



## **PUBLIC DISCLOSURE**

April 1, 2024

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Farmers Bank of Northern Missouri  
RSSD# 303952

1604 Main Street  
Unionville, Missouri 63565

Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198

**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**

This institution is rated: **Satisfactory**  
The Lending Test is rated: **Satisfactory**  
The Community Development Test is rated: **Satisfactory**

Farmers Bank of Northern Missouri (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria under the lending and community development (CD) tests.

- 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 AAs.
- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable distribution among businesses and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.
- CD activity reflects adequate responsiveness to the CD needs of its AAs.

## **SCOPE OF EXAMINATION**

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate 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. Performance was assessed for the bank in the states of Missouri and Iowa. Due to the bank operating in only one market for each state, the full-scope review of the Northern Missouri AA and the South Central Iowa AA also represent the conclusions for Missouri and Iowa, respectively. Examiners reviewed the following data:

- The bank's 13-quarter average NLTD ratio;
- A statistical sample of 98 outstanding small business loans selected from a universe of 191 loans originated between January 1, 2023 and December 31, 2023;
- A statistical sample of 151 outstanding small farm loans selected from a universe of 597 loans originated between January 1, 2023 and December 31, 2023; and
- CD loans, qualified investments, and CD services from January 1, 2021 through December 31, 2023.

For this evaluation, greater weight was placed on small farm lending based on the higher number of loans originated during the evaluation period and the bank's strategic focus. Furthermore, greater consideration was given to the volume of loan originations rather than the dollar amount, as it is more representative of the numbers of entities served. Lending performance in the state of Missouri and the Northern Missouri AA received greater weight in the analysis, as it is the bank's primary market for deposits, lending, and branching.

## DESCRIPTION OF INSTITUTION

Farmers Bank of Northern Missouri is a community bank headquartered in Unionville, Missouri. The bank's characteristics include:

- The bank is wholly owned by Harrison County Bancshares, Inc.
- The bank has total assets of \$510.1 million as of December 31, 2023.
- In addition to its main office in Unionville, the bank operates 9 additional office locations across both AAs, as well as 12 cash-only automated teller machines (ATMs).
- As shown in the table below, the bank's primary business focus is agricultural lending.

**Table 1**

Composition of Loan Portfolio as of December 31, 2023		
Loan Type	\$(000)	%
Construction and Land Development	4,303	1.7
Farmland	107,482	42.6
1- to 4-Family Residential Real Estate	39,752	15.7
Multifamily Residential Real Estate	0	0.0
Nonfarm Nonresidential Real Estate	22,275	8.8
Agricultural	57,749	22.9
Commercial and Industrial	13,191	5.2
Consumer	6,155	2.4
Other	1,664	0.7
Gross Loans	252,571	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its February 8, 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.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS<sup>1</sup>**

This performance evaluation first discusses the bank's overall performance, followed by an in-depth evaluation of performance in the state of Missouri and Northern Missouri AA and concludes with an in-depth evaluation of the state of Iowa and South Central Iowa AA.

## **LENDING TEST**

The bank's overall lending test performance is Satisfactory. The lending test ratings for Missouri and Iowa are consistent with the overall lending test rating. This conclusion was reached based on a reasonable NLTD, a majority of loans originated within the bank's AAs, as well as reasonable conclusions for both the geographic and borrower distribution of loans tests. As previously stated, the bank's performance in the state of Missouri received greater weight in the analysis as it is the bank's primary market for deposits and lending.

### **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 Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and area of operations within the AAs.

The bank's NLTD ratio is reasonable. The bank's 13-quarter average NLTD ratio, at 54.3 percent, is within the range of the similarly situated institutions with ratios ranging from 51.1 percent to 92.7 percent.

**Table 2**

<b>Comparative NLTD Ratios December 31, 2020 – December 31, 2023</b>			
<b>Institution</b>	<b>Location</b>	<b>Asset Size \$(000)</b>	<b>NLTD Ratio (%)</b>
			<b>13 Quarter Average</b>
<b>Farmers Bank of Northern Missouri</b>	Unionville, Missouri	510,084	54.3
<b>Similarly Situated Institutions</b>			
Iowa Trust and Savings Bank	Centerville, Iowa	214,221	51.1
Bank Northwest	Hamilton, Missouri	210,959	78.3
American State Bank	Osceola, Iowa	315,223	80.0
Success Bank	Bloomfield, Iowa	255,701	90.7
Putnam County State Bank	Unionville, Missouri	267,152	92.7

<sup>1</sup> The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to states, multistate metropolitan areas, and assessment areas.

### Assessment Area Concentration

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

**Table 3**

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Small Business	86	87.8	4,903	86.5	12	12.2	767	13.5
Small Farm	127	84.1	7,449	81.8	24	15.9	1,656	18.2
<b>Total Loans</b>	213	85.5	12,352	83.6	36	14.5	2,424	16.4
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

The remaining lending test conclusions discussed in this performance evaluation considered only those loans originated within the bank's AAs.

### 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 reasonable distribution among the different census tracts and dispersion in the states of Missouri and Iowa.

### Lending to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank's lending to businesses and farms of different revenue sizes. The bank's lending has an overall reasonable penetration among businesses and farms of different sizes. This conclusion is derived from the reasonable penetration noted in the states of Missouri and Iowa.

## COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank's responsiveness to the CD needs of its AAs through CD loans, qualified investments and donations, and CD services, considering the bank's capacity and the need and availability of such opportunities in the bank's AAs.

The bank's overall CD test performance is Satisfactory, and the state ratings for Missouri and Iowa are consistent with the institution rating. The bank's performance demonstrates adequate responsiveness to the CD needs of its AAs through CD loans, qualified investments and donations, and CD services.

Overall, a substantial majority of the CD activity consisted of CD loans originated through the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and implemented by the U.S. Small Business Administration in response to the Coronavirus Disease 2019 pandemic (Coronavirus pandemic). PPP loans were specialized loans to assist businesses and farms in retaining workers and staff during the economic crisis caused by the Coronavirus pandemic. These loans were responsive to the needs of small businesses and small farms during the pandemic and were impactful to the bank's AAs, which include multiple nonmetropolitan middle-income underserved census tracts and moderate-income census tracts. In addition to overall PPP loans totaling \$12.1 million, the bank originated 16 CD loans totaling \$1.7 million, made 17 qualified investments totaling \$1.5 million to area organizations that provide community services to low- and moderate-income (LMI) individuals and families and support revitalization and stabilization efforts, and provided 22 CD services to 7 organizations across both AAs. The state of Missouri reflected the highest volume of CD activity during the evaluation period.

Consideration was also given to the bank's CD activities that occurred in broader statewide areas and national areas, given the bank's satisfactory efforts to support CD activities within the AAs. These activities consisted of PPP loans that served to revitalize and stabilize LMI and distressed and underserved geographies.

The table below shows the number and dollar amount of the bank's total CD activities since the previous performance evaluation. While CD lending drastically increased from the previous evaluation due to the significant volume of PPP lending activity in 2021, all other areas of CD activity declined from the previous evaluation. It is important to note that the overall CD rating is the result of performance over the entire evaluation period and not within a given year.

**Table 4**

Community Development Activity – All									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	1	24	-	-	1	1	1	1	-
Community Services	1	70	3	655	10	6	13	661	4
Economic Development	-	-	-	-	-	-	-	-	18
Revitalization and Stabilization	778	11,729	3	842	-	-	3	842	-
Outside Activities	122	2,008	-	-	-	-	-	-	-
Totals	902	13,831	6	1,496	11	7	17	1,503	22

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

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.



## **STATE OF MISSOURI**

CRA rating for Missouri: ***Satisfactory***  
The Lending Test is rated: ***Satisfactory***  
The Community Development Test is rated: ***Satisfactory***

This rating is based on the following conclusions with respect to the performance criteria under the lending and CD tests:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among businesses and farms of different sizes.
- CD activity reflects adequate responsiveness to the CD needs of its AA.

## **SCOPE OF EXAMINATION**

The scope of the review for the state of Missouri was consistent with the overall scope for the institution. Due to the state operating in only one Missouri market, the full-scope review of the Northern Missouri AA also represents the overall conclusions for the state.

The lending test analysis considered statistical samples of 66 small business loans and 103 small farm loans originated between January 1, 2023 and December 31, 2023.

## **DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN MISSOURI/NORTHERN MISSOURI AA**

The bank delineates one of its two AAs and operates seven of its ten branches in the state of Missouri. The bank's Northern Missouri AA is comprised of Daviess, Grundy, Harrison, Mercer, and Putnam Counties in their entirety. Refer to Appendix B for an AA map and Appendix C for additional demographic data.

- The AA delineation remains unchanged since the previous performance evaluation.
- The AA consists of 13 census tracts, including 9 middle- and 4 upper-income census tracts, which represents a change from the previous performance evaluation, where all 13 tracts were designated as middle-income. The composition changed as of 2022 due to changes resulting from the 2016-2020 American Community Survey (2020 ACS).
- The middle-income census tracts in Putnam, Grundy, and Harrison Counties were designated by the FFIEC as underserved throughout the evaluation period.

- In addition to its main office in Unionville, the bank operates six full-service branches in the communities of Bethany, Gallatin, Jamesport, Mercer, Princeton, and Trenton. The bank opened the Jamesport branch in October 2022 and the Princeton branch in August 2023. The bank also closed a branch in Cainsville in December 2023.
- The bank maintains eight cash-only ATMs in the AA, with five ATMs located at branches in Bethany, Gallatin, Jamesport, Princeton, and Trenton, as well as off-site ATMs located in the communities of Mercer, Unionville, and Winston.
- According to the June 30, 2023 FDIC Deposit Market Share Report, the bank ranked 2<sup>nd</sup> of 9 FDIC-insured depository institutions operating from 22 locations in the AA, with a total deposit market share of 30.2 percent.
- One interview was conducted with a community member within the bank's AA to ascertain the credit needs of the community, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community member represented an economic development organization that serves the local area.

**Table 5**

<b>Population Change</b>			
<b>Assessment Area: Northern Missouri</b>			
<b>Area</b>	<b>2015 Population</b>	<b>2020 Population</b>	<b>Percent Change</b>
Northern Missouri	35,868	34,614	(3.5)
Daviess County, MO	8,277	8,430	1.8
Grundy County, MO	10,256	9,808	(4.4)
Harrison County, MO	8,722	8,157	(6.5)
Mercer County, MO	3,718	3,538	(4.8)
Putnam County, MO	4,895	4,681	(4.4)
NonMSA Missouri	1,550,288	1,505,909	(2.9)
Missouri	6,045,448	6,154,913	1.8
Source: 2020 U.S. Census Bureau Decennial Census 2011 – 2015 U.S. Census Bureau: American Community Survey			

- A majority of the AA population resides within Grundy County, which comprises 28.3 percent of the AA population.
- The town of Unionville is the largest population center in Putnam County with a population of 1,735 residents in 2020.
- The AA is largely rural, with the largest population center in the AA being the city of Trenton, in Grundy County, with a 2020 population of 5,609 residents.
- The AA experienced an overall population loss, similar to nonmetropolitan areas statewide. The greatest population loss occurred in Harrison County, which accounted for 45.1 percent of the total population loss in the AA.

**Table 6**

Median Family Income Change Assessment Area: Northern Missouri			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Northern Missouri	53,577	61,499	14.8
Daviess County, MO	55,032	62,558	13.7
Grundy County, MO	54,723	65,083	18.9
Harrison County, MO	54,027	53,929	(0.2)
Mercer County, MO	55,440	72,774	31.3
Putnam County, MO	48,093	62,398	29.7
NonMSA Missouri	52,816	56,957	7.8
Missouri	66,438	72,834	9.6
Source: 2011 – 2015 U.S. Census Bureau: American Community Survey 2016 – 2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- Growth rates in median family income (MFI) were positive between 2015 and 2020 in all AA counties except for Harrison County, which had a slight decrease in MFI.
- Based on the 2020 ACS, the portion of AA families living below the poverty level, at 9.5 percent, was between the state of Missouri and nonmetropolitan areas statewide figures, with 8.9 percent and 12.1 percent of families living below the poverty level, respectively. The portion of families living below the poverty level ranged from 7.1 percent in Mercer County to 11.9 percent in Harrison County.

**Table 7**

Housing Cost Burden Assessment Area: Northern Missouri						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Northern Missouri	54.7	21.0	29.4	57.3	13.3	16.3
Daviess County, MO	60.4	10.9	30.5	69.8	9.5	17.5
Grundy County, MO	45.8	3.9	20.3	66.9	9.6	18.0
Harrison County, MO	65.4	42.6	41.3	44.9	14.2	14.6
Mercer County, MO	40.7	5.7	23.5	47.1	19.4	17.0
Putnam County, MO	56.8	30.8	30.0	41.6	22.3	13.0
NonMSA Missouri	65.5	27.7	34.9	53.4	24.4	16.4
Missouri	72.9	27.2	39.2	57.0	25.3	16.1
Cost Burden is housing cost that equals 30 percent or more of household income. Source: U.S. Department of Housing and Urban Development (HUD), 2016 – 2020 Comprehensive Housing Affordability Strategy						

- The AA housing affordability ratio<sup>2</sup> of 50.0 percent was above the state of Missouri figure, at 35.0 percent. Housing affordability ratios within the AA counties ranged from 45.5 percent in Daviess County to 58.7 percent in Mercer County.
- The housing cost burden for LMI renters in the AA was below their respective figures for nonmetropolitan areas statewide and the state of Missouri. The cost burden for all homeowners in the AA was consistent with non-metropolitan areas statewide and the state of Missouri.
- The median housing value in the AA of \$94,209 was below the state of Missouri figure of \$163,600 and the nonmetropolitan areas statewide figure of \$119,721. The median housing value in the five AA counties ranged from \$75,300 in Harrison County to \$114,600 in Daviess County.
- The community member stated that there is a need for more rental properties, as many area residents can't afford to purchase a home. The community member also stated that many of the homes in the area are generational housing.

**Table 8**

<b>Unemployment Rates</b>					
<b>Assessment Area: Northern Missouri</b>					
<b>Region</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Northern Missouri	3.3	3.3	4.4	3.3	2.5
Daviess County, MO	3.0	3.3	4.2	3.6	2.4
Grundy County, MO	3.6	3.4	4.6	3.4	2.6
Harrison County, MO	3.1	3.3	4.6	3.4	2.4
Mercer County, MO	3.1	3.1	3.5	2.8	2.4
Putnam County, MO	3.5	3.5	4.4	3.0	2.3
NonMSA Missouri	3.8	3.9	6.2	4.2	2.8
Missouri	3.2	3.2	6.1	4.1	2.5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The unemployment rates in 2022 have decreased to below the rates noted in 2019 prior to the onset of the Coronavirus pandemic in early 2020.
- The community member stated the primary industries in the AA are retail, service, government, and healthcare.
- The AA's largest employers include Smithfield Hog Production, Wright Memorial Hospital, Nestle, Inc., Walmart, Inc., and local municipalities and school districts.

<sup>2</sup> The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF MISSOURI/NORTHERN MISSOURI AA**

**LENDING TEST**

The bank's performance under the lending test in the state of Missouri is satisfactory, and the Northern Missouri AA is reasonable. The geographic distribution of loans is reasonable. Likewise, the borrower distribution of loans among businesses and farms of different sizes is reasonable.

**Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable distribution among the different census tracts with consideration given to the dispersion of loans throughout the AA. The geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

**Small Business Lending**

The geographic distribution of small business lending is reasonable. The distribution of small business lending among middle-income census tracts was comparable to the demographic figure, which represents the percentage of AA businesses by income level of census tract. Lending in the upper-income census tracts was above the demographic figure. An analysis of lending dispersion was conducted and revealed no conspicuous gaps or lapses.

**Table 9**

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Northern Missouri					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	39	59.1	2,836	74.1	81.2
Upper	27	40.9	993	25.9	18.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>66</b>	<b>100.0</b>	<b>3,829</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data					
2022 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 reasonable. The distribution of small farm lending among middle-income census tracts was comparable to the demographic figure, which represents the percentage of AA farms by income level of census tract. Lending in the upper-income census tracts was above the demographic figure. An analysis of lending dispersion was conducted and revealed no conspicuous gaps or lapses.

**Table 10**

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Northern Missouri					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	60	58.3	3,588	59.8	69.1
Upper	43	41.7	2,413	40.2	30.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	103	100.0	6,001	100.0	100.0
Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### **Lending to Businesses and Farms of Different Sizes**

The bank's lending has a reasonable penetration among businesses and farms of different sizes. The borrower distribution of both small business and small farm lending is reasonable.

### Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's proportion of loans originated to business with gross annual revenue of \$1 million or less was comparable to the demographic figure, which represents the percentage of businesses by revenue size.

**Table 11**

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Northern Missouri					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	42	63.6	2,485	64.9	89.7
Over \$1 Million	4	6.1	498	13.0	6.2
Revenue Unknown	20	30.3	846	22.1	4.2
Total	66	100.0	3,829	100.0	100.0
By Loan Size					
\$100,000 or Less	54	81.8	1,533	40.0	
\$100,001 - \$250,000	10	15.2	1,496	39.1	
\$250,001 - \$1 Million	2	3.0	800	20.9	
Total	66	100.0	3,829	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	35	83.3	1,229	49.5	
\$100,001 - \$250,000	6	14.3	856	34.4	
\$250,001 - \$1 Million	1	2.4	400	16.1	
Total	42	100.0	2,485	100.0	
Source: 2023 FFIEC Census Data 2022 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 borrower distribution of small farm lending is reasonable. The bank's proportion of loans originated to farms with gross annual revenue of \$1 million or less is comparable to the demographic figure, which represents the percentage of farms by revenue size.

**Table 12**

Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Northern Missouri					
	Bank Loans				Total Farms
	#	#%	\$(000)	%	%
By Revenue					
\$1 Million or Less	78	75.7	4,944	82.4	99.1
Over \$1 Million	4	3.9	515	8.6	0.6
Revenue Unknown	21	20.4	542	9.0	0.3
Total	103	100.0	6,001	100.0	100.0
By Loan Size					
\$100,000 or Less	87	84.5	3,051	50.8	
\$100,001 - \$250,000	14	13.6	2,283	38.0	
\$250,001 - \$500,000	2	1.9	667	11.1	
Total	103	100.0	6,001	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	63	80.8	2,244	45.4	
\$100,001 - \$250,000	13	16.7	2,033	41.1	
\$250,001 - \$500,000	2	2.6	667	13.5	
Total	78	100.0	4,944	100.0	
Source: 2023 FFIEC Census Data					
2022 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test in the state of Missouri is satisfactory. The bank's CD performance demonstrates adequate responsiveness to the credit needs in the Northern Missouri AA. As noted in the table below, a substantial majority of the bank's CD activity was CD lending comprised of the bank's efforts to provide PPP loans to AA businesses and farms. Additional CD activity included loans to local municipalities to support the maintenance of essential infrastructure in local communities in geographies designated as underserved.



**Table 13**

Community Development Activity Assessment Area: Northern Missouri									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	1	24	-	-	-	-	-	-	-
Community Services	1	70	3	654	5	3	8	658	4
Economic Development	-	-	-	-	-	-	-	-	16
Revitalization and Stabilization	584	9,272	3	842	-	-	3	842	-
Totals	586	9,366	6	1,496	5	3	11	1,500	20

The state rating also considered 114 PPP loans totaling \$1.5 million originated outside of the Northern Missouri AA, but in other statewide areas of Missouri that included the AA. Consideration for these loans included a review of the bank's current performance and responsiveness to the CD needs of its AA as well as the level of CD opportunities during the evaluation period.

## **STATE OF IOWA**

CRA rating for Iowa: ***Satisfactory***  
The Lending Test is rated: ***Satisfactory***  
The Community Development Test is rated: ***Satisfactory***

This rating is based on the following conclusions with respect to the performance criteria under the lending and CD tests:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among businesses and farms of different sizes.
- CD activity reflects adequate responsiveness to the CD needs of the AA.

## **SCOPE OF EXAMINATION**

The scope of the review for the state of Iowa was consistent with the overall scope for the institution. Due to the bank operating in only one Iowa market, the full-scope review of the South Central Iowa AA also represents the conclusions for the overall state.

The lending test analysis considered statistical samples of 20 small business and 24 small farm loans originated between January 1, 2023 and December 31, 2023.

## **DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN IOWA/SOUTH CENTRAL IOWA AA**

The bank delineates one of its two AAs and operates three of its ten branches in the state of Iowa. The bank's South Central Iowa AA is comprised of Appanoose, Decatur, and Wayne Counties in their entirety. Refer to Appendix B for an AA map and Appendix C for additional demographic data.

- The AA delineation remains unchanged since the previous performance evaluation.
- The AA consists of 11 census tracts, including 4 moderate- and 7 middle-income census tracts. This represents a change from the previous evaluation, where the AA was comprised of three moderate- and eight middle-income census tracts. These changes were a result of the 2020 ACS.
- The middle-income census tracts in Decatur and Wayne Counties were designated by the FFIEC as underserved throughout the evaluation period.
- The bank operates three full-service branches in the AA in the communities of Centerville, Corydon, and Leon. The Corydon branch opened in December 2023.

- The bank maintains three cash-only ATMs in the AA, one at each branch location.
- According to the June 30, 2023 FDIC Deposit Market Share Report, the bank ranked 5<sup>th</sup> of 10 FDIC-insured depository institutions operating from 15 locations in the AA, with a total deposit market share of 8.1 percent.
- An interview with a community member that was recently conducted as part of the CRA evaluation of another financial institution operating in the AA was reviewed for meaningful performance context related to perspectives on area economic conditions and credit needs. The community member represented an organization focused on economic development.

**Table 14**

Population Change Assessment Area: South Central Iowa			
Area	2015 Population	2020 Population	Percent Change
South Central Iowa	27,302	26,459	(3.1)
Appanoose County, IA	12,669	12,317	(2.8)
Decatur County, IA	8,249	7,645	(7.3)
Wayne County, IA	6,384	6,497	1.8
NonMSA Iowa	1,250,756	1,232,642	(1.4)
Iowa	3,093,526	3,190,369	3.1
Source: 2020 U.S. Census Bureau Decennial Census 2011 – 2015 U.S. Census Bureau: American Community Survey			

- According to the 2020 ACS, the largest population center in the AA is the town of Centerville, the county seat of Appanoose County, with a population of 5,412 residents.
- The towns of Corydon and Leon have populations of 1,688 and 1,707 residents, respectively.
- In contrast to the state of Iowa, the AA had an overall population loss. Most of the population loss occurred in Decatur County.

**Table 15**

Median Family Income Change Assessment Area: South Central Iowa			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
South Central Iowa	59,940	55,317	(7.7)
Appanoose County, IA	60,886	50,011	(17.9)
Decatur County, IA	56,073	57,926	3.3
Wayne County, IA	63,803	62,171	(2.6)
NonMSA Iowa	67,391	71,763	6.5
Iowa	73,712	79,186	7.4
Source: 2011 – 2015 U.S. Census Bureau: American Community Survey 2016 – 2020 U.S. Census Bureau: American Community Survey			
Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- MFI in the AA was heavily skewed by the significant decrease in Appanoose County, which accounted for 63.5 percent of the decrease in MFI.
- Based on 2020 ACS data, the portion of AA families living below the poverty level, at 11.9 percent, was above the statewide figure of 7.1 percent. The portion of AA families living below the poverty level ranged from 10.4 percent in Wayne County to 13.2 percent in Appanoose County.

**Table 16**

Housing Cost Burden Assessment Area: South Central Iowa						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
South Central Iowa	64.0	10.3	34.7	56.3	18.7	19.3
Appanoose County, IA	66.0	6.1	37.2	53.5	13.9	18.6
Decatur County, IA	65.8	25.9	37.3	61.8	25.8	20.0
Wayne County, IA	51.9	2.5	22.2	57.0	20.8	19.9
NonMSA Iowa	64.5	13.8	32.5	53.4	18.1	14.1
Iowa	71.1	18.6	37.6	56.9	22.0	14.8
<i>Cost Burden is housing cost that equals 30 percent or more of household income.</i>						
<i>Source: HUD, 2016 – 2020 Comprehensive Housing Affordability Strategy</i>						

- The housing affordability ratio in the AA, at 53.1 percent, was above the statewide figure of 40.2 percent. Housing affordability ratios for the three AA counties ranged from 46.7 percent in Appanoose County to 59.5 percent in Wayne County.
- The housing cost burden for low-income renters was similar to other non-metropolitan areas statewide. The housing cost burden for all renters in the AA was between the figures for nonmetropolitan areas statewide and the state of Iowa. The housing cost burden for all homeowners was above the figures for nonmetropolitan areas statewide and the state of Iowa.
- The median housing value in the AA of \$82,755 was below the state of Iowa figure of \$153,900 and the nonmetropolitan areas figure of \$118,721. The median housing value in the three AA counties ranged from \$79,900 in Wayne County to \$85,000 in Appanoose County.
- The community member noted that there is a need for affordable housing as well as financing for the rehabilitation of aging homes.

**Table 17**

<b>Unemployment Rates</b>					
<b>Assessment Area: South Central Iowa</b>					
<b>Region</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
South Central Iowa	2.9	2.8	4.6	3.5	2.7
Appanoose County, IA	3.4	3.5	5.2	3.9	2.9
Decatur County, IA	2.3	2.2	3.8	3.0	2.5
Wayne County, IA	2.8	2.5	4.4	3.3	2.5
NonMSA Iowa	2.7	2.7	4.8	3.7	2.8
Iowa	2.6	2.7	5.2	3.8	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The community member noted that local communities are still recovering from the negative impact caused by the Coronavirus pandemic. The unemployment rates in 2022 have generally decreased to equal or below the rates noted in 2019 prior to the onset of the Coronavirus pandemic in early 2020.
- The community member stated that agriculture is a key industry in the area. Other primary industries in the AA include manufacturing, retail, healthcare, and local school districts.
- The AA's largest employers include Hill Phoenix, Amcor, Wayne County Hospital, East Penn Manufacturing, and local school districts.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF IOWA/SOUTH CENTRAL IOWA AA**

### **LENDING TEST**

The bank's performance under the lending test in the state of Iowa is satisfactory and the South Central Iowa AA is reasonable. Overall, the bank's geographic distribution of loans is reasonable. Likewise, the borrower distribution of loans among businesses and farms of different sizes is reasonable.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. The geographic distribution of small business and small farm lending is reasonable.

#### Small Business Lending

The geographic distribution of small business lending is reasonable. The percentage of small business loans originated in moderate-income census tracts was comparable to the demographic figure. When evaluating dispersion, no gaps in lending were identified.

**Table 18**

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: South Central Iowa					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	7	35.0	164	15.3	41.5
Middle	13	65.0	911	84.8	58.5
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	
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>1,074</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2022 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 reasonable. The bank's lending in moderate-income census tracts was comparable to the demographic figure.

A review of the dispersion revealed a gap in lending that included moderate-income census tracts in Appanoose County but did not impact the conclusion overall. The gaps noted in this county are located in the town of Centerville, which is primarily residential and industrial, and provides limited opportunities for agricultural lending.

**Table 19**

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: South Central Iowa					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	6	25.0	310	21.4	20.1
Middle	18	75.0	1,138	78.6	79.9
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	
<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>1,448</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## **Lending to Businesses and Farms of Different Sizes**

The bank's lending has a reasonable penetration among businesses and farms of different sizes. The distribution of small business and small farm lending is reasonable for both products.

### Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's proportion of loans originated to businesses with gross annual revenues of \$1 million or less was comparable to the demographic figure. Additionally, 92.9 percent of loans made to small businesses were made in amounts of \$100,000 or less, which further demonstrates a willingness to meet smaller credit demands typically associated with small businesses.

**Table 20**

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: South Central Iowa					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	14	70.0	978	91.1	91.5
Over \$1 Million	0	0.0	0	0.0	5.8
Revenue Unknown	6	30.0	96	8.9	2.7
Total	20	100.0	1,074	100.0	100.0
By Loan Size					
\$100,000 or Less	19	95.0	536	49.9	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	5.0	538	50.1	
Total	20	100.0	1,074	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	13	92.9	440	45.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	7.1	538	55.0	
Total	14	100.0	978	100.0	
Source: 2023 FFIEC Census Data 2022 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 borrower distribution of small farm lending is reasonable. The bank's proportion of loans originated to farms with gross annual revenue of \$1 million or less is below the demographic figure. However, due to the high percentage of loans originated to farms of unknown revenue, an additional analysis was conducted on this subset of loans to further evaluate the bank's lending. Loans originated in amounts of \$100,000 or less were used as a suitable proxy to estimate the revenue size of farms. Of this subset of loans, all ten loans were originated in amounts of \$100,000, an amount which is typically associated with the smaller credit demands of small farms. The revised percentages indicate 91.7 percent of loans by number and 65.4 percent by dollar were to small farms. This analysis further supports a reasonable conclusion.

**Table 21**

Table 21

Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: South Central Iowa					
	Bank Loans				Total Farms
	#	#%	\$(000)	%	%
By Revenue					
\$1 Million or Less	12	50.0	765	52.8	99.7
Over \$1 Million	2	8.3	500	34.5	0.3
Revenue Unknown	10	41.7	183	12.6	0.0
Total	24	100.0	1,448	100.0	100.0
By Loan Size					
\$100,000 or Less	21	87.5	628	43.4	
\$100,001 - \$250,000	1	4.2	120	8.3	
\$250,001 - \$500,000	2	8.3	700	48.3	
Total	24	100.0	1,448	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	10	83.3	345	45.1	
\$100,001 - \$250,000	1	8.3	120	15.7	
\$250,001 - \$500,000	1	8.3	300	39.2	
Total	12	100.0	765	100.0	
Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					



## COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test in the state of Iowa is satisfactory. The bank's CD performance demonstrates adequate responsiveness to credit needs in the South Central Iowa AA. As illustrated in Table 22, nearly all the bank's CD activity was CD lending comprised of the bank's efforts to provide PPP loans to AA businesses and farms. Additional CD activity included donations to organizations within the AA that provide community services targeted towards LMI families and individuals.

**Table 22**

Community Development Activity Assessment Area: South Central Iowa									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	-	-	-	-	1	1	1	1	-
Community Services	-	-	-	-	5	3	5	3	-
Economic Development	-	-	-	-	-	-	-	-	2
Revitalization and Stabilization	194	2,457	-	-	-	-	-	-	-
Totals	194	2,457	-	-	6	4	6	4	2

The state rating also considered six PPP loans totaling \$86,225 originated outside of the South Central Iowa AA but in other statewide areas of Iowa that included the AA. Consideration for these loans included a review of the bank's current performance and responsiveness to the CD needs of its AA as well as the level of CD opportunities during the evaluation period.

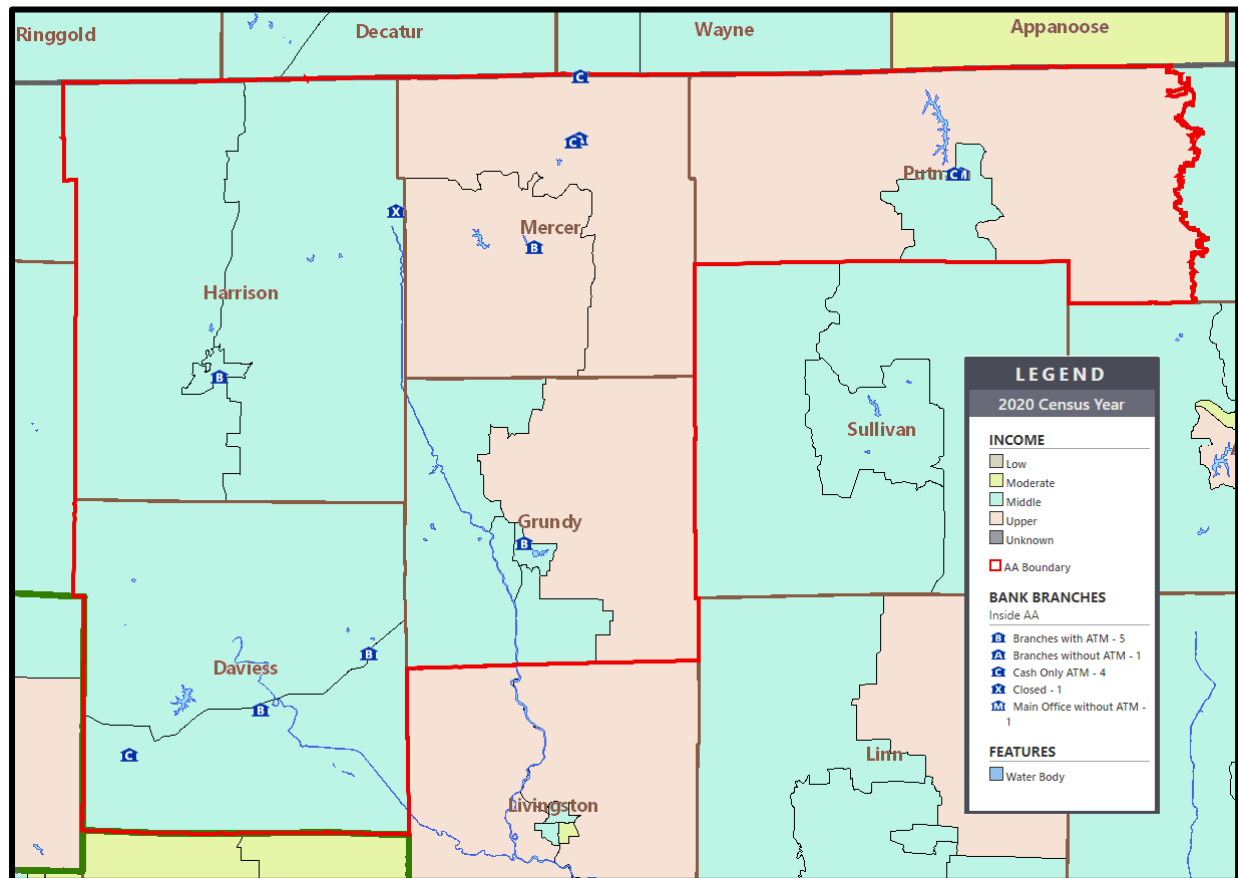
**APPENDIX A – SCOPE OF EXAMINATION TABLE**

**Table A-1**

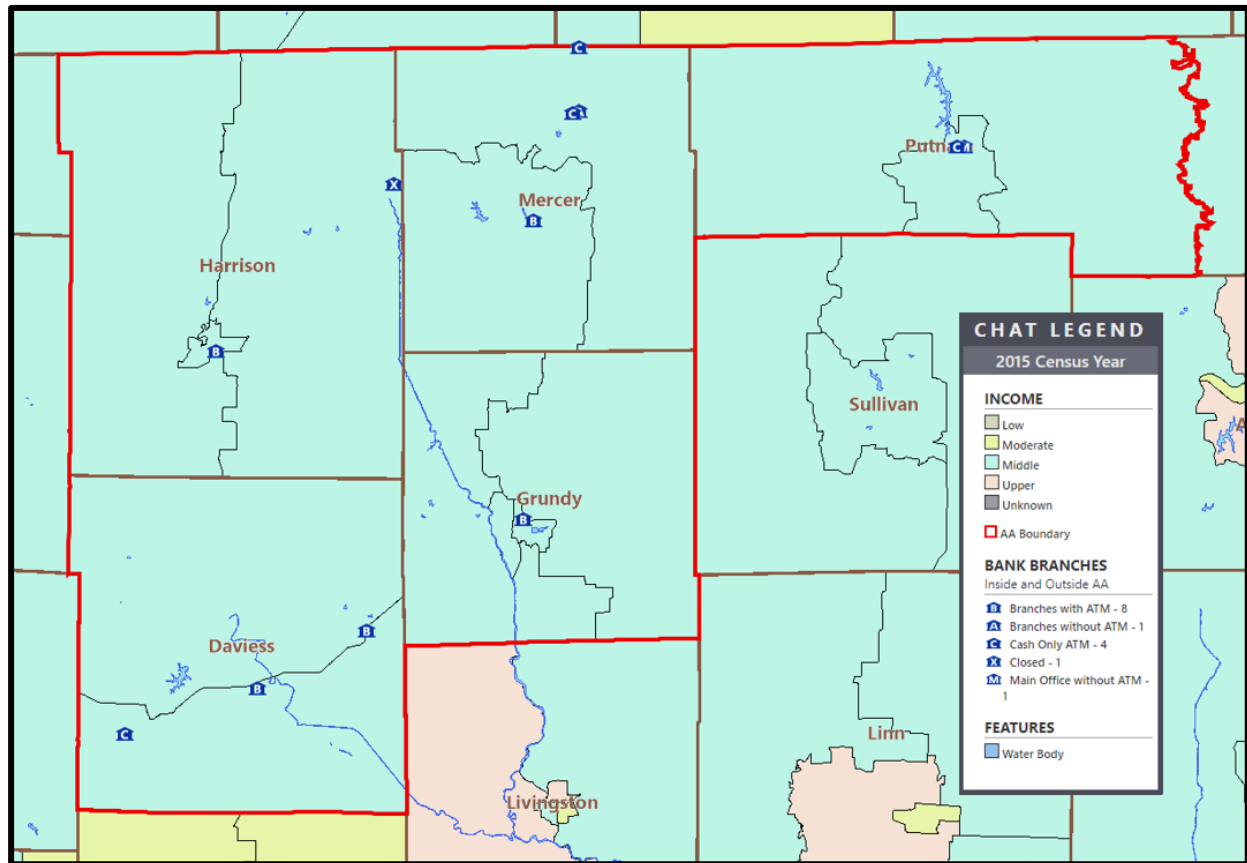
SCOPE OF EXAMINATION			
<u>FINANCIAL INSTITUTION</u>  Farmers Bank of Northern Missouri Unionville, Missouri		<u>PRODUCTS/SERVICES REVIEWED</u>  <ul style="list-style-type: none"><li>• Small business loans</li><li>• Small farm loans</li><li>• Community development loans, qualified investments, and services.</li></ul>	
<u>TIME PERIODS REVIEWED</u> <div>Small Business Small Farm Community Development</div> <div>January 1, 2023 to December 31, 2023 January 1, 2023 to December 31, 2023 January 1, 2021 to December 31, 2023</div>			
LIST OF AFFILIATES CONSIDERED IN THIS EVALUATION			
AFFILIATES		AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAM	BRANCHES VISITED	OTHER INFORMATION
<u>MISSOURI</u> Northern Missouri AA	Full Review	None	
<u>IOWA</u> South Central Iowa AA	Full Review	None	

APPENDIX B – MAPS OF THE ASSESSMENT AREAS

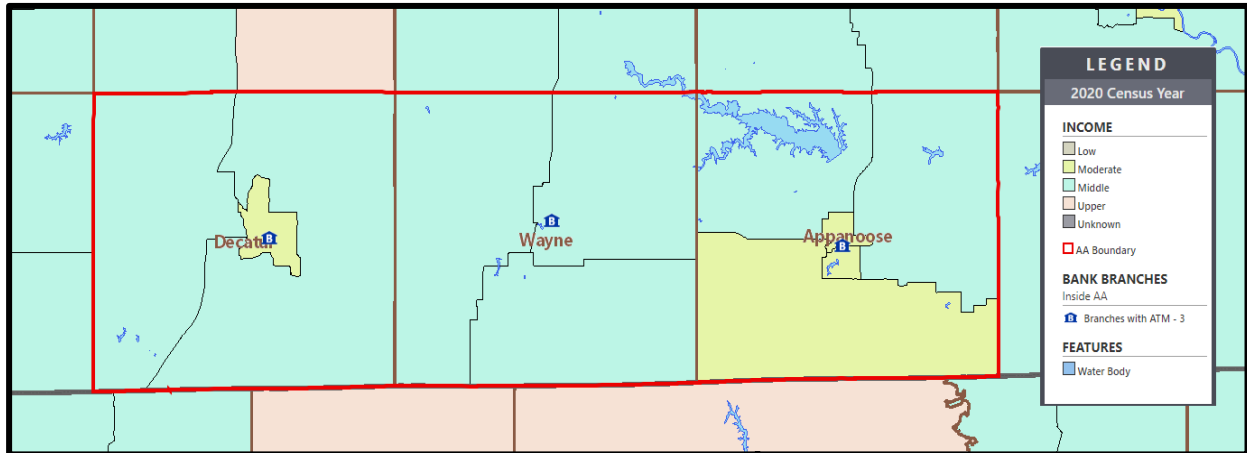
Map B-1  
Northern Missouri AA – 2022 and 2023



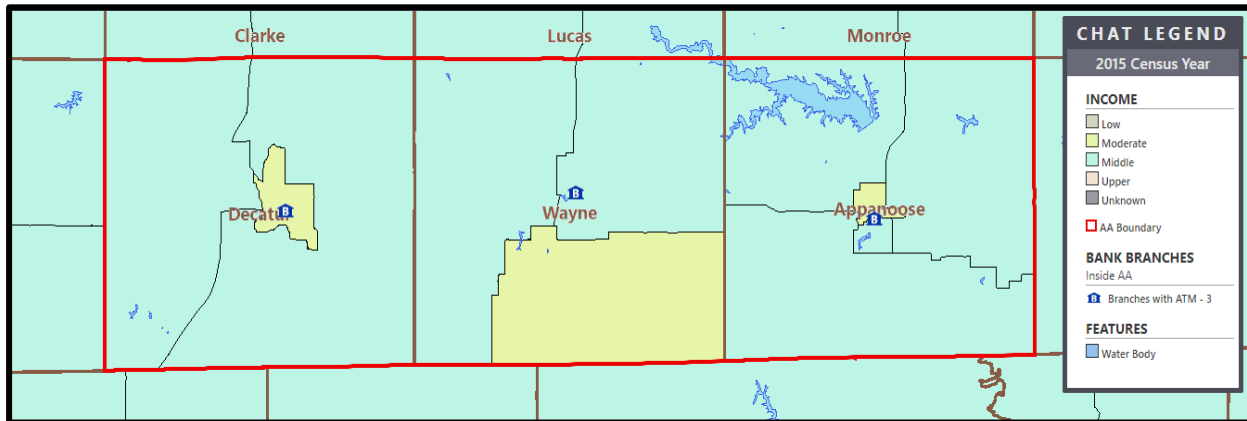
Map B-2  
Northern Missouri AA – 2021



Map B-3  
South Central Iowa AA – 2022 and 2023



Map B-4  
South Central Iowa AA – 2021



**APPENDIX C – DEMOGRAPHIC INFORMATION**

**Table C-1**

2023 Northern Missouri 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	1,514	18.0
Moderate	0	0.0	0	0.0	0	0.0	1,441	17.1
Middle	9	69.2	6,419	76.2	673	10.5	1,765	20.9
Upper	4	30.8	2,008	23.8	129	6.4	3,707	44.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>13</b>	<b>100.0</b>	<b>8,427</b>	<b>100.0</b>	<b>802</b>	<b>9.5</b>	<b>8,427</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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	13,598	7,098	73.0	52.2	3,019	22.2	3,481	25.6
Upper	5,086	2,623	27.0	51.6	554	10.9	1,909	37.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>18,684</b>	<b>9,721</b>	<b>100.0</b>	<b>52.0</b>	<b>3,573</b>	<b>19.1</b>	<b>5,390</b>	<b>28.8</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,169	81.2	1,048	81.2	78	87.6	43	71.7
Upper	271	18.8	243	18.8	11	12.4	17	28.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,440</b>	<b>100.0</b>	<b>1,291</b>	<b>100.0</b>	<b>89</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>
Percentage of Total Businesses:				89.7		6.2		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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	224	69.1	222	69.2	1	50.0	1	100.0
Upper	100	30.9	99	30.8	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>324</b>	<b>100.0</b>	<b>321</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
Percentage of Total Farms:				99.1		0.6		0.3
Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**Table C-2**

2023 South Central Iowa 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	2,013	28.9
Moderate	4	36.4	2,616	37.5	386	14.8	1,570	22.5
Middle	7	63.6	4,359	62.5	444	10.2	1,511	21.7
Upper	0	0.0	0	0.0	0	0.0	1,881	27.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	6,975	100.0	830	11.9	6,975	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	5,478	2,968	37.3	54.2	1,524	27.8	986	18.0
Middle	8,214	4,998	62.7	60.8	1,568	19.1	1,648	20.1
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	13,692	7,966	100.0	58.2	3,092	22.6	2,634	19.2
	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	590	41.5	538	41.4	42	51.2	10	25.6
Middle	832	58.5	763	58.6	40	48.8	29	74.4
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	1,422	100.0	1,301	100.0	82	100.0	39	100.0
Percentage of Total Businesses:				91.5		5.8		2.7
	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	63	20.1	63	20.2	0	0.0	0	0.0
Middle	250	79.9	249	79.8	1	100.0	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	313	100.0	312	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.7		0.3		0.0
Source: 2023 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## **APPENDIX D – 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.

**Nonmetropolitan area (NonMSA):** Any area that is not located within an MSA.

**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.