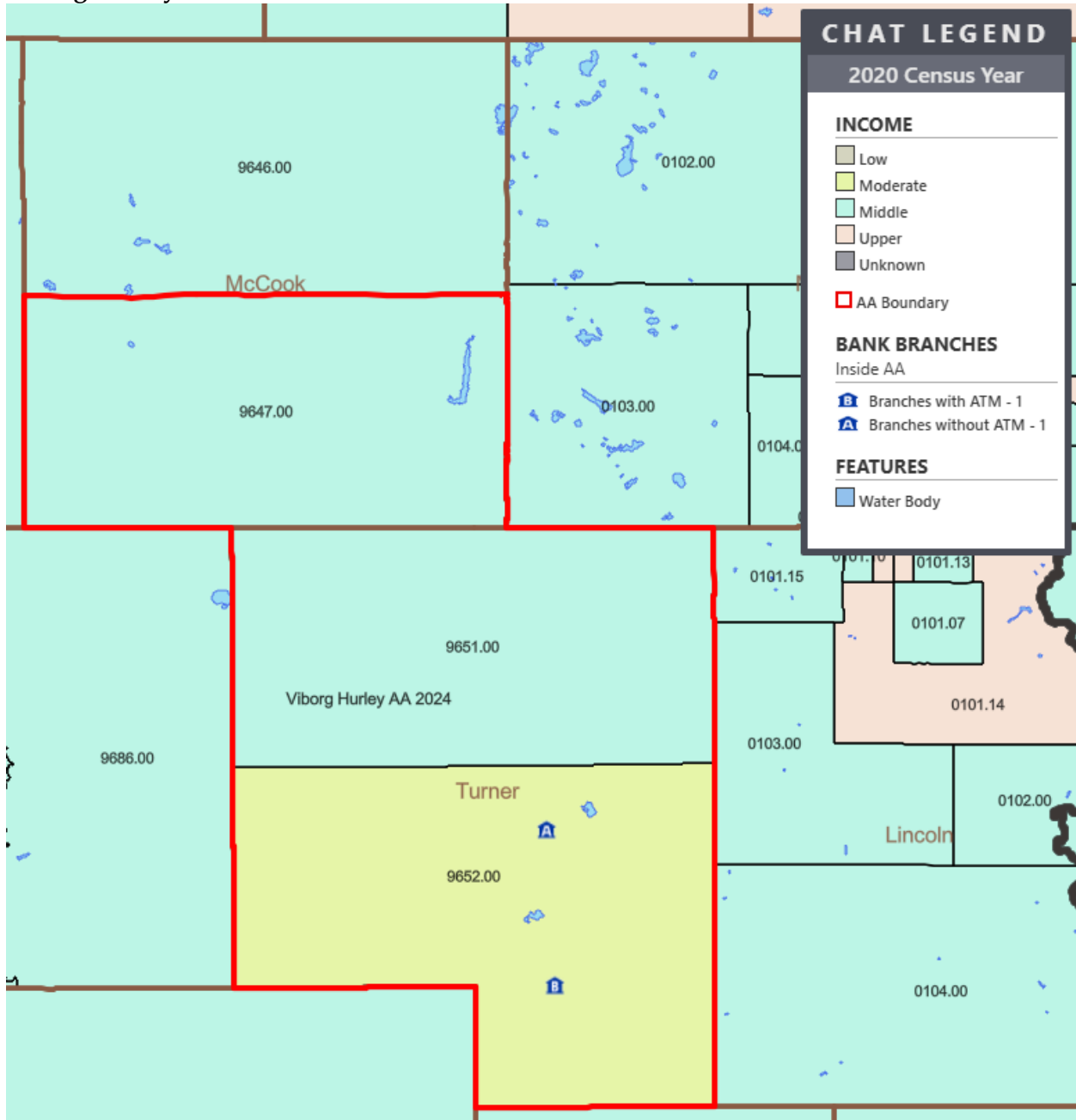
Table 17 Distribution of 2024 Small Farm Lending By Revenue Size of Farms Freeman AA					
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	19	46.3	747	12.5	
\$100,001 - \$250,000	12	29.3	1,956	32.6	
\$250,001 - \$500,000	10	24.4	3,292	54.9	
Total	41	100.0	5,995	100.0	
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

Freeman AA



Viborg-Hurley AA



APPENDIX B – DEMOGRAPHIC INFORMATION

2024 Freeman 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	595	12.6
Moderate	0	0.0	0	0.0	0	0.0	834	17.7
Middle	5	83.3	4,049	85.7	196	4.8	1,186	25.1
Upper	1	16.7	676	14.3	23	3.4	2,110	44.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	4,725	100.0	219	4.6	4,725	100.0
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	6,793	4,898	86.8	72.1	1,107	16.3	788	11.6
Upper	1,047	742	13.2	70.9	256	24.5	49	4.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	7,840	5,640	100.0	71.9	1,363	17.4	837	10.7
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	669	84.2	573	83.8	55	82.1	41	93.2
Upper	126	15.8	111	16.2	12	17.9	3	6.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	795	100.0	684	100.0	67	100.0	44	100.0
Percentage of Total Businesses:				86.0		8.4		5.5

2024 Freeman AA Demographics								
	Total Farms by Tract		Farms 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	405	93.5	398	93.6	7	87.5	0	0.0
Upper	28	6.5	27	6.4	1	12.5	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	433	100.0	425	100.0	8	100.0	0	0.0
Percentage of Total Farms:				98.2		1.8		0.0

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.

2024 Viborg-Hurley 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	603	19.9
Moderate	1	33.3	1,197	39.6	95	7.9	611	20.2
Middle	2	66.7	1,827	60.4	79	4.3	930	30.8
Upper	0	0.0	0	0.0	0	0.0	880	29.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	3,024	100.0	174	5.8	3,024	100.0

	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	2,127	1,409	39.6	66.2	390	18.3	328	15.4
Middle	3,034	2,147	60.4	70.8	541	17.8	346	11.4
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	5,161	3,556	100.0	68.9	931	18.0	674	13.1

2024 Viborg-Hurley AA Demographics								
	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	218	38.0	192	37.6	15	38.5	11	45.8
Middle	355	62.0	318	62.4	24	61.5	13	54.2
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	573	100.0	510	100.0	39	100.0	24	100.0
Percentage of Total Businesses:				89.0		6.8		4.2
	Total Farms by Tract		Farms 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	87	38.5	85	38.1	2	66.7	0	0.0
Middle	139	61.5	138	61.9	1	33.3	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	226	100.0	223	100.0	3	100.0	0	0.0
Percentage of Total Farms:				98.7		1.3		0.0
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.								

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, home equity 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.

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 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, 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.