

PUBLIC DISCLOSURE

April 15, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pony Express Bank
Certificate Number: 4526

213 North Main Street
Braymer, Missouri 64624

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut St, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio is more than reasonable given the institution's size, its financial condition, and the credit needs of the assessment areas.
- The bank originated a majority of its small business, home mortgage, and small farm loans within its assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- Overall, the distribution of borrowers reflects poor penetration among farms and businesses of different revenue sizes and individuals of different income levels.
- The institution has not received any complaints relating to its Community Reinvestment Act (CRA) performance since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Pony Express Bank is a full-service financial institution headquartered in Braymer, Missouri, and primarily serves the Missouri counties of Caldwell and Clay in the Kansas City, MO-KS Metropolitan Statistical Area (MSA). Page Bancshares, Inc., a one-bank holding company located in Liberty, Missouri, owns the institution.

The institution received a Satisfactory rating at its previous FDIC CRA Evaluation dated May 14, 2018, based on Interagency Small Institution Examination Procedures.

The bank continues to operate from its main office in Braymer and its branch office in Liberty. The Braymer office is in a moderate-income Census tract (CT) in Caldwell County, while the Liberty branch is in a middle-income CT in Clay County. Pony Express Bank has not opened or closed any branches since the previous CRA evaluation.

Pony Express Bank offers commercial, home mortgage, agricultural, and consumer loans, although commercial loans remain the primary lending focus, followed by home mortgage lending. The bank also originated loans under the Small Business Administration's Paycheck Protection Program (PPP), which was established in 2020 to provide relief financing to small businesses during the Coronavirus Disease 2019 pandemic. The bank originated 285 PPP loans totaling \$28.7 million in 2020, and 306 PPP loans totaling \$19.5 million in 2021.

The bank provides a variety of deposit services including checking, savings, and money market deposit accounts, as well as certificates of deposit. Alternative banking services include internet banking, mobile banking, and a bank-owned ATM.

According to the December 31, 2023 Reports of Condition and Income, the bank reported total assets of \$383.8 million, total deposits of \$306.8 million, and total loans of \$285.6 million. The largest categories of loans by dollar volume include commercial loans (37.5 percent), residential real estate loans (30.4 percent), and agricultural loans (11.0 percent). The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	56,320	19.7
Secured by Farmland	19,540	6.8
Secured by 1-4 Family Residential Properties	72,462	25.4
Secured by Multifamily (5 or more) Residential Properties	14,332	5.0
Secured by Nonfarm Nonresidential Properties	68,832	24.1
Total Real Estate Loans	231,486	81.1
Commercial and Industrial Loans	38,404	13.4
Agricultural Production and Other Loans to Farmers	12,130	4.2
Consumer Loans	3,870	1.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2	0.0
Lease Financing Receivable (net of unearned income)	353	0.1
Less: Unearned Income	(687)	(0.2)
Total Loans	285,558	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0%.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Pony Express Bank has designated two assessment areas in the Missouri portion of the Kansas City, MO-KS Metropolitan Statistical Area (MSA). One assessment area consists of Clay County, while the other assessment area consists of Caldwell County. There have been no changes to the assessment areas since the previous evaluation. Please refer to the corresponding sections of this evaluation for further information about the assessment areas.

SCOPE OF EVALUATION

General Information

Examiners conducted this CRA evaluation using the Interagency Small Institution Examination Procedures. The evaluation covers the period from the prior evaluation dated May 14, 2018, to the current evaluation dated April 15, 2024. Examiners completed a full-scope review for each of the bank's assessment areas. The Clay County Assessment Area received greater weight in the overall evaluation because that area accounts for the majority of loan originations and deposit business. According to the June 30, 2023 Summary of Deposits report, 92.2 percent of total deposits are from the Clay County Assessment Area.

Activities Reviewed

Examiners reviewed small business, home mortgage, and small farm loans for this evaluation. Examiners selected these products based on the bank's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. Since commercial lending is the institution's primary lending focus, the small business loan category received the most weight when determining overall conclusions.

Examiners reviewed all small business and small farm loans originated or renewed between January 1, 2023, and December 31, 2023, as this period is representative of the bank's performance during the entire evaluation period. The 2023 D&B data provided a standard of comparison for the bank's small business and small farm lending performance.

Examiners reviewed all home mortgage loans reported as originated or purchased on the bank's 2022 and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. The 2020 U.S. Census data and 2022 HMDA aggregate data provided a standard of comparison for the bank's home mortgage lending performance. Examiners placed more weight on comparisons to aggregate data as it is typically a better indicator of market conditions and loan demand. While HMDA data for 2022 and 2023 was reviewed and is included in the Assessment Area Concentration analyses, only 2022 data is presented throughout the remainder of the evaluation since it is the most recent year for which aggregate data is available. Examiners did not identify any divergent trends from 2023 to the 2022 data that would materially affect conclusions.

Examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. Examiners further reviewed all loans inside the assessment areas to evaluate the Geographic Distribution criterion. Finally, for the Borrower Profile criterion, examiners reviewed a sample of small business loans and all home mortgage loans in the Clay County Assessment Area, and all small farm loans originated in the Caldwell County Assessment Area. Small farm loans originated in the Clay County Assessment Area and small business and home mortgage loans in the Caldwell County Assessment Area were not reviewed for this criterion. This is because these products do not constitute a primary product within the assessment area and would provide little support for conclusions.

The following table provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Sampled/Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage				
2022	63	21,016	63	21,016
2023	50	30,405	50	30,405
Small Business	162	32,651	29	6,494
Small Farm	29	6,949	6	1,125
Source: 2022 – 2023 HMDA Data; 2023 Bank Data				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Pony Express Bank demonstrated satisfactory performance under the Lending Test. While the bank's Borrower Profile performance was poor, this performance did not adversely affect the overall rating given that the performance for the remaining criteria was at least reasonable.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and credit needs of the assessment areas. The bank's performance was evaluated based on the average of the 23 quarterly loan-to-deposit ratios since the previous evaluation. The ratio ranged from a low of 77.0 percent on December 31, 2022, to a high of 97.1 percent on March 31, 2023. The bank's average loan-to-deposit ratio of 91.9 percent compares more than reasonably to similarly situated banks, which were selected based on their asset size, geographic location, and lending focus. See the following table for details.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2023 (\$000s)	Average Net LTD Ratio (%)
Pony Express Bank, Braymer, Missouri	383,817	91.9
Kearney Trust Company, Kearney, Missouri	291,069	60.0
Bank Northwest, Hamilton, Missouri	210,959	91.1
Source: Reports of Condition and Income 6/30/2018 to 12/31/2023		

Assessment Area Concentration

Pony Express Bank originated a majority of small business, home mortgage, and small farm loans within its assessment areas. In addition, a majority of loans outside the assessment areas, both by number and dollar volume, were originated within neighboring counties in the Kansas City, MO-KS MSA. This includes a multi-family residential loan of \$7.1 million that negatively skewed results for 2023. See the following table for details of the distribution of the bank's lending inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage										
2022	34	54.0	29	46.0	63	8,052	37.8	12,964	62.2	21,016
2023	30	60.0	20	40.0	50	6,546	21.5	23,860	78.5	30,405
Subtotal	64	56.6	49	43.4	113	14,597	28.4	36,824	71.8	51,421
Small Business	88	54.3	74	45.7	162	20,187	61.8	12,464	38.2	32,651
Small Farm	15	51.7	14	48.3	29	4,150	59.7	2,799	40.3	6,949
Source: Bank Data Due to rounding, totals may not equal 100.0%.										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas. This conclusion is consistent with the bank's performance in the Clay County and Caldwell County assessment areas. Examiners focused on the bank's record of lending in moderate-income CTs as there are no low-income CTs in either assessment area. Refer to comments specific to each assessment area later in this evaluation for further information.

Borrower Profile

The distribution of borrowers reflects poor penetration of loans. This conclusion is supported by the bank's poor performance in the Clay County Assessment Area, which received more weight than the Caldwell County Assessment Area where performance was excellent. Examiners focused on the percentage of small business and small farm loans to operations with gross annual revenues of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers. Refer to comments specific to each assessment area later in this evaluation for further information.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

CLAY COUNTY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CLAY COUNTY ASSESSMENT AREA

The Clay County Assessment Area consists of Clay County, Missouri, which is part of the Kansas City MO-KSMSA. The assessment area has not changed since the previous evaluation; however, the CTs have been updated based on 2020 U.S. Census data.

Based on 2020 U.S. Census data, the assessment area includes 55 CTs and is comprised of 17 moderate-income, 25 middle-income, and 13 upper-income CTs. The Liberty branch is in a middle-income CT. Given the bank’s business strategy and the greater portion of commercial lending compared to home mortgage lending, small business lending received more weight when deriving conclusions. Small farm loans were not reviewed because this product is not a focus of lending in this assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (CTs)	55	0.0	30.9	45.5	23.6
Population by Geography	253,335	0.0	30.7	40.7	28.6
Housing Units by Geography	98,719	0.0	34.9	41.1	24.1
Owner-Occupied Units by Geography	63,246	0.0	25.4	45.2	29.4
Occupied Rental Units by Geography	29,268	0.0	51.1	35.1	13.9
Vacant Units by Geography	6,205	0.0	55.0	26.9	18.1
Businesses by Geography	35,716	0.0	34.3	39.3	26.5
Farms by Geography	1,088	0.0	24.8	44.9	30.3
Family Distribution by Income Level	62,413	19.2	18.2	24.2	38.4
Household Distribution by Income Level	92,514	20.2	17.5	19.4	42.9
Median Family Income – 28140 Kansas City MO-KS MSA		\$86,562	Median Housing Value		\$188,106
Families Below Poverty Level		5.5%	Median Gross Rent		\$977
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0%.					

The 2023 D&B data indicates that services present the largest portion of the businesses and farms at 31.6 percent; followed by non-classifiable establishments at 29.3 percent, and finance, insurance, and real estate at 11 percent. Farming operations comprise 3 percent of assessment area businesses. The data also indicates that area businesses are relatively small, with 95.2 percent having 9 or fewer employees and 94.4 percent operating from a single location.

The Federal Financial Institutions Examination Council (FFIEC) provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The

low-, moderate-, middle-, and upper-income categories for the evaluation period are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Kansas City, MO-KS MSA Median Family Income (28140)				
2022 (\$97,300)	<\$48,650	\$48,650 to <\$77,840	\$77,840 to <\$116,760	≥\$116,760
2023 (\$104,400)	<\$52,200	\$52,200 to <\$83,520	\$83,520 to <\$125,280	≥\$125,280
<i>Source: FFIEC</i>				

Competition

The competition for financial services in the assessment area is significant. According to June 30, 2023 FDIC Deposit Market Share data, there were 25 financial institutions operating 63 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. Pony Express Bank is ranked seventh with 5 percent of the deposit market share.

Pony Express Bank is not required to collect or report small business or small farm CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank's small business or small farm lending performance to CRA aggregate data within this evaluation. However, the CRA aggregate data provides an indication of the level of demand for small business loans and the level of competition within the assessment area. According to 2022 CRA aggregate data (the most recent available), 95 CRA reporters collectively reported 5,273 small business loans within the assessment area. The top 5 lenders by number represented 63.8 percent of the market share. These figures do not include a high number of loans originated by smaller or mid-sized institutions in the assessment area, such as Pony Express Bank, that are not required to report small business data. The overall volume of small business lending reflects a highly competitive market.

Pony Express Bank also faces significant competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. Like many of these competing entities, Pony Express Bank reports HMDA data. According to 2022 HMDA aggregate data, 300 HMDA reporters collectively reported 9,360 home mortgage loans within the assessment area. Pony Express Bank ranked 60th with a market share of 0.3 percent. Regarding investment properties, Pony Express Bank ranked 2nd out of 106 lenders making investment property home loans with 4.4 percent of the market share by number of loans. This mortgage data shows that Pony Express Bank has a larger presence in the investment property home loan market within this assessment area. Further, the overall volume of home mortgage lending reflects a highly competitive market.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this evaluation, examiners conducted a community contact interview with a representative of a business development organization that serves the assessment area.

The contact stated that the local economic conditions are excellent. The contact mentioned that a significant portion of the labor force commutes to downtown Kansas City in neighboring Jackson County for employment. Hospitals in the area are doing very well and employ many people. The contact noted that local restaurants are struggling with finding and keeping employees. Affordable housing is scarce, and options to purchase a home in low- and moderate-income areas are limited. The contact identified workforce housing, small business financing, and startup business financing are primary credit needs in the area. Finally, the contact stated that local financial institutions have been responsive to community credit needs, but they could do better in providing financing for affordable housing.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage lending represent the primary credit needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CLAY COUNTY ASSESSMENT AREA

LENDING TEST

Pony Express Bank demonstrated reasonable performance under the Lending Test in the Clay County Assessment Area. Although the bank's Borrower Profile performance is poor, the bank's Geographic Distribution performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Although the bank's small business lending performance is considered reasonable, the excellent home mortgage lending performance enhanced the overall performance to excellent.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Although bank's performance lags demographics, the Liberty office is distant from most of the moderate-income CTs located in southwest Clay County.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	34.3	16	18.6	6,240	31.0
Middle	39.3	29	33.7	4,849	24.1
Upper	26.5	41	47.7	9,009	44.8
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	86	100.0	20,098	100.0
<i>Source: 2023 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank's performance exceeds demographics and aggregate data. As noted above, the Liberty office is distant from most of the moderate-income CTs located in southwest Clay County, and the community contacted noted that options to purchase a home in low- and moderate-income areas are limited. This makes the bank's performance even more notable.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	25.4	25.1	8	25.8	1,503	19.1
Middle	45.2	41.3	12	38.7	3,329	42.3
Upper	29.4	33.6	11	35.5	3,032	38.6
Totals	100.0	100.0	31	100.0	7,864	100.0
<i>Source: 2020 U.S. Census, Bank Data, 2022 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The bank's lending performance demonstrates poor penetration among businesses of different revenue sizes and individuals of different income levels. The bank's poor small business and home mortgage lending performance supports this conclusion.

Small Business Loans

The distribution of sampled small business loans reflects poor lending penetration to businesses with revenues of \$1 million or less. The following table shows the bank's lending performance to businesses with revenues of \$1 million or less significantly lags demographic data. A review of recent Performance Evaluations also indicates that the bank's performance significantly lags similarly situated institutions.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	92.3	13	44.8	2,370	36.5
>\$1,000,000	2.0	16	55.2	4,124	63.5
Revenue Not Available	5.7	0	0.0	0	0.0
Total	100.0	29	100.0	6,494	100.0
<i>Source: 2023 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is poor. The bank's performance is trending upward, as the bank originated a limited number of loans to low- and moderate-income borrowers in 2023. However, the bank's performance significantly lags demographics for both years and aggregate performance in 2022.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.2	9.2	0	0.0	0	0.0
Moderate	18.2	23.2	0	0.0	0	0.0
Middle	24.2	22.9	0	0.0	0	0.0
Upper	38.4	27.3	22	71.0	5,851	74.4
Not Available	0.0	17.5	9	29.0	2,013	25.6
Totals	100.0	100.0	31	100.0	7,864	100.0
<i>Source: 2020 U.S. Census, Bank Data, 2022 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0%.</i>						

CALDWELL COUNTY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CALDWELL COUNTY ASSESSMENT AREA

The Caldwell County Assessment Area consists of Caldwell County, Missouri, which is part of the Kansas City MO-KS MSA. The assessment area has not changed since the previous evaluation; however, the CTs have been updated based on 2020 U.S. Census data.

Based on 2020 U.S. Census data, the assessment area includes three CTs and is comprised of two moderate-income CTs and one middle-income CT. The Braymer branch is in a moderate-income CT. Small farm lending was the only product considered in this assessment area as small business and home mortgage lending are not a focus in this assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (CTs)	3	0.0	66.7	33.3	0.0
Population by Geography	8,815	0.0	66.2	33.8	0.0
Housing Units by Geography	4,694	0.0	64.1	35.9	0.0
Owner-Occupied Units by Geography	2,817	0.0	64.9	35.1	0.0
Occupied Rental Units by Geography	886	0.0	66.6	33.4	0.0
Vacant Units by Geography	991	0.0	59.3	40.7	0.0
Businesses by Geography	1,008	0.0	64.9	35.1	0.0
Farms by Geography	142	0.0	61.3	38.7	0.0
Family Distribution by Income Level	2,489	33.3	24.3	23.7	18.7
Household Distribution by Income Level	3,703	34.2	19.1	22.3	24.5
Median Family Income – 28140 Kansas City MO-KS MSA		\$86,562	Median Housing Value		\$116,562
Families Below Poverty Level		11.3%	Median Gross Rent		\$634
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0%.					

The 2023 D&B data indicates that non-classifiable establishments present the largest portion of the businesses and farms at 24.1 percent; followed by services at 23 percent, and agriculture, forestry and fishing at 12.4 percent. Farming operations comprise 3 percent of assessment area businesses. The data also indicates that area businesses are relatively small, with 94.6 percent having 9 or fewer employees and 93.2 percent operating from a single location.

Competition

The competition for financial services in the assessment area is limited. According to June 30, 2023 FDIC Deposit Market Share data, there were three financial institutions operating five locations within the assessment area. These institutions are all small community banks. Pony Express Bank is ranked third with 11.4 percent of the deposit market share.

Credit Needs

Considering information bank management and demographic and economic data, examiners determined that small farm lending represents the primary credit need of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CALDWELL COUNTY ASSESSMENT AREA

LENDING TEST

Pony Express Bank demonstrated excellent performance under the Lending Test in the Caldwell County Assessment Area. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent small farm lending performance supports the conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. All of the small farm loans were originated in moderate-income CTs, which exceeds demographics. See the table below.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	61.3	6	100.0	1,125	100.0
Middle	38.7	0	0.0	0	0.0
Totals	100.0	6	100.0	1,125	100.0
<i>Source: 2023 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

The bank's lending performance demonstrates excellent penetration among farms of different revenue sizes. The bank's excellent small farm lending performance supports this conclusion.

Small Farm Loans

The distribution of sampled small farm loans reflects excellent lending penetration to businesses with revenues of \$1 million or less. All of the reviewed small farm loans were originated to farms with revenues of \$1 million. See the table below.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.9	6	100.0	1,125	100.0
>\$1,000,000	1.4	0	0.0	0	0.0
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	6	100.0	1,125	100.0
<i>Source: 2023 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%.</i>					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.