

# SPUR<sup>®</sup>



Security Bank

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CRA PUBLIC FILE

April 1, 2025

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## The Community Reinvestment Act Overview

Under the Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates Spur Security Bank's record of helping to meet the credit needs of the communities we serve consistent with safe and sound banking practices. The FDIC takes the Bank's record into consideration when evaluating applications to open, relocate, or close branches, as well as regarding applications for bank mergers or acquisitions.

## Public Information Available for Inspection

In compliance with the requirements of the Community Reinvestment Act, the following information must be maintained in a public file, current as of April 1 of each year.

## Comments or Questions

Comments or questions about information contained in this file, as well as Spur Security Bank's CRA performance may be addressed to:

Spur Security Bank

Kevin Bass, CEO

P.O. Box 549

Spur, TX 79370

## Mission and CRA Philosophy

It is the Bank and the Board of Directors goal to ensure that our CRA objectives are in harmony with the Bank's mission statement:

It is the mission of the Spur Security Bank to provide safety for its depositors, to provide good loans to good people, to insure a reasonable return for its shareholders and to provide the community with needed banking services.

In accordance with this mission, the Bank's CRA philosophy embodies the following principles:

- Spur Security Bank is a responsible lender, and will make all loans, investments, and donations in accordance with safe and sound banking practices.
- Spur Security Bank strives to attract customers and businesses from throughout our assessment areas using customer service and competitively priced deposit and lending products.
- Spur Security Bank recognizes that good customers and credit worthy borrowers come from all areas of the Bank's footprint, including low and moderate income and minority neighborhoods.

## Written Comments Received

Spur Security Bank has not received any written comments during the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs.

## CRA Performance Evaluation

See Public Disclosure attached.

## Branch Information

### Distribution of Branches

BRANCH NAME	BRANCH ADDRESS	DRIVE THRU	ATM	BRANCH HOURS	CENSUS & INCOME TRACT
Main Office	120 West Harris Street Spur, TX 79370  Phone: 806-271-3301 Fax: 806-271-3362	Y	N	<u>LOBBY</u> M-F 9:00AM-3:00PM  <u>DRIVE-THRU</u> M-F 8:00AM-3:00PM	9503.00  Middle Income Tract

## Opened and Closed Branches

No branches opened or closed by the bank during the current year and each of the prior two calendar years.

## Products and Services

### Deposit Services

- Personal Checking
- Personal Savings
- Business Checking
- Business Savings
- Consumer Money Market Accounts
- Business Money Market Accounts
- Certificates of Deposits (CDs)
- Business Certificate of Deposits (CDs)
- Traditional Individual Retirement Accounts (IRAs)

### Loan Services

- Personal Loans
- Commercial Loans
- Agriculture Loans
- Real Estate Loans

## Other Services

- Safe Deposit Boxes
- Digital Banking
- Cashier's Checks
- Wire Transfers
- Debit Cards
- Collection Items
- Lock Bags Rental (Commercial Services)

## Fee Schedule

TRANSACTION TYPE	FEE
Lock Bags Rental	\$2.00 per bag per month
Night Deposit Key Deposit	\$10.00 per key
Vault Service	\$10.00
Fax Machine Use	\$1.25
Fax	\$1.00 per page
Check printing	Fee depends on style of check ordered
Cashier's Checks (Maximum charge)	\$15.00
\$5,000.01-\$10,000.00	\$10.00
\$1,000.01-\$5,000.00	\$5.00
\$400.01-\$1,000.00	\$4.00
\$100.01-\$400.00	\$3.00
\$10.01-\$100.00	\$2.00
\$.01-\$10.00	\$1.00
Non-sufficient funds (NSF) fee (check/ACH returned)	\$25.00 (per presentation)
Overdraft fee (check/ACH paid overdraft)	\$25.00 (per presentation)
Deposit Items Returned	\$5.00
Overdraft Balances	Daily fee of 15 % interest that applies to end of day overdrawn balance
Account Activity / Statement printout	\$5.00 each statement (1 statement free per month)
Account Research	\$25.00 per hour
Account Research photocopy items	\$0.20 per page
Close account within 90 days of opening	\$10.00
Reprint statements	\$3.00 per statement
Proof Corrections	\$5.00 per correction
Stop Payment order	\$15.00
Incoming wire transfer/customers	\$5.00
Outgoing wire transfer/customers	\$10.00
Incoming wire transfer/non-customers	\$15.00
3x5 Safety Deposit box rental	\$10.00 per year
4x5 Safety Deposit box rental	\$15.00 per year
3x10 Safety Deposit box rental	\$20.00 per year

4x10 Safety Deposit box rental	\$30.00 per year
6x10 Safety Deposit box rental	\$50.00 per year
8x10 Safety Deposit box rental	\$70.00 per year
Drill Safety Deposit Box	\$175 per drill (Rate is subject to change)
Key Deposit with 2 keys	\$6.00
1 Key returned	\$3.00

## Loan-to-Deposit Ratio

The table below depicts the bank's Loan-to-Deposit ratio at quarter end for the previous year.

QUARTER END	PERCENTAGE
December 2024	56.81%
September 2024	60.51%
June 2024	59.83%
March 2024	57.22%

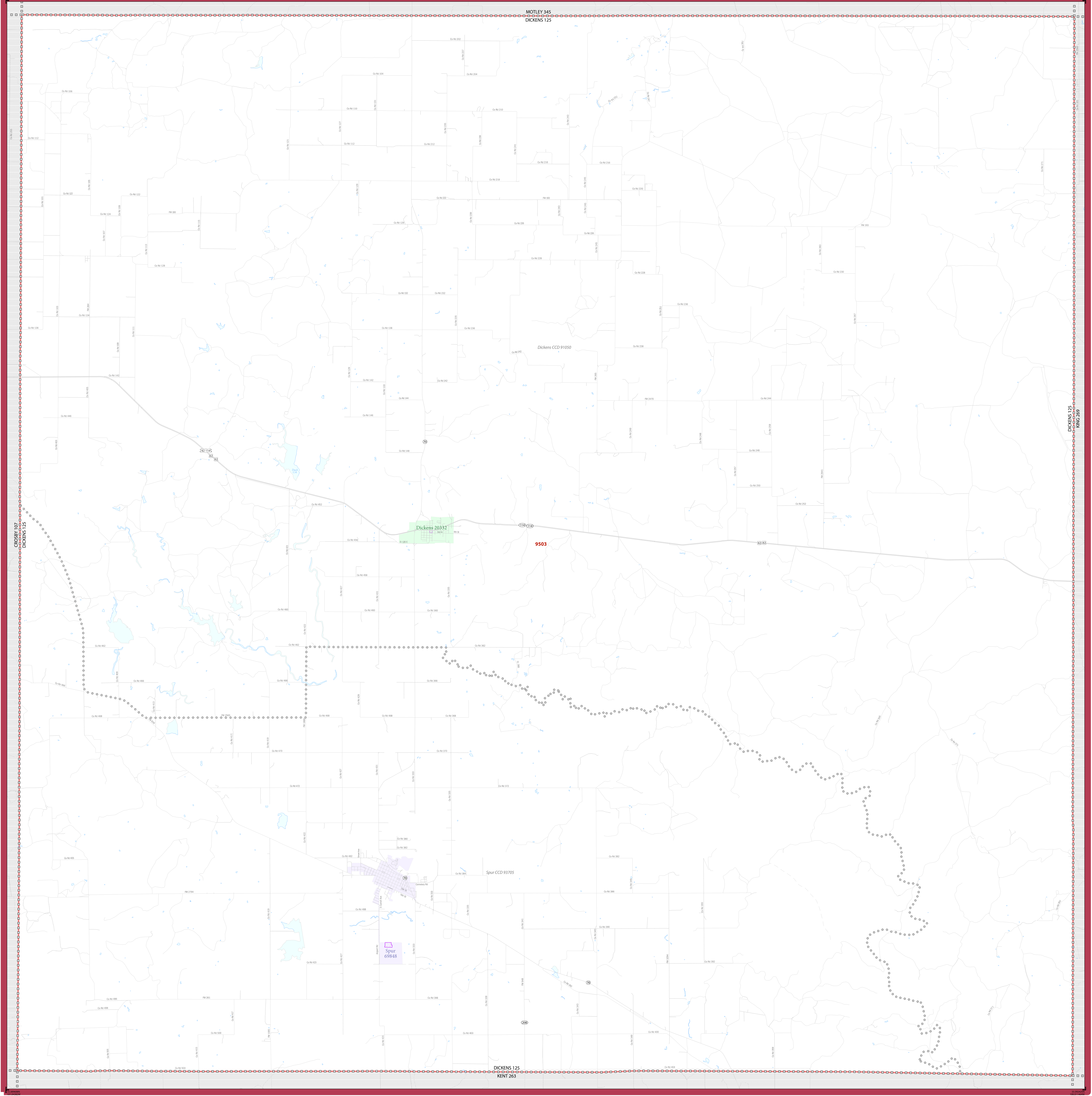
## Facility-Based Assessment Areas

See facility-based assessment area map attached.

Spur Security Bank's facility-based assessment area includes all of Dickens County, Texas, which consists of one middle-income census tract that designated as a distressed and underserved middle-income nonmetropolitan tract .

STATE CODE	COUNTY CODE	TRACT CODE	MSA/MD CODE
<b>DICKENS COUNTY, TEXAS</b>			
48	125	9503.00	N/A

# 2020 CENSUS - CENSUS TRACT REFERENCE MAP: Dickens County, TX



SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE	SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE
International	☆☆☆☆☆☆	CANADA	Incorporated Place 1,2		Davis 18100		
Federal American Indian Reservation		L'ANSE RESVN 1880	Census Designated Place (CDP) 2		Incline Village 35100		
Oil Reservation Trust Land		TI880	Census Tract 3		<b>33.07</b>		
State American Indian Reservation		Tama Resvn 9400	<b>DESCRIPTION</b>	<b>SYMBOL</b>	<b>DESCRIPTION</b>	<b>SYMBOL</b>	
Alaska Native Regional Corporation		NANA ANRC 52120	Water Body		Pleasant Lake		
State (or statistically equivalent) entity		NEW YORK 36	College or University		College		
County (or statistically equivalent) entity		ERIE 029	Minor Civil Division (MCD) 3		Minor Civil Division		
Minor Civil Division (MCD) 3		Bristol town 07485	Prison or Juvenile Detention Center		Prison		
Census County Division (CCD), Census Subarea (CSA), or Congressional Territory (CT)		Hanna CCD 91650	Navigable Boundary or Feature Not Elsewhere Classified		Navigable Boundary		
Consolidated City		MILLFORD 47500	Inset Area		Inset Area		

Where international, state, county, and/or MCD/CD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

1. A "\*" following an MCD name denotes a false MCD. A "\*" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2. Place label color corresponds to the place fill color.

3. Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)  
 Data Source: U.S. Census Bureau's MAJ/TIGER database (TAB20)  
 Map Created by: Geography Division, January 06, 2021

Projection: Albers Equal Area Conic  
 Datum: NAD 83  
 Spheroid: GRS 80  
 1st Standard Parallel: 27 36 51  
 2nd Standard Parallel: 34 43 24  
 Central Meridian: -100 04 35  
 Latitude of Projection Origin: 25 56 13  
 False Easting: 0  
 False Northing: 0

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Scale: 1:150,000  
 The printed map scale is 1:150,000

Sheet 1 of 1 PARENT sheets  
 Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Dickens County (125)  
 ENTITY TYPE: County or statistically equivalent entity  
 ST: Texas (48)

2020 CENSUS TRACT REF MAP (PARENT)  
 Sheet ID: 249548125001



# **PUBLIC DISCLOSURE**

June 24, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Spur Security Bank  
Certificate Number: 15460

120 West Harris Street  
Spur, Texas 79370

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

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are outside the institution's assessment area.
- The assessment area does not include any low- and moderate-income geographies, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among farms and businesses of different revenue sizes.
- The bank did not receive any Community Reinvestment Act (CRA)-related complaints during the evaluation period; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Spur Security Bank (SSB) is a full-service community bank headquartered in Spur, Texas. Espuela Bank Shares, Inc., Spur, Texas, wholly owns the bank. The bank does not maintain any subsidiaries. The bank does maintain affiliate relationships, but did not request examiners to consider affiliate activity within the evaluation. SSB received a Satisfactory rating at its previous Federal Deposit Institution Corporation (FDIC) CRA Performance Evaluation dated June 25, 2018, using Small Institution Examination Procedures.

The bank operates from its sole office in Spur, Texas. The bank opened a loan production office (LPO) in Lubbock County since the previous evaluation. The bank did not close any offices nor did the bank participate in any merger or acquisition activities since the previous evaluation. The locations offer hours consistent with the industry and area served.

Since the prior evaluation, the bank's primary business focus changed from agricultural lending to commercial lending. The bank continues to offer a variety of loan products including consumer, commercial, residential real estate, and agricultural loans. However, the bank does not offer owner-occupied real estate loans, and all originated 1-4 single family secured loans are investment rental properties. The bank also provides a variety of deposit services including checking, savings, money

market deposit accounts, certificates of deposit, and traditional individual retirement accounts. Alternative services include online and mobile banking.

According to the March 31, 2024, Report of Condition and Income, the bank reported total assets of \$86.1 million, net loans of \$46.1 million, and total deposits of \$80.6 million. Since the previous CRA evaluation, total assets increased by 92.5 percent, net loans increased by 437.7 percent, and total deposits increased by 99.5 percent. The increase in total assets, net loans, and total deposits is attributed to the addition of new loan officers since the prior evaluation.

As shown in the following table, loans outstanding as of March 31, 2024, reflect a distribution slightly different from that of the loans originated and purchased during 2023. The bank’s loan portfolio consists primarily of commercial loans which encompass loans secured by nonfarm nonresidential properties and commercial and industrial loans, at 45.3 percent and residential loans including loans secured by 1-4 residential properties and multifamily residential properties at 34.5 percent.

<b>Loan Portfolio Distribution as of 03/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	3,285	7.0
Secured by Farmland	4,023	8.6
Secured by 1-4 Family Residential Properties	14,059	30.2
Secured by Multifamily (5 or more) Residential Properties	2,000	4.3
Secured by Nonfarm Nonresidential Properties	6,529	14.0
<b>Total Real Estate Loans</b>	<b>29,896</b>	<b>64.1</b>
Commercial and Industrial Loans	14,614	31.3
Agricultural Production and Other Loans to Farmers	1,142	2.5
Consumer Loans	852	1.8
Obligations of State and Political Subdivisions in the U.S.	125	0.3
Other Loans	3	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>46,632</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that limit the institution’s ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas for which examiners will evaluate its CRA performance. SSB designated one assessment area in the State of Texas comprised of one whole county, Dickens County. The assessment area is located in the Texas Non-Metropolitan Statistical Area (TX Non-MSA).

The assessment area’s one census tract reflects a middle-income designation. There have been no changes in the volume of census tracts or income designations between the 2015 American Community Survey data to 2020 U.S. Census data.

**Economic and Demographic Data**

The area’s major employers include Galaxy Mining and Spur Independent School District. According to 2023 D&B data, service industries represent the largest portion of the area’s businesses at 26.6 percent, followed by non-classifiable establishments at 20.1 percent, and agriculture at 13.1 percent. Data also indicates 61.5 percent of businesses hire four or fewer employees.

The following table shows additional demographic and economic characteristics of the area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	1,770	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,363	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	668	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	193	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	502	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	212	0.0	0.0	100.0	0.0	0.0
Farms by Geography	32	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	541	19.2	21.6	17.9	41.2	0.0
Household Distribution by Income Level	861	29.6	19.4	16.5	34.5	0.0
Median Family Income Non-MSAs - TX		\$61,785	Median Housing Value			\$53,100
			Median Gross Rent			\$550
			Families Below Poverty Level			10.7%

*Source: 2020 U.S. Census Data and 2023 D&B Data; Due to rounding, totals may not equal 100.0%, (\*) The NA category consists of geographies that have not been assigned an income classification*

As illustrated in the following table, unemployment rates remained consistent in the assessment area throughout the review period. The statewide and national unemployment rates show a decline and remain lower than the bank’s assessment area.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Dickens County	5.2	4.8	5.1
State of Texas	5.6	3.9	3.9
National Average	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

**Competition**

The area contains a low level of competition from other chartered banks due to SSB being the only institution within Dickens County according to the FDIC Deposit Market Share data as of June 30, 2023. SSB has the potential to serve 1,770 people based on the area’s population.

**Community Contact**

As part of the evaluation process examiners obtain information from third parties knowledgeable of the assessment area to assist in identifying needs of the area. Examiners contacted an economic development organization to help assess the area’s current economic condition, community credit needs, and potential opportunities for bank involvement. The contact noted that the assessment area consists largely of a farming community; however, due to the rural nature of the area and windmills producing green energy, Bitcoin mining facilities have come into the area. The contact also noted that there are a few large employers in the area which are important to the local economy. The area consists largely of residents commuting to other areas because of the lack of positions due to the loss of businesses. The contact noted that it is difficult to receive home mortgage loans within the area which has caused a loss of residential growth. The contact indicated the primary credit needs include loans for small businesses and home mortgages.

**Credit Needs**

Considering the information the community contact, bank management, and demographic and economic data, examiners determined that agricultural, commercial and home mortgage products represent the primary credit needs of the assessment area.

**SCOPE OF EVALUATION**

**General Information**

This evaluation covers the period from the previous evaluation date of June 25, 2018, to the current evaluation date of June 24, 2024. Examiners conducted this CRA evaluation using Federal Financial Institutions Examination Council (FFIEC) Small Institution Examination Procedures. Refer to the Appendices for a listing of criteria reviewed under the Lending Test.

Examiners performed a full-scope review on the bank’s only assessment area.

## Activities Reviewed

For the Lending Test, CRA Small Institution Examination Procedures require examiners to determine the bank's major product lines for review. Examiners may select from the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

Considering the dollar volume and number of loans originated, as well as management's stated business strategy, examiners determined that the bank's major product lines include commercial lending (Commercial & Industrial and Secured by Commercial Real Estate) at 30.1 percent of the dollar volume and agricultural lending (Agricultural Loans and Secured by Farmland) at 8.9 percent by dollar volume of originations and purchased loans in calendar year 2023. Considering the bank's business strategy, area of expertise, and the dollar volume of originations, examiners will analyze small business and small farm lending performances. Examiners did not select consumer or home mortgage loans for analysis given the nominal dollar volume of originations and the bank's lending strategy. Furthermore, neither category represented a major product for the bank nor would the conclusions materially affect the overall ratings.

The following table shows the bank's originations and purchases over the most recent calendar year, 2023. The activity reflects an inconsistent pattern with the bank's lending emphasis since the last evaluation.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	26,809	44.6	10	3.2
Secured by Farmland	2,002	3.3	6	1.9
Secured by 1-4 Family Residential Properties	7,863	13.1	11	3.5
Multi-Family (5 or more) Residential Properties	1,266	2.1	1	0.3
Commercial Real Estate Loans	5,374	8.9	8	2.6
Commercial and Industrial Loans	12,715	21.2	39	12.5
Agricultural Loans	3,376	5.6	69	22.0
Consumer Loans	709	1.2	169	54.0
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>60,114</b>	<b>100.0</b>	<b>313</b>	<b>100.0</b>

*Source: Bank Data (01/01/2023 – 12/31/2023)*

Due to the limited number of small business loans inside of the assessment area, this evaluation presents information for both 2022 and 2023 to demonstrate the bank's assessment area concentration performance. Examiners placed more weight on the bank's small business lending based on the bank's lending emphasis in this product line.

Examiners reviewed all 42 small business loans originated in 2023 totaling \$10.7 million to evaluate the bank's assessment area concentration performance. To evaluate borrower profile performance, examiners reviewed the entire universe of small business loans originated in the assessment area during 2023. For 2022, examiners reviewed all 32 small business loans totaling

\$4.7 million to evaluate the bank's assessment area concentration performance. To evaluate borrower profile performance, examiners reviewed the entire universe of small business loans originated in the assessment area during 2022. Examiners compared the bank's small business lending to Dun & Bradstreet (D&B) data.

In addition, examiners reviewed all 74 small farm loans originated in 2023 totaling \$4.6 million to evaluate the bank's assessment area concentration performance. To evaluate borrower profile performance, examiners reviewed the entire universe of small farm loans originated in the assessment area during 2023. For 2022, examiners reviewed all 62 small farm loans totaling \$2.2 million to evaluate the bank's assessment area concentration performance. To evaluate borrower profile performance, examiners reviewed the entire universe of small farm loans originated in the assessment area during 2022. Examiners compared the bank's small farm lending to D&B data.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

SSB demonstrated satisfactory performance for the Lending Test. This performance is primarily supported by the excellent borrower profile performance and reasonable LTD ratio, which offset the poor assessment area concentration, given the performance context.

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

The average net LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. Examiners considered the bank's size, business strategy, and capacity relative to the assessment area credit needs when arriving at this conclusion.

The bank's LTD ratio, calculated from the Report of Condition and Income data, averaged 22.8 percent over the past 24 calendar quarters from March 31, 2018, to March 31, 2024. This reflects a decrease from the 23.5 percent average net LTD ratio recorded at the previous evaluation. The LTD ranged from a high of 57.2 as of March 31, 2024, to a low of 12.9 as of March 31, 2021. Generally, the ratio displayed an increasing trend in the most recent quarters.

Examiners compared the bank's LTD ratio to similarly situated institutions. Examiners identified four comparable institutions based on asset size and lending emphasis. SSB's average net LTD ratio is within a comparable range of the listed comparable banks.

LTD Ratio Comparison		
Bank	Total Assets as of 03/31/2024 (\$000s)	Average Net LTD Ratio (%)
<b>Spur Security Bank, Spur, TX</b>	<b>86,069</b>	<b>22.8</b>
Citizens State Bank, Anton, TX	80,242	63.0
Citizens National Bank of Crosbyton, Crosbyton, TX	68,296	29.2
The Donley County State Bank, Clarendon, TX	46,370	21.1
Victory Bank, Lubbock, TX	138,331	44.2
<i>Source: Reports of Condition and Income 06/30/2018 – 03/31/2024</i>		

### Assessment Area Concentration

A majority of loans and other lending related activities are outside the institution’s assessment area. A majority of small business loans, by both number and dollar, originated outside the assessment area outweighs a majority of small farms loans, by both number and dollar, originated inside the assessment area to support this conclusion.

The bank’s business strategy supports the ability to meet the credit needs within the assessment area while extending loans outside the assessment area. Since the previous evaluation, the bank opened a LPO outside of the bank’s designated assessment area and hired loan personnel which specialize within the area outside of the bank’s assessment area attributing to the lending results. Despite the majority of small business loans originated outside of the assessment area, examiners determined the bank is meeting the credit needs of its assessment area; therefore, the conclusion for this criterion did not adversely affect the overall rating.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2022	21	65.6	11	34.4	32	485	10.3	4,245	89.7	4,730
2023	12	28.6	30	71.4	42	412	3.9	10,256	96.1	10,668
<b>Subtotal</b>	<b>33</b>	<b>44.6</b>	<b>41</b>	<b>55.4</b>	<b>74</b>	<b>897</b>	<b>5.8</b>	<b>14,501</b>	<b>94.2</b>	<b>15,398</b>
Small Farm										
2022	52	83.9	10	16.1	62	1,908	86.6	294	13.4	2,202
2023	51	68.9	23	31.1	74	2,348	51.3	2,231	48.7	4,579
<b>Subtotal</b>	<b>103</b>	<b>75.7</b>	<b>33</b>	<b>24.3</b>	<b>136</b>	<b>4,256</b>	<b>62.8</b>	<b>2,525</b>	<b>37.2</b>	<b>6,781</b>
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%</i>										

## **Geographic Distribution**

The assessment area does not include any low- and moderate-income geographies, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

## **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among small farms and small businesses. Examiners weighed small farm loans heavier when drawing conclusions due to the number of loans evaluated inside the bank's assessment area. The excellent performance regarding small farm and small business lending supports this conclusion.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms of different sizes. The analysis focused on the bank's loan percentage, by number, relative to the percentage of farms with gross annual revenues of \$1 million or less when arriving at this conclusion.

The following table shows during 2022, the bank originated all of their small farm loans to farms with gross annual revenues of \$1 million or less, evidencing excellent performance.

<b>Detailed Distribution of Small Farm Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	57.1	21	40.4	345	18.1
\$100,000 - \$249,999	35.7	18	34.6	369	19.3
\$250,000 - \$499,999	7.1	9	17.3	719	37.7
\$500,000 - \$1,000,000	0.0	4	7.7	475	24.9
<b>Subtotal &lt;= \$1,000,000</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>1,908</b>	<b>100.0</b>
>\$1,000,000	0.0	0	0.0	0	0.0
Revenue Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>1,908</b>	<b>100.0</b>

*Source: 2022 D&B Data, Bank Data*

The following table shows during 2023, the bank originated 98.0 percent or more than nine out of ten small farm loans to farms with gross annual revenues of \$1 million or less, evidencing excellent performance.

<b>Detailed Distribution of Small Farm Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	65.6	14	27.5	251	10.7
\$100,000 - \$249,999	25.0	26	51.0	1,090	46.4
\$250,000 - \$499,999	9.4	7	13.7	449	19.1
\$500,000 - \$1,000,000	0.0	3	5.9	497	21.2
<b>Subtotal &lt;= \$1,000,000</b>	<b>100.0</b>	<b>50</b>	<b>98.0</b>	<b>2,287</b>	<b>97.0</b>
>\$1,000,000	0.0	1	2.0	61	2.6
Revenue Not Available	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>2,348</b>	<b>100.0</b>

*Source: 2023 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

The distribution of borrowers reflects excellent penetration among businesses of different sizes. The analysis focused on the bank’s loan percentage, by number, relative to the percentage of businesses with gross annual revenues of \$1 million or less when arriving at this conclusion.

The following table shows during 2022, the bank originated 86.7 percent or more than eight out of ten small business loans to business with gross annual revenues of \$1 million or less, evidencing reasonable performance.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	54.2	8	38.1	132	27.2
\$100,000 - \$249,999	18.9	6	28.6	64	13.2
\$250,000 - \$499,999	5.0	4	19.0	124	25.6
\$500,000 - \$1,000,000	2.5	0	0.0	0	0.0
<b>Subtotal &lt;= \$1,000,000</b>	<b>80.6</b>	<b>18</b>	<b>86.7</b>	<b>320</b>	<b>66.0</b>
>\$1,000,000	2.5	3	14.3	165	34.0
Revenue Not Available	16.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>485</b>	<b>100.0</b>

*Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

The following table shows during 2023, the bank originated 91.6 percent or more than nine out of ten small business loans to business with gross annual revenues of \$1 million or less, evidencing excellent performance.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	56.1	6	50.0	105	25.5
\$100,000 - \$249,999	18.4	4	33.3	122	29.6
\$250,000 - \$499,999	5.2	0	0.0	0	0.0
\$500,000 - \$1,000,000	1.9	1	8.3	30	7.3
<b>Subtotal &lt;= \$1,000,000</b>	<b>81.6</b>	<b>11</b>	<b>91.6</b>	<b>257</b>	<b>62.4</b>
>\$1,000,000	2.8	1	8.3	155	37.6
Revenue Not Available	15.6	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>412</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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