

CRA Public File Review

2024 Review – Completed by Matt Johnson

		Y	N	N/A
Accurate public notices displayed in each lobby		X		
Public File Contents				
1	Written CRA complaints/responses			X
2	CRA Performance Evaluation from FDIC exam	X		
3	List of branches (include address and census tract number, hours)	X		
4	Branches Opened/Closed in last 2 years (Mapleton 2021)	X		
5	List of services and fees	X		
6	Map of Assessment Area	X		
7	Loan to Deposit Ratio – by Quarter (Lisa updates)	X		
8	CRA File added to our Website	X		
9	Updated as of April 1	X		

PUBLIC DISCLOSURE

December 3, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Merchants Bank
Certificate Number: 8943

210 Main Avenue South
Rugby, North Dakota 58368

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

1100 Walnut Street, 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.

TABLE OF CONTENTS

Institution	
Institution Rating	1
Scope of Evaluation	2
Description of Institution	3
Description of Assessment Areas	5
Conclusions on Performance Criteria	10
Discriminatory or Other Illegal Credit Practices Review	12
Montana	
CRA Rating for Montana.....	13
Scope of Evaluation in Montana.....	13
Description of Institution's Operations in Montana	13
Conclusions on Performance Criteria in Montana.....	13
North Dakota	
CRA Rating for North Dakota	15
Scope of Evaluation in North Dakota	15
Description of Institution's Operations in North Dakota.....	15
Conclusions on Performance Criteria in North Dakota	15
Glossary	19

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.

Merchants Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- The institution made a majority of its small farm and small business loans in the assessment area.
- The geographic distribution of small farm and small business loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

Examiners did not identify any evidence of discriminatory or other illegal credit practices.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Small Institution Examination Procedures to evaluate Merchants Bank's CRA performance for the time period from the prior evaluation dated November 5, 2012, to the current evaluation dated December 3, 2018 (evaluation period). Small Institution Examination Procedures evaluate an institution's performance according to the following criteria: loan-to-deposit ratio, assessment area concentration, geographic distribution, borrower profile, and response to CRA-related complaints. This evaluation does not include lending activity performed by affiliates.

GLoan Products Reviewed

Examiners determined that the bank's major product lines are agricultural and commercial loans. This conclusion considered the bank's business strategy, primary credit needs of the areas in which the bank operates, and the number and dollar volume of loans originated, renewed, or extended during the evaluation period. Bank records, including Consolidated Reports of Condition and Income, revealed that the lending focus and product mix remained relatively consistent throughout the evaluation period. The bank does not originate a substantial number of 1-4 family home mortgage loans and this product type is not currently considered to be a major product line for the bank; as such, 1-4 family home mortgage loan activity were not analyzed for this evaluation.

To help assess whether the bank is meeting the credit needs of the communities in which it operates, examiners analyzed samples of small farm and small business loans originated, renewed, or extended in the most recent calendar year period ending October 31, 2018 (review timeframe). D&B data for 2018 provided a standard of comparison. The following table details the loan universe and samples selected for review.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	372	34,834	67	5,518
Small Business	90	10,736	47	6,100
<i>Source: Bank Records from 11/1/2017 through 10/31/2018</i>				

Merchants Bank has designated two assessment areas, which will be referred to as the "Fairview Assessment Area" and the "Rugby Assessment Area." Each assessment area received a full-scope review.

Due to the lower volume of lending activities occurring in the review timeframe from the Fairview office, examiners reviewed all small farm and small business loans originated, renewed, or extended from this office during the review timeframe. In contrast, representative samples of small farm and small business loans originated, renewed, or extended from the North Dakota offices were selected. While both the number and dollar volume of loans are presented

throughout this evaluation, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of farms and businesses served.

As detailed in the “Ability and Capacity” subsection that follows, agriculture-related loans (agriculture loans and loans secured by farmland) account for a substantial majority of the bank’s loan portfolio and are a primary credit need in both the assessment areas. As such, this evaluation placed greater emphasis on small farm lending activities when drawing overall conclusions.

DESCRIPTION OF INSTITUTION

Background

Merchants Bank is wholly owned by one-bank holding company Merchants Holding Company, Sioux Falls, South Dakota. At the previous evaluation, dated November 5, 2012, the FDIC evaluated the institution under the Interagency Small Institution Examination Procedures, with an overall “Satisfactory” rating assigned and a “Satisfactory” State of North Dakota rating. The evaluation did not assign a rating for the State of Montana due to the recent nature of operations commencing in the State at that time.

Operations

Merchants Bank operates its main office in Rugby, with full service branch offices located in Towner and Fairview. The bank also operates limited service branch offices in Granville and Upham, North Dakota. The bank acquired the Towner, Granville, and Upham branch offices from Western State Bank, Devils Lake, North Dakota, in first quarter 2018. The bank did not close any branch offices during the evaluation period.

The bank offers and services a variety of loan products including agricultural, commercial, 1-4 family home mortgage (in-house and referrals to a third-party entity), and consumer loans. In addition, the bank makes available loan programs through federal, state, and local government entities including the Farm Service Agency, Small Business Administration, Bank of North Dakota, and the Richland (County) Economic Development Corporation.

Merchants Bank offers traditional deposit services including checking, savings, and certificates of deposit accounts. Alternative banking services include internet banking and non-deposit-taking ATMs.

Ability and Capacity

Merchants Bank reported total assets of \$159.0 million as of the September 30, 2018, Reports of Condition and Income, including total loans of \$111.2 million. The following table illustrates the loan portfolio breakdown.

Loan Portfolio Distribution as of 9/30/18		
Loan Category	\$(000s)	%
Construction and Land Development	299	0.3
Secured by Farmland	29,657	26.7
Secured by 1-4 Family Residential Properties	5,980	5.4
Secured by Multifamily (5 or more) Residential Properties	639	0.6
Secured by Nonfarm Nonresidential Properties	7,552	6.8
Total Real Estate Loans	44,127	39.8
Commercial and Industrial Loans	12,497	11.2
Agricultural Loans	50,519	45.4
Consumer Loans	3,954	3.5
Other Loans	79	0.1
Less: Unearned Income	0	0.0
Total Loans	111,176	100.0
<i>Source: Reports of Condition and Income</i>		

Total loans have increased approximately 137 percent since September 30, 2012, at which time the bank reported total loans of \$46.9 million. A review of Reports of Condition and Income data from September 30, 2012, through September 30, 2018, details that while most product types have experienced growth since the previous evaluation, a notable increase occurred in loans secured by farmland and loans for agricultural purposes, having increased from \$28.2 million to \$80.2 million, or approximately 184 percent. The acquisition of branch offices in Towner, Granville, and Upham played a role in the growth; however, management primarily attributed the increase to stable employees and a loyal customer base, stressing the organic nature of growth that occurred.

As of September 30, 2018, the bank reported total deposits of \$136.0 million. Total deposits have increased approximately 77 percent since September 30, 2012, at which time total deposits were reported at \$76.9 million. Management stated that the bank has a good reputation in the community and a solid customer base.

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Merchants Bank has designated two assessment areas: the Fairview Assessment Area, consisting of geographies in eastern Montana and western North Dakota; and the Rugby Assessment Area, geographically located in north central North Dakota. Demographic and economic information for each assessment area is detailed in subsequent sections of this evaluation.

FAIRVIEW ASSESSMENT AREA

The Fairview Assessment Area is comprised of all of Richland County (Census Tracts 701, 702, 703, and 704), Montana, and a portion of McKenzie County (Census Tract 9625), North Dakota. The Assessment Area has not changed geographically since the previous evaluation.

Economic and Demographic Data

The following table provides pertinent demographic data for the Fairview Assessment Area.

Demographic Information of the Fairview Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	60.0	40.0	0.0
Population by Geography	12,614	0.0	0.0	48.4	51.6	0.0
Housing Units by Geography	5,617	0.0	0.0	51.4	48.6	0.0
Owner-Occupied Units by Geography	3,254	0.0	0.0	51.7	48.3	0.0
Occupied Rental Units by Geography	1,688	0.0	0.0	46.6	53.4	0.0
Vacant Units by Geography	675	0.0	0.0	61.9	38.1	0.0
Businesses by Geography	1,162	0.0	0.0	48.3	51.7	0.0
Farms by Geography	207	0.0	0.0	53.6	46.4	0.0
Family Distribution by Income Level	3,232	15.1	13.0	20.3	51.7	0.0
Household Distribution by Income Level	4,942	17.8	13.5	12.1	56.5	0.0
Median Family Income Nonmetropolitan Montana		\$59,958	Median Housing Value			\$187,997
Median Family Income Nonmetropolitan North Dakota		\$72,620	Median Gross Rent			\$835
			Families Below Poverty Level			7.3%
Source: 2015 ACS Census and 2018 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.						

According to 2015 ACS data, Census Tracts 702 and 703 in Richland County are upper income, while the other three census tracts that make-up the Fairview Assessment Area are middle income. The Fairview branch office is located in Census Tract 701 in Richland County. The bank does not operate a branch office in the North Dakota portion of the Fairview Assessment Area.

According to 2018 D&B data, there are 207 farms operating in the Fairview Assessment Area. Of the 207 farms, 98.6 percent of operators reported gross annual revenues of \$1 million or less. Management opined that a majority of farm operators in the Fairview Assessment Area would be gross annual revenue reporters of less than \$1 million. Management stated that the agriculture economy has been relatively stable recently and, although dry land farmers experienced somewhat down years, crop insurance payments have helped. Per management, major crops grown include wheat, sugar beets, and barley. Cow-calf operations are plentiful in Richland County.

The 2012 USDA Census of Agriculture provided further relevant information regarding farm operations in the Fairview Assessment Area. The Census reported that the average size of farms in McKenzie and Richland counties was 1,854 and 2,377 acres, respectively. The market value of products sold in McKenzie County, by average farm, was reported at \$199,386, and \$255,821 for Richland County farms.

The 2018 D&B data further reports that there are 1,162 businesses operating in the Fairview Assessment Area. Of these businesses, 79.6 percent reported gross annual revenues of \$1 million or less, 6.5 percent reported gross annual revenues of more than \$1 million, and 13.9 percent did not report revenue information. Management stated that there has been an up-tick in the local economy recently due in part to renewed oil-related activities. Major employers in the area include health care-related facilities, local and county government positions, area school districts, oil-related firms, and Sidney Sugars Incorporated. Data from the Bureau of Labor Statistics for September 2018 reports the unemployment rates for McKenzie and Richland counties were 1.7 and 2.9 percent, respectively. Comparable figures for the State of Montana, State of North Dakota, and the United States were 3.2, 2.3, and 3.7 percent, respectively.

Competition

Merchants Bank operates in a competitive banking environment. FDIC Deposit Market Share data reports that as of June 30, 2018, there were 7 financial institutions that operated 10 offices in McKenzie and Richland counties. First International Bank & Trust held the largest share of deposits in these counties at 45.9 percent, while Merchants Bank held 2.3 percent. Management opined that the primary competitors in the Fairview Assessment Area include banks and credit unions that operate in Fairview; numerous financial institutions located in the nearby City of Sidney, Montana; as well as AgCountry Farm Credit Services.

Community Contact

As part of the evaluation process, examiners contact third parties knowledgeable of the assessment area to assist in identifying the credit needs of the area. This information helps determine whether local financial institutions are responsive to these needs and what credit opportunities are available.

Examiners conducted a community contact with an individual knowledgeable of agricultural-related activities occurring in the Fairview Assessment Area. The contact stated that the overall economy is not great, especially for agriculture producers. The contact attributed this to declining commodity prices; however, the contact added that some farm operations diversify their activities between crop production and cow-calf operations, which has helped limit the impact of declining commodity prices. The contact further stated that as agriculture is a primary credit need of the area, and this industry is currently struggling, there is a demand for agriculture-related loans. Primary crops grown in the area include wheat, sugar beets, peas, lentils, and some soybeans. The community contact further opined that it does not take much in the current environment for a farm operation to exceed \$1 million in gross annual revenue, especially if the farm is growing sugar beets.

The community contact indicated that financial institutions are meeting the credit needs of the Fairview Assessment Area. Further, the contact stated that they think bank personnel are doing a good job adapting to changes occurring in technology or through merger/acquisition activity.

RUGBY ASSESSMENT AREA

The Rugby Assessment Area is comprised of all of McHenry (Census Tracts 9556 and 9559) and Pierce (Census Tracts 9561 and 9562) counties, and portions of Benson (Census Tract 9565) and Rolette (Census Tract 9519) counties, North Dakota. The geographical composition of the Assessment Area has changed since the previous evaluation, with the addition of Census Tract 9559 in McHenry County.

Economic and Demographic Data

The following table provides pertinent demographic data for the Rugby Assessment Area.

Demographic Information of the Rugby Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	16.7	83.3	0.0	0.0
Population by Geography	13,470	0.0	15.1	84.9	0.0	0.0
Housing Units by Geography	6,762	0.0	11.2	88.8	0.0	0.0
Owner-Occupied Units by Geography	4,505	0.0	10.2	89.8	0.0	0.0
Occupied Rental Units by Geography	1,322	0.0	15.4	84.6	0.0	0.0
Vacant Units by Geography	935	0.0	9.9	90.1	0.0	0.0
Businesses by Geography	1,034	0.0	12.5	87.5	0.0	0.0
Farms by Geography	357	0.0	7.6	92.4	0.0	0.0
Family Distribution by Income Level	3,707	27.1	16.8	23.3	32.8	0.0
Household Distribution by Income Level	5,827	29.7	17.8	17.5	34.9	0.0
Median Family Income Nonmetropolitan North Dakota		\$72,620	Median Housing Value			\$97,638
			Median Gross Rent			\$531
			Families Below Poverty Level			12.2%
Source: 2015 ACS Census and 2018 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.						

According to the 2015 ACS data, Census Tract 9519 in Rolette County is moderate income, while the other five census tracts that comprise the Rugby Assessment Area are middle income. The main office in Rugby is located in Census Tract 9561 in Pierce County, while the offices in Granville, Towner, and Upham are all located in Census Tract 9556 in McHenry County.

The Rugby Assessment Area is rural and is primarily dependent on agriculture and agricultural-related businesses. According to 2018 D&B data, there are 357 farms in the assessment area. Of the 357 farms, 97.8 percent of operators reported gross annual revenues of \$1 million or less. Management opined that the majority of farmers would be gross annual revenue reporters of less than \$1 million. Management stated that farmers have struggled in recent years and implications resulting from recent trade issues with China have not helped. However, locking in commodity price contracts has benefitted area farmers. Primary crops grown in the area are soybeans, wheat, corn, canola, and oats. Cow-calf operations are found throughout the assessment area, particularly in McHenry County.

The 2012 USDA Census of Agriculture reported the average size of farms in Benson, McHenry, Pierce, and Rolette counties at 1,425, 1,165, 1,148, and 823 acres, respectively. The market value of products sold, by average farm, in Benson County was reported at \$427,404; \$217,581 in McHenry County; \$272,648 in Pierce County; and \$166,301 in Rolette County.

The 2018 D&B data reported 1,034 businesses operating in the Rugby Assessment Area. Of these businesses, 73.2 percent reported gross annual revenues of \$1 million or less, 6.3 percent reported gross annual revenues of more than \$1 million, and 20.5 percent did not report revenue information. Management stated that they have seen some new businesses come to the area, and have financed main street entities. An influx of young families has been noticed, along with increased class sizes at local elementary schools. Major employers in the Rugby Assessment Area include agriculture-related entities, manufacturing plants, Heart of America Medical Center, and area school districts and government jobs. As of September 2018, the unemployment rates for Benson, McHenry, Pierce, and Rolette counties were 3.5, 2.5, 2.6, and 6.3 percent, respectively.

Competition

The Rugby Assessment Area is a competitive banking environment. According to FDIC Deposit Market Share data as of June 30, 2018, 11 financial institutions operated 18 offices in Benson McHenry, Pierce, and Rolette counties with Merchants Bank holding the largest share of deposits in these counties at 21.8 percent.

Management opined that the bank's primary competitors include the numerous financial institutions that operate in the City of Rugby, including supervised state non-member banks and a credit union, and AgCountry Farm Credit Services. In addition, the North Dakota cities of Devils Lake and Minot are in relatively close geographical proximity to the assessment area and each act as host to numerous financial institutions.

Community Contact

Examiners contacted one individual with knowledge of the Rugby Assessment Area. The discussion primarily focused on the agriculture economy, with the contact stating that the overall farm economy is doing well. The contact justified this comment by describing the primary crops grown in the area, and stating that the wheat crop experienced its best yield in many years. The community contact stated that younger generations of farmers are taking over family operations, adding that they feel that younger farmers are more willing to expand operations through increased land holdings. The contact addressed the on-going trade issues between the U.S. and China, stating that current tariffs between the two countries have impacted prices. The contact also stated that over-production around the world has adversely affected crop prices. Despite these issues, the contact feels that farmers in the area are ultimately profitable. The contact attributed agriculture-related profitability to the fact that farms in the area operate efficiently on smaller margins.

The community contact relayed to examiners that financial institutions are meeting the credit needs of the Rugby Assessment Area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Merchants Bank demonstrated satisfactory performance under the Lending Test. The loan-to-deposit ratio, assessment area concentration, geographic distribution, and borrower profile performance support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area. Merchants Bank's loan-to-deposit ratio, calculated from Reports of Condition and Income data, averaged 67.6 percent over the past 24 calendar quarters from December 31, 2012, through September 30, 2018. The ratio fluctuated from a low of 51.2 as of December 31, 2012, to a high of 85.4 percent as of September 30, 2017.

The institution's average net loan-to-deposit ratio is reasonable relative to those of comparable institutions as depicted in the table below. Examiners selected comparable institutions based on asset size, branching structure, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2018 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Merchants Bank, Rugby, North Dakota	159,025	67.6
The Union Bank, Beulah, North Dakota	152,310	81.6
First State Bank of Golva, Golva, North Dakota	77,184	55.2
First State Bank of Harvey, Harvey, North Dakota	82,153	37.4
Union State Bank of Hazen, Hazen, North Dakota	137,097	59.3
<i>Source: Reports of Condition and Income 12/31/12 through 9/30/18</i>		

Assessment Area Concentration

As detailed in the following table, the bank originated a majority of its small farm and small business loans, by number, within its assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	51	76.1	16	23.9	67	4,453	80.7	1,065	19.3	5,518
Small Business	38	80.9	9	19.1	47	2,995	49.1	3,105	50.9	6,100
Source: 11/1/2017 - 10/31/2018 Bank Data										

Geographic Distribution

The loans located within the bank's assessment areas were further analyzed to determine whether the institution's lending activity is satisfactorily dispersed throughout the respective assessment areas. Examiners focused this evaluation's geographic distribution analysis to activity occurring in the Rugby Assessment Area as there are no low- or moderate-income geographies in the Fairview Assessment Area. Particular emphasis was placed on the bank's lending activity in moderate-income Census Tract 9519 in Rolette County. Based on the analysis of data reviewed, the geographic distribution of loans reflects a reasonable dispersion when considering the location of the bank's offices and comparisons to demographic data.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout various geographies in the Rugby Assessment Area. Details regarding the bank's performance are provided under the North Dakota section of this evaluation.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Rugby Assessment Area. Refer to the North Dakota section of this evaluation for a detailed analysis.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes in the assessment areas. Examiners focused on the percentage, by number, to farms and businesses with gross annual revenues of \$1 million or less.

Small Farm Loans

The analysis of small farm loans in the Fairview and Rugby Assessment Areas reflects reasonable penetration to farms of different revenue sizes. Details regarding the bank's performance are provided under each separately rated State.

Small Business Loans

The analysis of small business loans in the Fairview and Rugby Assessment Areas reflects reasonable penetration to businesses of different revenue sizes. Details regarding the bank's performance are provided under each separately rated State.

Response to Complaints

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

MONTANA

CRA Rating for Montana: Satisfactory

Merchants Bank exhibits satisfactory responsiveness to the credit needs throughout the State of Montana assessment area.

SCOPE OF EVALUATION IN MONTANA

All small farm and small business loans originated, renewed, or extended from the bank's Fairview branch office in the calendar year ending October 31, 2018, were analyzed.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MONTANA

Merchants Bank operates one full-service office in the Fairview Assessment Area. As noted, the office is located in Census Tract 701. The bank does not operate ATMs in this assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MONTANA

Merchants Bank demonstrated reasonable performance under the Lending Test for the State of Montana. The loan-to-deposit ratio analysis displayed reasonable performance, and a majority of small farm and small business loans were originated to operators throughout the Fairview Assessment Area. There are no low- or moderate-income census tracts in the Fairview Assessment Area; as such, the geographic distribution performance criterion was not analyzed in-depth as the results would not provide meaningful conclusions. Borrower Profile performance reflects reasonable penetration.

Borrower Profile

The overall distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank's performance of small farm and small business lending supports this conclusion.

Small Farm Loans

The bank's performance reflects reasonable penetration among farms of different sizes. As set forth in the following table, the bank originated 76.5 percent, by number, of its small farm loans to operators reporting gross annual revenues of less than \$1 million. Comparable D&B data indicates that 98.6 percent of farm operators in the Fairview Assessment Area reported gross annual revenue of less than \$1 million.

While the bank's performance is somewhat lower than comparable demographic data, it is important to note that some of the farms with revenues of \$1 million or less may be hobby-type farms that may not require or even qualify for financing. To illustrate, the 2012 Census of Agriculture reveals that 35.8 percent of farmers in Richland County, Montana; and 38.9 percent of farmers in McKenzie County, North Dakota consider their principal occupation to be something other than farming.

Given the demographics of the assessment area, the distribution of small farm loans reflects reasonable penetration to farms with gross annual revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Fairview Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.6	13	76.5	1,441	62.6
>1,000,000	0.5	4	23.5	860	37.4
Revenue Not Available	1.0	0	0.0	0	0.0
Total	100.0	17	100.0	2,301	100.0
Source: 2018 D&B Data, 11/1/2017 - 10/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Small Business Loans

The bank's performance reflects a more than reasonable penetration among businesses of different sizes when compared to D&B data. The following table details favorable performance lending to business operators reporting revenue of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Fairview Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.6	17	89.5	936	67.5
>1,000,000	6.5	2	10.5	450	32.5
Revenue Not Available	13.9	0	0.0	0	0.0
Total	100.0	19	100.0	1,386	100.0
Source: 2018 D&B Data, 11/1/2017 - 10/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

NORTH DAKOTA

CRA Rating for North Dakota: Satisfactory

Merchants Bank exhibits satisfactory responsiveness to the credit needs throughout the designated State of North Dakota assessment area.

SCOPE OF EVALUATION IN NORTH DAKOTA

Examiners reviewed samples of small farm and small business loans originated from the North Dakota offices in the one year period ending October 31, 2018.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH DAKOTA

Merchants Bank has designated one assessment area in North Dakota. The main office in Rugby is located in Census Tract 9561 in Pierce County, which is middle income. Likewise, the branch office in Towner and limited-service facilities in Granville and Upham are located in middle-income census tracts. The bank operates non-deposit-taking ATMs in Rugby and Towner. Further details, such as demographic and economic data, were noted in previous sections of this evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTH DAKOTA

Merchants Bank demonstrated reasonable performance under the Lending Test for the State of North Dakota. The loan-to-deposit ratio analysis displayed reasonable performance, and a majority of small farm and small business loans were originated to operators throughout the Rugby Assessment Area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Borrower Profile performance reflects reasonable penetration.

Geographic Distribution

The geographic distribution of lending reflects reasonable dispersion throughout the Rugby Assessment Area considering the location of the bank's offices and comparisons to demographic data. Examiners focused on the percentage, by number, of loans originated in the moderate-income census tract.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the Rugby Assessment Area. As detailed in the following table, 8.8 percent of the small farm loans originated in this assessment area, by number, were originated in moderate-income Census Tract 9519. In comparison, D&B data reports that 7.6 percent of farms are located in the moderate-income census tract. Management stated that the bank continues to have demand for farm loans from customers that operate in the southern portion of Rolette County, which is where the moderate-income census tract is located.

Geographic Distribution of Small Farm Loans					
Rugby Assessment Area					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	7.6	3	8.8	150	7.0
Middle	92.4	31	91.2	2,002	93.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	34	100.0	2,152	100.0
Source: 2018 D&B Data; 11/1/2017 - 10/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Small Business Loans

The geographic distribution of small business loans reflects a reasonable dispersion throughout the Rugby Assessment Area. D&B data indicates that 12.5 percent of Assessment Area businesses are located in moderate-income Census Tract 9519, while only 5.3 percent of the sampled small business loans, by number, were originated to businesses operating in the moderate-income census tract. However, management stated there is minimal demand for commercial loans from business owners operating in Census Tract 9519 in Rolette County. In addition, the bank does not operate a branch office in Rolette County. Further, there are a number of financial institutions operating in closer geographical proximity to Census Tract 9519 than the bank's closest office location.

Geographic Distribution of Small Business Loans					
Rugby Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	12.5	1	5.3	100	6.2
Middle	87.5	18	94.7	1,509	93.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	19	100.0	1,609	100.0
Source: 2018 D&B Data; 11/1/2017 - 10/31/2018 Bank Data Due to rounding, totals may not equal 100.0					

Borrower Profile

The overall distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank's performance of small farm and small business lending primarily supports this conclusion.

Small Farm Loans

The bank's performance reflects reasonable penetration among farms of different sizes when compared to relevant demographic data. The bank originated 85.3 percent, by number, of its small farm loans to operators reporting gross annual revenues of less than \$1 million.

Comparable D&B data indicates that 97.8 percent of farm operators in the Rugby Assessment Area reported gross annual revenue of less than \$1 million.

While the bank's performance is somewhat lower than comparable demographic data, it is important to note that some of the farms with revenues of \$1 million or less may be hobby-type farms that may not require or even qualify for financing. To illustrate, the 2012 Census of Agriculture reveals that 35.5 percent of farmers in Benson County, 35.2 percent in McHenry County, 41.7 percent in Pierce County, and 51.2 percent of farmers in Rolette County consider their principal occupation to be something other than farming. Given the demographics of the assessment area, the distribution of small farm loans reflects reasonable penetration to farms with gross annual revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Rugby Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.8	29	85.3	1,696	78.8
>1,000,000	1.7	5	14.7	456	21.2
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	34	100.0	2,152	100.0
<i>Source: 2018 D&B Data, 11/1/2017 - 10/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Small Business Loans

The bank's performance reflects a more than reasonable penetration among businesses of different sizes in the Rugby Assessment Area. As indicated in the following table, the bank's performance exceeds D&B demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Rugby Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	73.2	16	84.2	1,265	78.6
>1,000,000	6.3	3	15.8	344	21.4
Revenue Not Available	20.5	0	0.0	0	0.0
Total	100.0	19	100.0	1,609	100.0
<i>Source: 2018 D&B Data, 11/1/2017 - 10/31/2018 Bank Data.</i> <i>Due to rounding, totals may not equal 100.0</i>					

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.

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average; (2) A poverty rate of 20 percent or more; or (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.

Products and Services

Checking Accounts	Cashier's Checks
Money Market Fund Accounts	MoneyGram Money Orders
Premier Money Market Accounts	Safe Deposit Boxes
Savings Accounts	Wire Transfers
Certificates of Deposit	Fax Service
Individual Retirement Accounts	Night Depository (Front of Bank Entrance)
Installment Loans	ATM (Not in Fairview)
Ag Loans	Visa Check Cards (Debit Cards)
Commercial Loans	Bank by Mail
Real Estate Loans	Drive-Up Window (Not in Fairview)
Consumer Loans	Notary Service
Online Banking	Image Statements & E-Statements
Bill Pay	Checking Plus (Overdraft Protection)
Mobile Banking	MasterCard Gift Cards
Mobile Deposit	Health Savings Accounts
Assistance with FSA, SBA, & BND Loans	

GET DIRECTIONS ([SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/TMJZ7OWRAGR5UUX6](https://www.google.com/maps/dir/37.562571,-122.326221/37.562571,-122.326221))

Fax: 701-776-5950

GET DIRECTIONS (SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/B2CRKZCKWTKGVSR9)

Fax: 701-537-5922



Merchants Bank Fairview

216 S Ellery Ave
PO Box 465
Fairview MT 59221

[GET DIRECTIONS \(SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/JBRHKPHTTTNVC8TJ9\)](#)

Phone: 406-742-5203 (tel:+14067425203)

Fax: 406-742-5579

Merchants Bank Granville

114 Main St. South
Granville, ND 58741

[GET DIRECTIONS \(SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/U4QIXBJK8QP64MGR6\)](#)

Phone: 701-728-6827 (tel:+17017286827)

Merchants Bank Upham

#3 C Avenue South
Upham, ND 58789

[GET DIRECTIONS \(SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/BPMEKGFHFSEC3W1QS8\)](#)

Phone: 701-768-2522 (tel:+17017682522)



649 Knutson St.
PO Box 39
Mapleton, ND 58059

GET DIRECTIONS (SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/JSAGD8D1KWPMMAKE3A)

Phone: 701-612-0612 (tel:+17016120612)

Rugby and Towner Hours

Lobby: Monday-Friday 9 AM to 4 PM
Drive-up Window: Monday-Friday 8 AM to 5 PM

Fairview Hours

Lobby: Monday-Friday 9 AM to 4 PM



Granville Hours

Lobby: Monday-Thursday 9 AM to 1 PM
Friday 9 AM to 4 PM

Upham Hours

Lobby: Monday-Friday 9 AM to 1 PM

Mapleton Hours

Lobby: Monday-Friday 8 AM to 5 PM
Drive-up Window: Monday-Friday 8 AM to 5 PM



Merchants Bank ATM Locations

Merchants Bank

210 South Main
Rugby, ND 58368

[GET DIRECTIONS \(SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/VRZ7UVHRTM3UFQVJ9\)](https://www.merchantsbank.com/locations/210-south-main-rugby-nd-58368)

Envision

801 South Main Street Store
Towner, ND 58788

[GET DIRECTIONS \(SPEEDBUMP.ASPX?LINK=HTTPS://GOO.GL/MAPS/8DTWMDAJHJQPW2336\)](https://www.envisionbank.com/locations/801-south-main-street-towner-nd-58788)

401 Highway 2 SW
Rugby, ND 58368

[GET DIRECTIONS \(SPEEDBUMP.ASPX?LINK=HTTPS://MAPS.APP.GOO.GL/PY4JQRNXJPUJQV7BA\)](https://www.envisionbank.com/locations/401-highway-2-sw-rugby-nd-58368)

MoneyPass ATMs

Find an ATM near you by using the MoneyPass ATM Locator.

[MONEYPASS ATM LOCATOR \(SPEEDBUMP.ASPX?LINK=HTTPS://WWW.MONEYPASS.COM/ATM-LOCATOR.HTML\)](https://www.moneypass.com/atm-locator)



Safe Deposit Boxes (no refund if closed early)

Rugby:

2 ½ x 4 ½ x 22	\$15.00
2 ½ x 9 ½ x 11 ½	\$20.00
5 x 5 x 11 ½	\$20.00
5 x 10 ¼ x 11 ½	\$20.00
5 x 5 x 22	\$30.00
2 ½ x 10 ¼ x 22	\$40.00
5 x 10 ¼ x 22	\$45.00

Fairview:

3 x 5 x 22	\$12.00
4 x 5 x 22	\$20.00
5 x 5 x 22	\$24.00
5 x 6 x 22	\$28.00
5 x 10 x 22	\$32.00
9 x 15 x 22	\$60.00

Towner

2.5 x 4.5 x 15.5	\$25.00
4.75 x 4.5 x 21.75	\$35.00
2.5 x 9.75 x 21.75	\$45.00

Upham

2 x 4.5 x 21.5	\$25.00
2.5 x 10 x 21	\$35.00

Safe Deposit Box Drilling of Lock \$200.00

Safe Deposit Box Replacement Key \$50.00

Notary Fees (noncustomer) \$ 10.00

Oil Checks \$ 5.00

Telephone Transfers N/C

Fax Copies

Incoming	\$ 1.00 per page
Outgoing	\$ 1.00 per page

Cashing Checks (Non-Customer)

Noncustomers have to be known or verified entity by President

\$5,000.01 and over	\$20.00 + \$1.00 per \$100 over \$5,000
\$3,000.01 - \$5,000.00	\$20.00
\$1,000.01 - \$3,000.00	\$15.00
\$ 500.01 - \$1,000.00	\$ 8.00
\$.00 - \$ 500.00	\$ 5.00
Government Checks Cashed (must be bank customer)	N/C
Travelers Checks cashed (must be bank customer)	N/C
Purchase Visa Card Gift Card	\$5.00 customer and noncustomer
Canadian Checks (deposit or cashed)	\$15.00 per check + exchange
Cashiers Checks Purchased	
\$1,000.01 and Over	\$ 7.50
\$ 500.01 - \$1,000.00	\$ 5.50
\$ 200.01 - \$ 500.00	\$ 3.50
\$.00 - \$ 200.00	\$ 2.50
Money Orders	\$ 1.50
ATM Machine (noncustomer)	\$ 2.50 Per transaction
Close Retirement Account	\$40.00
Coin Counting	Customers – No Charge Non-Customers – 10% or maximum of \$10.00

Letter of Credit (New and Renewal)

$\frac{1}{2}\%$ of 1%
\$35.00 minimum

Consumer Loan (Minimum Interest Charge)

\$30.00

Consumer Loan

Rugby, Towner and Mapleton
Fairview

\$50.00 per note + Filing fees

\$50.00 per note + Filing fees

Late Fee on Consumer Loan and
Residential Real Estate Loan

\$15.00 maximum
10% of payment after 10 days

Ag and Commercial Loan

Rugby, Towner and Mapleton
Fairview

\$50.00 annual fee

\$75.00 annual fee

Real Estate Loan – Ag and Commercial

Recommend .50% of loan amount – pending competition

Minimum \$300.00 + all costs involved

Real Estate Loan – Residential

Recommend .50% of loan amount – pending competition

Minimum \$300.00 + all costs involved

SBA Loan

$\frac{1}{2}\%$ of 1% or minimum of \$500. + All costs

FHA Guaranteed Loan

\$100.00 per year and all costs

Filing Fees

UCC/CNS – North Dakota

\$40.00

UCC/EFS – Montana

\$ 7.00

Title Fees

Lien Recording (only) – North Dakota

\$ 5.00

Tax and License Fee

call 776-5709

Lien Recording – Montana

\$ 8.24

MERCHANTS BANK OF RUGBY, NORTH DAKOTA

COMMUNITY REINVESTMENT ACT STATEMENT

Merchants Bank, Rugby, North Dakota, adopts the following community reinvestment statement:

This Bank wishes to accommodate the credit needs of individuals and firms living and doing business within its Community (see accompanying map delineating Bank's trade area), by making loans in a manner consistent with the safe and sound operations of the Bank for all reasonable credit needs of the community, on the basis of purpose, repayment capacity, legally accepted security and other relevant considerations, including:

- 1 Farm operating loans
- 2 Farm livestock and machinery loans
- 3 Farm real estate loans
- 4 Commercial equipment and furniture and fixture loans
- 5 Commercial inventory and accounts receivable loans
- 6 Commercial real estate loans
- 7 Personal loans, including overdraft protection plan called "Checking Plus"
- 8 Automobile loans
- 9 Mobile home loans
- 10 Home improvement loans
- 11 Residential real estate loans (1 to 4 family home loans)
- 12 Home equity

This Bank also has an association with the Small Business Administration, Dakota Certified Development Corporation, the Bank of North Dakota, and the Farm Service Agency. Some of these programs include guaranteed loans, an outlet for secondary market real estate loans, beginning farmer loans and subordinations. Through this participation in these agency's programs, we are better able to assist the financial needs of our customers.

In offering and extending these loans, this Bank will comply with all applicable state or federal regulations, including the Truth-in-Lending Act, Fair Housing Act, Fair Credit Reporting Acts and Equal Opportunity Act.

It is the Bank's policy to provide convenient, efficient, and sound banking services to its total community. The Bank will continue its efforts to be fully cognizant of the credit needs of individuals and businesses and to community development.

The Bank has assets of approximately \$236 million and serves a trade area consisting of the following assessment areas, as defined by the Block Numbering Area:

In North Dakota:

9562.00 9561.00 9519.00 9556.00 9559.00 9567.00 9625.00 0403.00 0407.00 0408.00
0405.01 0405.02 0405.03 0405.04 0405.05 0405.06 0405.07 0405.08 0405.09 0406.00

0402.00 0003.00 0002.03 0002.04 0001.00 0004.00 0005.01 0005.02 0006.01 0006.02
0007.00 0008.01 0008.02 0009.01 0009.03 0009.04 0010.03 0010.04 0103.06 0103.07
0103.03 0103.08 0101.06 0101.07 0101.10 0101.11 0101.09 0102.01 0102.05 0102.06

In Montana:

0701.00 0702.00 0703.01 0703.02 0704.00

The City of Rugby has a population of approximately 2,900 and the outlying trade area served by this bank is estimated to have a population of approximately 4,700. Rugby has five banks, a credit union, and a Farm Credit/Federal Land Bank branch office, all serving the credit needs of this community.

The economy in this area depends almost entirely upon agriculture with most of the businesses in Rugby being retail and service establishments. Rugby has two manufacturing plants, a large hospital and clinic complex, a large grain elevator facility, two large motels and restaurant operations, several machinery and automobile dealers, and many small businesses.

The primary function of the Bank is to accept demand, savings and time deposits from its depositors and invest these funds in such a manner that (1) all reasonably anticipated withdrawals by its depositors can immediately be fulfilled and (2) the income from invested funds is adequate to cover the interest paid on savings and time deposits at legal and competitive rates, the costs of operating the Bank, and provide a reasonable return to stockholders.

The Bank hopes to have a bank officer involved in each segment of the community as a sounding board, analyst, and spokesperson to ensure that residents are informed about the availability of credit and other banking services available at the Bank.

Due to temporary or cyclical economic or money market conditions which cause management in its discretion to enforce liquidity restraints or to modify its mix of assets and liabilities, certain categories of these loans may not be available from time to time. Under normal conditions, the full range of loans listed above will be available to all qualified borrowers.

Matt Johnson will serve as CRA Officer for the ensuing year.

Approved by Board of Directors on November 20, 2023

Changed bank assets from \$164 million to \$166 million
Changed one large motel to two large motels and removed out bound telemarketing firm

Submitted for Board Approval January 12, 2021 – With Changes:

Changed bank assets from \$166 million to \$185 million
Changed CRA officer from Cody Melgaard to Matt Johnson
Changed Rugby has three banks to Rugby has four banks

Submitted for Board Approval November 30, 2021 – With Changes:

Add ND Blocks:

0403.00	0404.00	0405.00	0406.00	0402.00	0003.00	0002.01
0002.02	0001.00	0004.00	0005.01	0005.02	0006.00	0007.00
0008.01	0008.02	0009.01	0009.03	0009.04	0010.01	0010.02
0103.06	0103.07	0103.03	0103.05	0101.06	0101.07	0101.08
0101.09	0102.01	0102.03	0102.04			

Submitted for Board Approval April 26, 2022 – With Changes:

In Montana:

0701.00	0702.00	0703.01	0703.02	0704.00
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Submitted for Board Approval May 23, 2022 – With Changes:

In North Dakota:

9562	9561	9519	9556	9565	9625	9559	0403.00	0404.00	0405.00
0406.00	0402.00	0003.00	0002.01	0002.02	0001.00	0004.00	0005.01	0005.02	0006.00
0007.00	0008.01	0008.02	0009.01	0009.03	0009.04	0010.01	0010.02	0103.06	0103.07
0103.03	0103.05	0101.06	0101.07	0101.08	0101.09	0102.01	0102.03	0102.04	

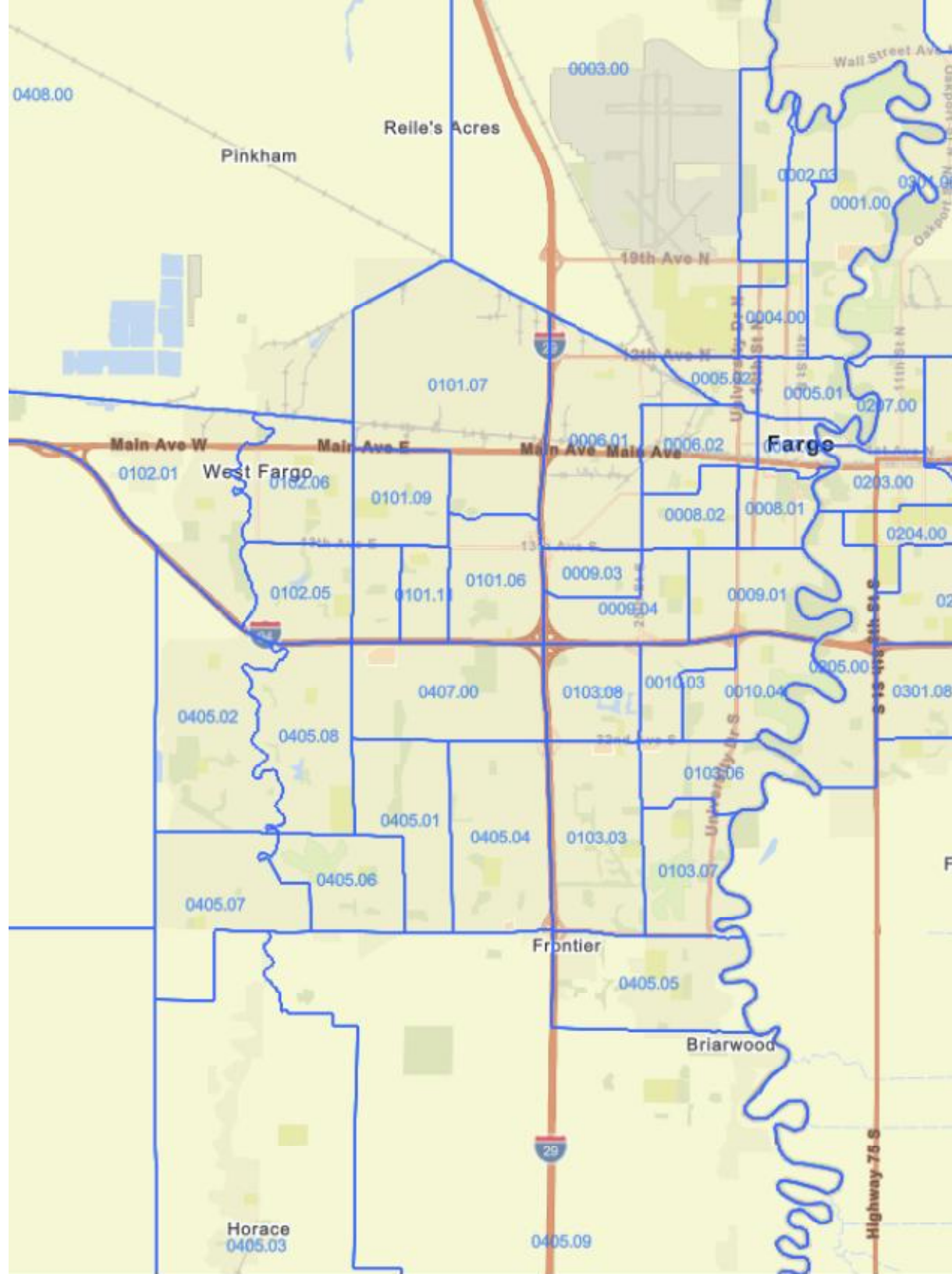
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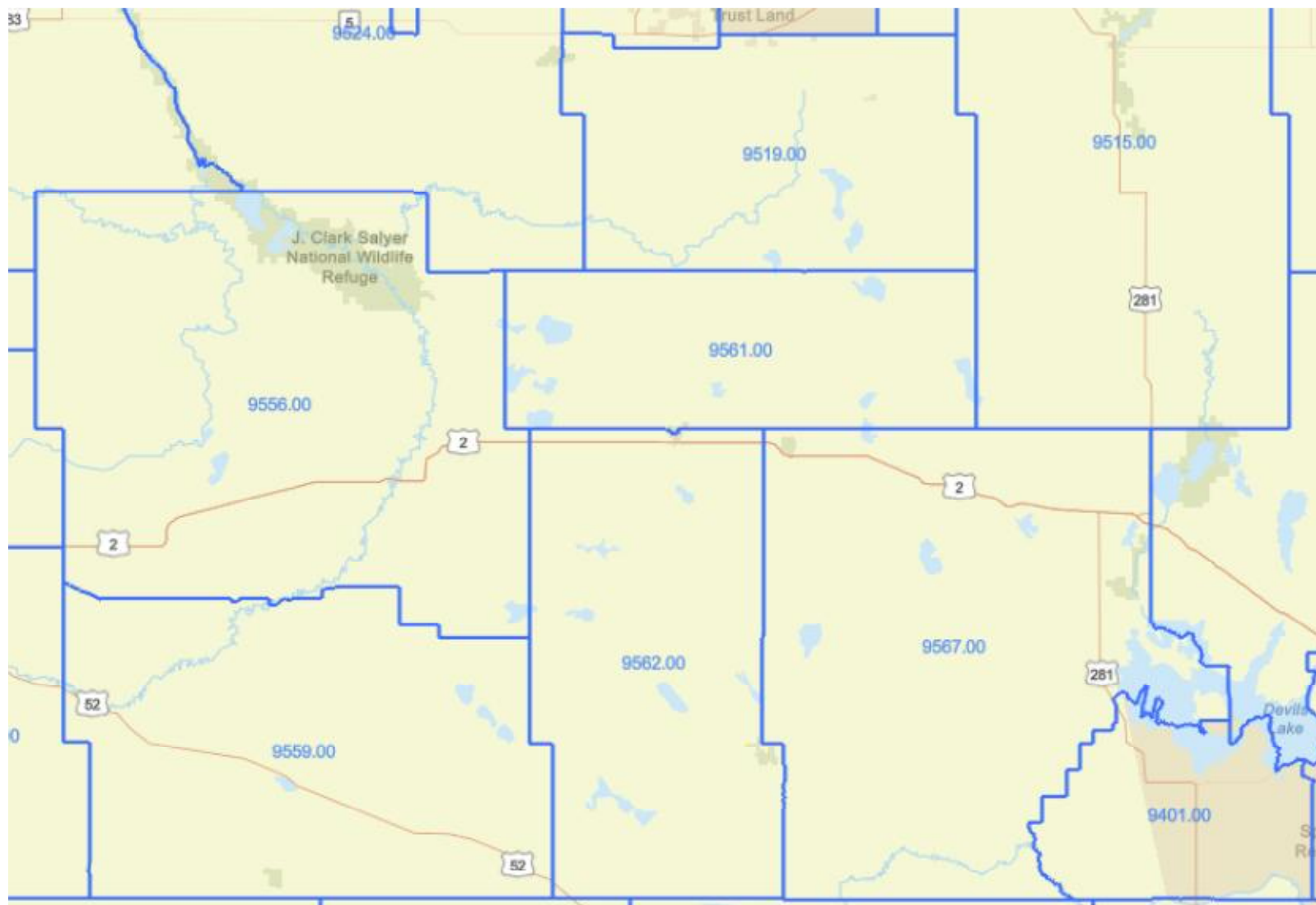
9562.00	9561.00	9519.00	9556.00	9559.00	9567.00	9625.00	0403.00	0407.00	0408.00
0405.01	0405.02	0405.03	0405.04	0405.05	0405.06	0406.07	0405.08	0405.09	0406.00
0402.00	0003.00	0002.03	0002.04	0001.00	0004.00	0005.01	0005.02	0006.01	0006.02
0006.02	0007.00	0008.01	0008.02	0009.01	0009.03	0009.04	0010.03	0010.04	0103.06
0103.07	0103.03	0103.08	0101.06	0101.07	0101.10	0101.11	0101.09	0102.01	0102.05
0102.06									

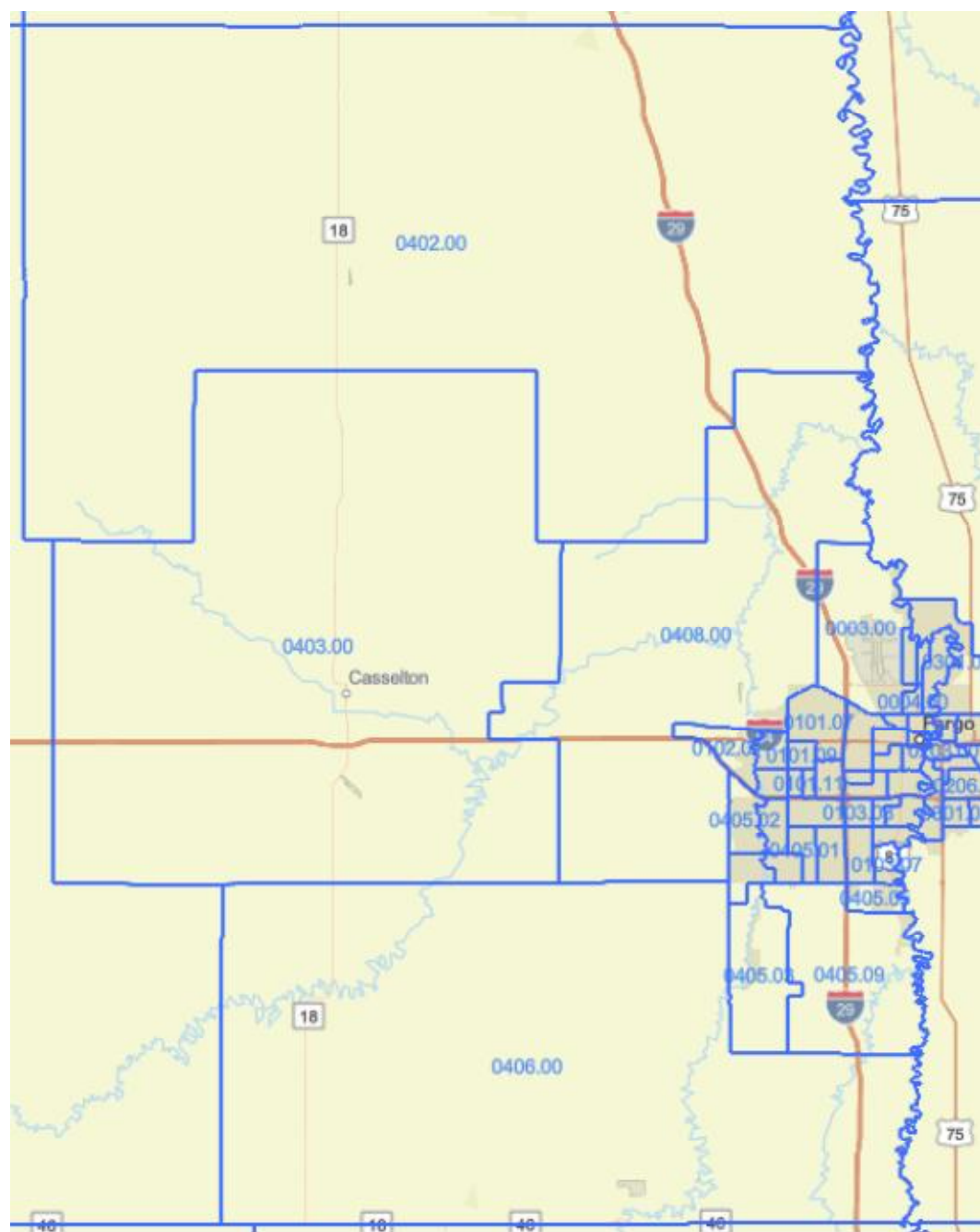
Submitted for Board Approval November 22, 2022 – No Changes

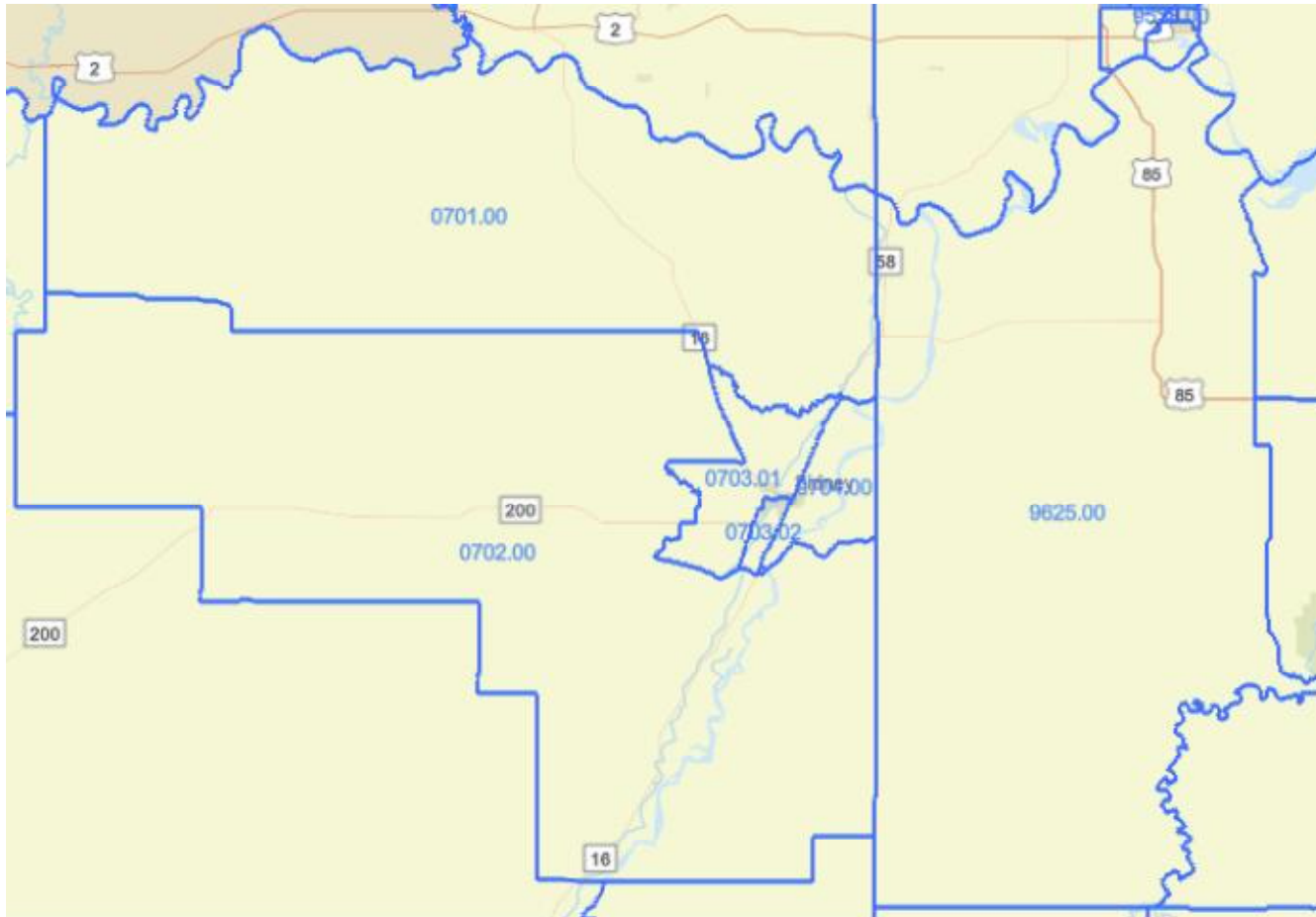
Submitted for Board Approval November 20, 2023 – with the following changes:

Changed bank assets from \$185 million to \$236 million
Changed Rugby has four banks to Rugby has five banks









COMMUNITY REINVESTMENT ACT NOTICE

Merchants Bank, Towner ND

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation, (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Deposit Insurance Corporation; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Division of Supervision and Consumer Protection, 1100 Walnut Street, Suite 2100, Kansas City, Missouri 64106. You may send written comments about our performance in helping to meet community credit needs to the President, Merchants Bank, 202 Main Street South, Towner, North Dakota 58788 and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Merchants Holding Company, a bank holding company. You may request from the Officer in Charge of Supervision, Federal Reserve Bank of Minneapolis, 90 Hennepin Ave., Minneapolis, MN 55480-0291 an announcement of applications covered by the CRA filed by bank holding companies.

Date of Board Review – November 20, 2023

COMMUNITY REINVESTMENT ACT NOTICE

Merchants Bank, Rugby ND

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation, (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Deposit Insurance Corporation; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Division of Supervision and Consumer Protection, 1100 Walnut Street, Suite 2100, Kansas City, Missouri 64106. You may send written comments about our performance in helping to meet community credit needs to the President, Merchants Bank, 210 South Main Avenue, Rugby, North Dakota 58368 and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Merchants Holding Company, a bank holding company. You may request from the Officer in Charge of Supervision, Federal Reserve Bank of Minneapolis, 90 Hennepin Ave., Minneapolis, MN 55480-0291 an announcement of applications covered by the CRA filed by bank holding companies.

Date of Board Review – November 20, 2023

COMMUNITY REINVESTMENT ACT NOTICE

Merchants Bank, Mapleton, ND

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation, (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Deposit Insurance Corporation; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Division of Supervision and Consumer Protection, 1100 Walnut Street, Suite 2100, Kansas City, Missouri 64106. You may send written comments about our performance in helping to meet community credit needs to the President, Merchants Bank, 649 Knutson St., Mapleton, ND 58059 and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Merchants Holding Company, a bank holding company. You may request from the Officer in Charge of Supervision, Federal Reserve Bank of Minneapolis, 90 Hennepin Ave., Minneapolis, MN 55480-0291 an announcement of applications covered by the CRA filed by bank holding companies.

Date of Adoption and Board Approval – March 22, 2022

Date of Board Review – November 20, 2023

Community Reinvestment Act Notice

Merchants Bank, Fairview MT

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared by the FDIC, and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us: (1) a map showing the assessment area containing this branch, which is the area in which the FDIC evaluates our CRA performance in this assessment area; (2) information about our branches in this assessment area; (3) a list of services we provide at those locations; (4) data on our lending performance in this assessment area; and (5) copies of all written comments received by us that specifically relate to our CRA performance in this assessment area, and any responses we have made to those comments.

At least 30 days before the beginning of each quarter, the Federal Deposit Insurance Corporation publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Division of Supervision and Consumer Protection (DSC), 1100 Walnut Street, Suite 2100, Kansas City, MO 64106. You may send written comments about our performance in helping to meet community credit needs to the *President, Merchants Bank, PO Box 465, Fairview, MT 59221-0465* and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Merchants Holding Company, a bank holding company. You may request from the Officer in Charge of Supervision, Federal Reserve Bank of Minneapolis, 90 Hennepin Ave., Minneapolis, MN 55480-0291, an announcement of applications covered by the CRA filed by bank holding companies.

Date of Board Review – November 20, 2023

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FFIEC INTERAGENCY CRA RATING SEARCH

Your search resulted in 9 matches

Row #	ID	Agency	Exam Date	Bank Name	City	State	CRA Rating	Asset Size (x 1,000)	Exam Method
1	8943	FDIC	04/07/1990	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$42,000	Not Reported
2	8943	FDIC	06/01/1992	MERCHANTS BANK	RUGBY	ND	Needs to Improve	\$44,000	Not Reported
3	8943	FDIC	03/01/1994	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$44,000	Not Reported
4	8943	FDIC	06/01/1995	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$45,134	Not Reported
5	8943	FDIC	09/01/1998	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$40,776	Small bank
6	8943	FDIC	06/04/2003	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$42,650	Small bank
7	8943	FDIC	02/05/2008	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$35,119	Small bank
8	8943	FDIC	04/01/2013	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$85,595	Small bank
9	8943	FDIC	05/01/2019	MERCHANTS BANK	RUGBY	ND	Satisfactory	\$159,025	Small bank
1									

Search notes:

The ID #, if entered, overrides all other search criteria.
 Partial entries are allowed for the Bank Name and City fields.
 The City/State Criteria only selects those institutions whose physical headquarters are in the the selected City or State.
 To select the fields to be included in the results display, hold the Ctrl key down & click on desired display fields.

Please select search criteria and click Submit Query:

Display Fields:

CRA Rating:	All	ID #:	8943	ID Agency Exam Date Bank Name City State CRA Rating Asset Size Exam Method Row Numbers
Bank Name:		Agency:	All	
City:		Exam Method:	All	
State:	All	Exam Period:	All	
Sort by:	Bank Name Ascending	Asset Range (Thousands)	All	
Submit	Clear			

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Federal Housing Finance Agency

Community Support Statement

FHFA Form 060
OMB Number 2590-0005
Expires 04/30/2026

FHFA Federal Home Loan Bank (FHLBank) Member ID Number: 54950

Name of FHLBank Member Institution: Merchants Bank

Mailing Address: 210 Main Avenue S

City: Rugby

Submitter Name: Matthew Johnson

Work Email: mjohnson@merchantsbankmapleton.com

State: ND

Title: CRA Officer

Zip Code: 58368

Part I. Community Reinvestment Act (CRA) Standard:

Most recent CRA rating: Satisfactory

Year of most recent CRA rating: 2018

Part II. First-time Homebuyer Standard: All Federal Home Loan Bank members must complete either Section A or B of this part, except that members with "Outstanding" federal CRA ratings need not complete this part. Members should use data or activities for the previous or current calendar year in completing this part.

A. Complete the following two questions: If your institution did not make, or did not track, mortgage loans to first-time homebuyers, you must complete Section B of this part.

- | | |
|--|-----|
| 1. Number of mortgage loans made to first-time homebuyers | 0 |
| 2. Dollar amount of mortgage loans made to first-time homebuyers | \$0 |

B. Check as many as applicable:

- | | |
|---|-----|
| 1. Offer in-house first-time homebuyer program (e.g., underwriting, marketing plans, outreach programs) | No |
| 2. Other in-house lending products that serve first-time homebuyers or low- and moderate-income homebuyers | Yes |
| 3. Offer flexible underwriting standards for first-time homebuyers | No |
| 4. Participate in nationwide first-time homebuyer programs (e.g., Fannie Mae, Freddie Mac) | No |
| 5. Participate in federal government programs that serve first-time homebuyers (e.g., FHA, VA, USDA RD) | No |
| 6. Participate in state or local government programs targeted to first-time homebuyers (e.g., mortgage revenue bond financing) | No |
| 7. Provide financial support or technical assistance to community organizations that assist first-time homebuyers | No |
| 8. Participate in loan consortia that make loans to first-time homebuyers | No |
| 9. Participate in or support special counseling or homeownership education targeted to first-time homebuyers | No |
| 10. Hold investments or make loans that support first-time homebuyer programs | No |
| 11. Hold mortgage-backed securities that may include a pool of loans to low- and moderate-income homebuyers | No |
| 12. Use affiliated lenders, credit union service organizations, or other correspondent, brokerage or referral arrangements with specific unaffiliated lenders, that provide mortgage loans to first-time or low- and moderate-income homebuyers | Yes |
| 13. Participate in the Affordable Housing Program or other targeted community investment/development programs offered by the Federal Home Loan Bank | No |
| 14. Other (attach description of other activities supporting first-time homebuyers; see instructions for Part II) | No |
| 15. None of the above (attach explanation of any mitigating factors; see instructions for Part II) | No |

If you checked Question 14 or 15, please explain below. If your explanation will exceed 300 characters, please upload a file containing your explanation and supporting documents:

Supporting documents:

Part III. Certification:

By submitting this Community Support Statement, I certify that I am a senior official of the above institution, that I am authorized to provide this information to FHFA, and that the information in this Statement and any attachments is accurate to the best of my knowledge.

Paperwork Reduction Act Statement: Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

MERCHANTS BANK
SERVICE FEE SCHEDULE

January 2, 2024

Overdrafts (per item)	<i>Effective date 3-1-2023</i>	\$35.00
Maximum charge per day		\$385.00
Continuous Overdraft Fee of \$35.00 if your account is overdrawn for 7 consecutive business days and \$35.00 for every 7 consecutive business days thereafter that your account continues to be overdrawn. Fee assessed on the 7 th business day.		\$35.00
Return Item Fee (per item and per presentment)	<i>Effective date 3-1-2023</i>	\$35.00 no limit
Stop Payment – Original		\$15.00
Stop Payment – Renewal		\$15.00
Copy Look-up (Reader/Printer)		.50 per copy
Account Reconciliation and Research		\$25.00 per hour
Night Deposit Bag Replacement		\$10.00
Money Bags		\$5.00 replacement charge
Wire Transfer		
Outgoing Wire		\$25.00
Incoming Wire (Non-Customer)		\$10.00
International Outgoing Wire		\$75.00
Collection Items		
Incoming		\$ 10.00
Outgoing		\$ 10.00
Extra Statements		\$1.00 per page
Deposit Items Returned Unpaid (per item)		N/C
Photocopy Machine copies		\$.25 per copy
Savings Accounts		\$1 if account falls below \$100 during the month – Seniors, students & non-profits exempt from fee

LOAN TO DEPOSIT RATIO

<u>DATE</u>	<u>RATIO</u>		<u>DATE</u>	<u>RATIO</u>
9-19	84.76			
12-19	83.58			
3-20	75.04			
6-20	78.62			
9-20	73.66			
12-20	70.93			
3-21	68.05			
6-21	68.42			
9-21	69.67			
12-21	65.26			
3-22	60.44			
6-22	62.35			
9-22	72.66			
12-22	75.54			
3-23	70.93			
6-23	78.99			
9-23	84.34			
12-23	77.71			

QTR KEY BANK METRICS

For the Periods December 31, 2022 to December 31, 2023

Merchants Bank

Performance	Dec. 2023	Sep. 2023	June 2023	March 2023	Dec. 2022
Return on Equity	8.60%	16.92%	21.63%	11.63%	14.79%
ROA	0.69%	1.33%	1.63%	0.85%	1.01%
Net Interest Margin (TE)	3.72%	3.85%	4.10%	3.53%	3.93%
Net Overhead	2.66%	1.94%	1.59%	2.37%	1.95%
Loan Loss Provision	0.12%	0.12%	0.37%	0.00%	0.39%
Allowance for loan losses	1.13%	1.09%	1.09%	1.07%	1.04%
Equity to Average Assets	7.98%	7.86%	7.52%	7.28%	6.80%
Loans to Deposits	77.71%	84.34%	78.99%	70.93%	75.54%
Non-Performing Loans	1.24%	0.00%	0.04%	1.08%	1.78%
Net Charge-Offs	-0.01%	0.00%	0.00%	0.04%	0.00%

Efficiency	Dec. 2023	Sep. 2023	June 2023	March 2023	Dec. 2022
Efficiency Ratio	73.66%	50.90%	40.36%	67.24%	52.73%
Break Even Yield	4.41%	3.46%	2.94%	3.17%	2.77%
Loans & Deposits per Employee	11,337	10,345	10,738	10,906	10,962
Personnel Expenses per Employee	134,303	76,343	72,706	101,212	97,939

Loan Quality	Dec. 2023	Sep. 2023	June 2023	March 2023	Dec. 2022
Noncurrent Loans/Loans	1.24%	1.51%	0.04%	1.08%	1.78%
Net Charge Offs/Noncurrent Loans	-0.79%	-0.16%	0.00%	3.48%	0.00%
Noncurrent Loans/Loan Loss Reserve	109.28%	138.78%	3.32%	100.75%	172.23%
Noncurrent Loans + OREO / Equity + Loan Loss Reserve	9.59%	12.55%	0.30%	8.49%	15.44%

Balance Sheet	Dec. 2023	Sep. 2023	June 2023	March 2023	Dec. 2022
Earning Assets Ratio	97.80%	101.49%	99.21%	100.98%	97.91%
Loans/Assets Ratio	69.91%	70.56%	68.23%	64.75%	65.14%
Cash and Balances Due	2.39%	1.14%	1.42%	2.12%	2.21%
Short Term Investments	6.29%	4.58%	3.63%	4.76%	4.56%
Available for Sale Securities	24.59%	25.07%	27.71%	30.62%	29.64%
Deposits/Total Assets Ratio	89.97%	83.66%	86.38%	91.29%	86.23%
Equity Capital Ratio	8.24%	7.71%	7.52%	7.54%	6.86%
Liquidity Ratio	9.46%	6.20%	5.47%	7.44%	7.27%

Growth Rates	Dec. 2023	Sep. 2023	June 2023	March 2023	Dec. 2022
Asset Growth	-0.33%	-0.58%	2.39%	-3.48%	0.70%
Loan Growth	-1.25%	2.81%	7.88%	-4.06%	4.49%
Deposit Growth	7.19%	-3.71%	-3.12%	2.17%	0.50%
Income Growth	-11.29%	1.73%	46.74%	2.67%	7.96%

Schedule RI-A—Changes in Bank Equity Capital

FFIEC 051
Page 8 of 63
RI-4

Dollar Amounts in Thousands		RIAD	Amount	
1. Total bank equity capital most recently reported for the December 31, 2022, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	3217		16,384	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*.....	B507		0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2).....	B508		16,384	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14).....	4340		2,601	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions).....	B509		0	5.
6. Treasury stock transactions, net.....	B510		0	6.
7. Changes incident to business combinations, net.....	4356		0	7.
8. LESS: Cash dividends declared on preferred stock.....	4470		0	8.
9. LESS: Cash dividends declared on common stock.....	4460		1,122	9.
10. Other comprehensive income (1).....	B511		1,418	10.
11. Other transactions with stockholders (including a parent holding company)* (not included in items 5, 6, 8, or 9 above).....	4415		0	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a).....	3210		19,281	12.

* Describe on Schedule RI-E—Explanations.

1 Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale debt securities, changes in accumulated net gains (losses) on cash flow hedges, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Schedule RI-B—Charge-offs and Recoveries on Loans and Leases and Changes in Allowances for Credit Losses

FFIEC 051
Page 9 of 63
RI-5

Part I. Charge-offs and Recoveries on Loans and Leases

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

	(Column A) Charge-offs ¹		(Column B) Recoveries		
	Calendar year-to-date				
	RIAD	Amount	RIAD	Amount	
Dollar Amounts in Thousands					
1. Loans secured by real estate:					
a. Construction, land development, and other land loans:					
(1) 1-4 family residential construction loans.....	C891	0	C892	0	1.a.1.
(2) Other construction loans and all land development and other land loans.....	C893	0	C894	0	1.a.2.
b. Secured by farmland.....	3584	0	3585	0	1.b.
c. Secured by 1-4 family residential properties:					
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.....	5411	0	5412	0	1.c.1.
(2) Closed-end loans secured by 1-4 family residential properties:					
(a) Secured by first liens.....	C234	0	C217	0	1.c.2.a.
(b) Secured by junior liens.....	C235	0	C218	0	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties.....	3588	0	3589	0	1.d.
e. Secured by nonfarm nonresidential properties:					
(1) Loans secured by owner-occupied nonfarm nonresidential properties.....	C895	0	C896	0	1.e.1.
(2) Loans secured by other nonfarm nonresidential properties.....	C897	0	C898	0	1.e.2.
2. and 3. Not applicable					
4. Commercial and industrial loans.....	4638	0	4608	2	4.
5. Loans to individuals for household, family, and other personal expenditures:					
a. Credit cards.....	B514	0	B515	0	5.a.
b. Automobile loans.....	K129	0	K133	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans).....	K205	14	K206	3	5.c.
6. Not applicable					
7. All other loans (2).....	4644	0	4628	0	7.
8. Lease financing receivables.....	4266	0	4267	0	8.
9. Total (sum of items 1 through 8).....	4635	14	4605	5	9.

¹ Include write-downs arising from transfers of loans to a held-for-sale account.

² Includes charge-offs and recoveries on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to non-depository financial institutions and other loans."

Memoranda

Memoranda	(Column A) Charge-offs ¹				(Column B) Recoveries				
	Calendar year-to-date								
	Dollar Amounts in Thousands				RIAD	Amount	RIAD	Amount	
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, Part I, items 4 and 7, above.....									
2. Not applicable					5409	0	5410	0	M.1.

¹ Include write-downs arising from transfers of loans to a held-for-sale account.

Schedule RI-B—Continued

FFIEC 051
Page 10 of 63
RI-6

Part I - Continued

Memoranda - Continued

	Dollar Amounts in Thousands		RIAD	Amount	RIAD	Amount
Memorandum item 3 is to be completed by: ²						
• banks with \$300 million or more in total assets, and						
• banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans.						
3. Loans to finance agricultural production and other loans to farmers (included in Schedule RI-B, Part I, item 7, above).....						
	4655	0	4665	0	M.3.	

1 Include write-downs arising from transfers of loans to a held-for-sale account.
2 The \$300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

Part II. Changes in Allowances for Credit Losses¹

Part II. Changes in Allowances for Credit Losses ¹	(Column A) Loans and Leases Held for Investment		(Column B) Held-to-Maturity Debt Securities ²		(Column C) Available-for-Sale Debt Securities ²	
	RIAD	Amount	RIAD	Amount	RIAD	Amount
	Dollar Amounts in Thousands					
1. Balance most recently reported for the December 31, 2022, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	B522	1,613	JH88	0	JH94	0
2. Recoveries (column A must equal Part I, item 9, column B, above).....	4605	5	JH89	0	JH95	0
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A).....	C079	14	JH92	0	JH98	0
4. LESS: Write-downs arising from transfers of financial assets (3).....	5523	0	JJ00	0	JJ01	0
5. Provisions for credit losses (4,5).....	4230	250	JH90	0	JH96	0
6. Adjustments* (see instructions for this schedule).....	C233	0	JH91	0	JH97	0
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (column A must equal Schedule RC, item 4.c).....	3123	1,854	JH93	0	JH99	0

* Describe on Schedule RI-E - Explanations.
1 Institutions that have not yet adopted ASU 2016-13 should report changes in the allowance for loan and lease losses in column A.
2 Columns B and C are to be completed only by institutions that have adopted ASU 2016-13.
3 Institutions that have not yet adopted ASU 2016-13 should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.
4 Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A, and the amount reported must equal Schedule RI, item 4.
5 For institutions that have adopted ASU 2016-13, the sum of item 5, columns A through C, plus Schedule RI-B, Part II, Memorandum items 5 and 7, below, must equal Schedule RI, item 4.

Memoranda

Memoranda	Dollar Amounts in Thousands	
	RIAD	Amount
1. to 4. Not applicable		
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above) (1).....	JJ02	0
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above) (1).....	RCON	
	JJ03	0
	RIAD	
7. Provisions for credit losses on off-balance-sheet credit exposures (1).....	MG93	0

1 Memorandum items 5, 6, and 7 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-E—Explanations

FFIEC 051
Page 12 of 63
RI-8

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis, unless otherwise noted.

Detail all adjustments in Schedule RI-A and RI-B, all discontinued operations in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI (See instructions for details.)

Dollar Amounts in Thousands		Year-to-date	
		RIAD	Amount
Items 1.a through 1.j and 2.a through 2.p are to be completed annually on a calendar year-to-date basis in the December report only.			
1. Other noninterest income (from Schedule RI, item 5.I)			
Itemize and describe amounts greater than \$100,000 that exceed 7% of Schedule RI, item 5.I:			
a. Income and fees from the printing and sale of checks.....	C013	0	1.a.
b. Earnings on/increase in value of cash surrender value of life insurance.....	C014	0	1.b.
c. Income and fees from automated teller machines (ATMs).....	C016	0	1.c.
d. Rent and other income from other real estate owned.....	4042	0	1.d.
e. Safe deposit box rent.....	C015	0	1.e.
f. Bank card and credit card interchange fees.....	F555	0	1.f.
g. Income and fees from wire transfers not reportable as service charges on deposit accounts.....	T047	0	1.g.
h. TEXT			
4461	4461	0	1.h.
i. TEXT			
4462	4462	0	1.i.
j. TEXT			
4463	4463	0	1.j.
2. Other noninterest expense (from Schedule RI, item 7.d)			
Itemize and describe amounts greater than \$100,000 that exceed 7% of Schedule RI, item 7.d:			
a. Data processing expenses.....	C017	410	2.a.
b. Advertising and marketing expenses.....	0497	0	2.b.
c. Directors' fees.....	4136	0	2.c.
d. Printing, stationery, and supplies.....	C018	0	2.d.
e. Postage.....	8403	0	2.e.
f. Legal fees and expenses.....	4141	274	2.f.
g. FDIC deposit insurance assessments.....	4146	0	2.g.
h. Accounting and auditing expenses.....	F556	0	2.h.
i. Consulting and advisory expenses.....	F557	0	2.i.
j. Automated teller machine (ATM) and interchange expenses.....	F558	0	2.j.
k. Telecommunications expenses.....	F559	0	2.k.
l. Other real estate owned expenses.....	Y923	0	2.l.
m. Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses).....	Y924	0	2.m.
n. TEXT			
4464	4464	0	2.n.
o. TEXT			
4467	4467	0	2.o.
p. TEXT			
4468	4468	0	2.p.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11)			
(itemize and describe each discontinued operation):			
a. (1) TEXT			
FT29	FT29	0	3.a.1.
(2) Applicable income tax effect.....	FT30	0	3.a.2.
b. (1) TEXT			
FT31	FT31	0	3.b.1.
(2) Applicable income tax effect.....	FT32	0	3.b.2.

Schedule RI-E—Continued

FFIEC 051
Page 13 of 63
RI-9

Dollar Amounts in Thousands		Year-to-date	
		RIAD	Amount
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):			
a.	Effect of adoption of current expected credit losses methodology – ASU 2016-13 (1,2).....	JJ26	0
b.	Not applicable		
	TEXT		
c.	B526 ADOPTION OF CECL METHODOLOGY HAD NO MATERIAL IMPACT ON THE FINANCIAL STATEMENTS	B526	0
	TEXT		
d.	B527	B527	0
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):			
	TEXT		
a.	4498	4498	0
	TEXT		
b.	4499	4499	0
6. Adjustments to allowances for credit losses (3) (from Schedule RI-B, Part II, item 6) (itemize and describe all adjustments):			
a.	Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13 (1).....	JJ27	0
b.	Effect of adoption of current expected credit losses methodology on allowances for credit losses (1,2).....	JJ28	0
	TEXT		
c.	4521 ADOPTION OF CECL METHODOLOGY HAD NO MATERIAL IMPACT ON THE FINANCIAL STATEMENTS.	4521	0
	TEXT		
d.	4522	4522	0
7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):			
Comments?.....		RIAD	YES / NO
		4769	NO
Other explanations (please type or print clearly):			
(TEXT 4769)			

1 Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a, and 6.b, if applicable.

2 An institution should complete item 4.a and item 6.b in the quarter that it adopts ASU 2016-13 and in the quarter-end Call Reports for the remainder of that calendar year only.

3 Institutions that have not adopted ASU 2016-13 should report adjustments to the allowance for loan and lease losses in items 6.c and 6.d, if applicable.

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2023

FFIEC 051
Page 14 of 63
RC-1

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCON	Amount	
Assets					
1. Cash and balances due from depository institutions:					
a. Noninterest-bearing balances and currency and coin (1).....			0081	3,381	1.a.
b. Interest-bearing balances (2).....			0071	2,222	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A) (3).....			JJ34	1,235	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D).....			1773	57,546	2.b.
c. Equity securities with readily determinable fair values not held for trading (4).....			JA22	16	2.c.
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold.....			B987	0	3.a.
b. Securities purchased under agreements to resell (5,6).....			B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale.....			5369	0	4.a.
b. Loans and leases held for investment.....			B528	163,593	4.b.
c. LESS: Allowance for loan and lease losses (7).....			3123	1,854	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c).....			B529	161,739	4.d.
5. Trading assets.....			3545	0	5.
6. Premises and fixed assets (including capitalized leases).....			2145	1,503	6.
7. Other real estate owned (from Schedule RC-M).....			2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies.....			2130	0	8.
9. Direct and indirect investments in real estate ventures.....			3656	0	9.
10. Intangible assets (from Schedule RC-M).....			2143	548	10.
11. Other assets (from Schedule RC-F) (6).....			2160	5,811	11.
12. Total assets (sum of items 1 through 11).....			2170	234,001	12.
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E).....			2200	210,529	13.a.
(1) Noninterest-bearing (8).....			6631	47,191	13.a.1.
(2) Interest-bearing.....			6636	163,338	13.a.2.
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased (9).....			B993	0	14.a.
b. Securities sold under agreements to repurchase (10).....			B995	0	14.b.
15. Trading liabilities.....			3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)			3190	1,761	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures (11).....			3200	0	19.

1 Includes cash items in process of collection and unposted debits.

2 Includes time certificates of deposit not held for trading.

3 Institutions that have adopted ASU 2016-13 should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.

4 Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

5 Includes all securities resale agreements, regardless of maturity.

6 Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

7 Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

8 Includes noninterest-bearing, demand, time, and savings deposits.

9 Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

10 Includes all securities repurchase agreements, regardless of maturity.

11 Includes limited-life preferred stock and related surplus.

Schedule RC—Continued

FFIEC 051
Page 15 of 63
RC-2

Dollar Amounts in Thousands		RCON	Amount	
Liabilities—continued				
20. Other liabilities (from Schedule RC-G).....	2930		2,429	20.
21. Total liabilities (sum of items 13 through 20).....	2948		214,719	21.
22. Not applicable				
Equity Capital				
Bank Equity Capital				
23. Perpetual preferred stock and related surplus.....	3838		0	23.
24. Common stock.....	3230		1,000	24.
25. Surplus (excludes all surplus related to preferred stock).....	3839		9,278	25.
26. a. Retained earnings.....	3632		11,796	26.a.
b. Accumulated other comprehensive income (1).....	B530		(2,792)	26.b.
c. Other equity capital components (2).....	A130		0	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c).....	3210		19,282	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries.....	3000		0	27.b.
28. Total equity capital (sum of items 27.a and 27.b).....	G105		19,282	28.
29. Total liabilities and equity capital (sum of items 21 and 28).....	3300		234,001	29.

Memoranda

To be reported with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2022.....

RCON	Number	
6724	NR	M.1.

- 1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution
- 1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution
- 2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)
- 2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

- 3 = This number is not to be used
- 4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)
- 5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)
- 6 = Review of the bank's financial statements by external auditors
- 7 = Compilation of the bank's financial statements by external auditors
- 8 = Other audit procedures (excluding tax preparation work)
- 9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format).....

RCON	Date	
8678	NR	M.2.

- 1 Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
- 2 Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Schedule RC-N—Past Due and Nonaccrual Loans, Leases, and Other AssetsFFIEC 051
Page 34 of 63
RC-21

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
	RCON	Amount	RCON	Amount	RCON	Amount	
Dollar Amounts in Thousands							
1. Loans secured by real estate:							
a. Construction, land development, and other land loans:							
(1) 1-4 family residential construction loans.....	F172	0	F174	0	F176	0	1.a.1.
(2) Other construction loans and all land development and other land loans.....	F173	0	F175	0	F177	0	1.a.2.
b. Secured by farmland.....	3493	32	3494	0	3495	0	1.b.
c. Secured by 1-4 family residential properties:							
(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.....	5398	0	5399	0	5400	0	1.c.1.
(2) Closed-end loans secured by 1-4 family residential properties:							
(a) Secured by first liens.....	C236	66	C237	0	C229	0	1.c.2.a.
(b) Secured by junior liens.....	C238	0	C239	0	C230	0	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties.....	3499	0	3500	0	3501	0	1.d.
e. Secured by nonfarm nonresidential properties:							
(1) Loans secured by owner-occupied nonfarm nonresidential properties.....	F178	0	F180	0	F182	0	1.e.1.
(2) Loans secured by other nonfarm nonresidential properties.....	F179	0	F181	0	F183	0	1.e.2.
2. Loans to depository institutions and acceptances of other banks.....	B834	0	B835	0	B836	0	2.
3. Not applicable							
4. Commercial and industrial loans.....	1606	70	1607	0	1608	0	4.
5. Loans to individuals for household, family, and other personal expenditures:							
a. Credit cards.....	B575	0	B576	0	B577	0	5.a.
b. Automobile loans.....	K213	0	K214	0	K215	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans).....	K216	58	K217	0	K218	0	5.c.
6. Not applicable							
7. All other loans (1).....	5459	0	5460	0	5461	2,026	7.
8. Lease financing receivables.....	1226	0	1227	0	1228	0	8.
9. Total loans and leases (sum of items 1 through 8).....	1406	226	1407	0	1403	2,026	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets).....	3505	0	3506	0	3507	0	10.

1 Includes past due and nonaccrual "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

Amounts reported by loan and lease category in Schedule RC-N, items 1 through 8, include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in items 11 and 12 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8.

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual	
	RCON	Amount	RCON	Amount	RCON	Amount
Dollar Amounts in Thousands						
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC.....	K036	0	K037	0	K038	0
11.a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans".....	K039	0	K040	0	K041	0
11.b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above.....	K042	0	K043	0	K044	0
12. Portion of covered loans and leases reported in item 9 above that is protected by FDIC loss-sharing agreements.....			K103	0	K104	0

Memoranda

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual	
	RCON	Amount	RCON	Amount	RCON	Amount
Dollar Amounts in Thousands						
Memorandum items 1.a.(1) through 1.f.(5) are to be completed semiannually in the June and December reports only. Memorandum item 1.g is to be completed quarterly.						
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part I, Memorandum item 1):						
a. Construction, land development, and other land loans:						
(1) 1-4 family residential construction loans.....	K105	0	K106	0	K107	0
(2) Other construction loans and all land development and other land loans.....	K108	0	K109	0	K110	0
b. Loans secured by 1-4 family residential properties.....	F661	0	F662	0	F663	0
c. Secured by multifamily (5 or more) residential properties.....	K111	0	K112	0	K113	0
d. Secured by nonfarm nonresidential properties:						
(1) Loans secured by owner-occupied nonfarm nonresidential properties.....	K114	0	K115	0	K116	0
(2) Loans secured by other nonfarm nonresidential properties.....	K117	0	K118	0	K119	0
e. Commercial and industrial loans.....	K257	0	K258	0	K259	0

Schedule RC-N—Continued

FFIEC 051
Page 36 of 63
RC-23

Memoranda—Continued

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual	
	RCON	Amount	RCON	Amount	RCON	Amount
Dollar Amounts in Thousands						
1.f. All other loans (include loans to individuals for household, family, and other personal expenditures).....						
Itemize loan categories included in Memorandum item 1.f, above that exceed 10% of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status (sum of Memorandum items 1.a through 1.e plus 1.f, columns A through C):						
(1) Loans secured by farmland.....	K126	0	K127	0	K128	0
(2) and (3) Not applicable						
(4) Loans to individuals for household, family, and other personal expenditures:						
(a) Credit cards.....	K130	0	K131	0	K132	0
(b) Automobile loans.....	K274	0	K275	0	K276	0
(c) Other (includes revolving credit plans other than credit cards and other consumer loans).....	K277	0	K278	0	K279	0
Memorandum item 1.f.5. is to be completed by: ¹						
• Banks with \$300 million or more in total assets						
• Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans						
(5) Loans to finance agricultural production and other loans to farmers.....	K280	0	K281	0	K282	0
1.g. Total loans restructured in troubled debt restructurings included in Schedule RC-N items 1 through 7, above (sum of Memorandum items 1.a.(1) through 1.f) (2).....	K138	0	K139	0	K140	0
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above.....	HK26	0	HK27	0	HK28	0
3. Not applicable	6558	0	6559	0	6560	0

¹ The \$300 million asset-size test and the five percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

² Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(5) when calculating the total in Memorandum item 1.g.

Memoranda—Continued

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual	
Dollar Amounts in Thousands	RCON	Amount	RCON	Amount	RCON	Amount
Memorandum item 4 is to be completed by: ¹ <ul style="list-style-type: none">banks with \$300 million or more in total assetsbanks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:						
4. Loans to finance agricultural production and other loans to farmers (included in Schedule RC-N, item 7, above).....	1594	0	1597	0	1583	0
Memorandum item 5 is to be completed semiannually in the June and December reports only.						
5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above).....	C240	0	C241	0	C226	0
6. Not applicable						
Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only.						
7. Additions to nonaccrual assets during the previous six months.....						
8. Nonaccrual assets sold during the previous six months.....						

RCON	Amount	
C410	0	M.7.
C411	0	M.8.

	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual	
Dollar Amounts in Thousands	RCON	Amount	RCON	Amount	RCON	Amount
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3): ²						
a. Outstanding balance.....	L183	NR	L184	NR	L185	NR
b. Amount included in Schedule RC-N, items 1 through 7, above.....	L186	NR	L187	NR	L188	NR

1 The \$300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2022, Report of Condition.

2 Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.

QTR KEY BANK METRICS

For the Periods September 30, 2022 to September 30, 2023

Merchants Bank

Performance	Sep. 2023	June 2023	March 2023	Dec. 2022	Sep. 2022
Return on Equity	16.92%	21.63%	11.63%	14.79%	13.95%
ROA	1.33%	1.63%	0.85%	1.01%	0.93%
Net Interest Margin (TE)	3.85%	4.10%	3.53%	3.93%	3.30%
Net Overhead	1.94%	1.59%	2.37%	1.95%	1.64%
Loan Loss Provision	0.12%	0.37%	0.00%	0.39%	0.40%
Allowance for loan losses	1.09%	1.09%	1.07%	1.04%	0.98%
Equity to Average Assets	7.86%	7.52%	7.28%	6.80%	6.65%
Loans to Deposits	84.34%	78.99%	70.93%	75.54%	72.66%
Non-Performing Loans	0.00%	0.04%	1.08%	1.78%	2.00%
Net Charge-Offs	0.00%	0.00%	0.04%	0.00%	0.00%

Efficiency	Sep. 2023	June 2023	March 2023	Dec. 2022	Sep. 2022
Efficiency Ratio	50.90%	40.36%	67.24%	52.73%	52.51%
Break Even Yield	3.46%	2.94%	3.17%	2.77%	2.38%
Loans & Deposits per Employee	10,345	10,738	10,906	10,962	11,420
Personnel Expenses per Employee	76,343	72,706	101,212	97,939	77,290

Loan Quality	Sep. 2023	June 2023	March 2023	Dec. 2022	Sep. 2022
Noncurrent Loans/Loans	1.51%	0.04%	1.08%	1.78%	3.83%
Net Charge Offs/Noncurrent Loans	-0.16%	0.00%	3.48%	0.00%	0.00%
Noncurrent Loans/Loan Loss Reserve	138.78%	3.32%	100.75%	172.23%	389.61%
Noncurrent Loans + OREO / Equity + Loan Loss Reserve	12.55%	0.30%	8.49%	15.44%	34.20%

Balance Sheet	Sep. 2023	June 2023	March 2023	Dec. 2022	Sep. 2022
Earning Assets Ratio	101.49%	99.21%	100.98%	97.91%	97.53%
Loans/Assets Ratio	70.56%	68.23%	64.75%	65.14%	62.78%
Cash and Balances Due	1.14%	1.42%	2.12%	2.21%	1.58%
Short Term Investments	4.58%	3.63%	4.76%	4.56%	2.55%
Available for Sale Securities	25.07%	27.71%	30.62%	29.64%	32.39%
Deposits/Total Assets Ratio	83.66%	86.38%	91.29%	86.23%	86.41%
Equity Capital Ratio	7.71%	7.52%	7.54%	6.86%	6.41%
Liquidity Ratio	6.20%	5.47%	7.44%	7.27%	4.41%

Growth Rates	Sep. 2023	June 2023	March 2023	Dec. 2022	Sep. 2022
Asset Growth	-0.58%	2.39%	-3.48%	0.70%	1.04%
Loan Growth	2.81%	7.88%	-4.06%	4.49%	10.23%
Deposit Growth	-3.71%	-3.12%	2.17%	0.50%	-5.40%
Income Growth	1.73%	46.74%	2.67%	7.96%	12.58%

QTR KEY BANK METRICS

For the Periods June 30, 2022 to June 30, 2023

Merchants Bank

Performance	June 2023	March 2023	Dec. 2022	Sep. 2022	June 2022
Return on Equity	21.63%	11.63%	14.79%	13.95%	13.59%
ROA	1.63%	0.85%	1.01%	0.93%	0.96%
Net Interest Margin (TE)	4.10%	3.53%	3.93%	3.30%	2.89%
Net Overhead	1.59%	2.37%	1.95%	1.64%	1.57%
Loan Loss Provision	0.37%	0.00%	0.39%	0.40%	0.00%
Allowance for loan losses	1.09%	1.07%	1.04%	0.98%	0.97%
Equity to Average Assets	7.52%	7.28%	6.80%	6.65%	7.05%
Loans to Deposits	78.99%	70.93%	75.54%	72.66%	62.35%
Non-Performing Loans	0.04%	1.08%	1.78%	2.00%	0.00%
Net Charge-Offs	0.00%	0.04%	0.00%	0.00%	0.00%

Efficiency	June 2023	March 2023	Dec. 2022	Sep. 2022	June 2022
Efficiency Ratio	40.36%	67.24%	52.73%	52.51%	55.86%
Break Even Yield	2.94%	3.17%	2.77%	2.38%	1.96%
Loans & Deposits per Employee	10,738	10,906	10,962	11,420	10,664
Personnel Expenses per Employee	72,706	101,212	97,939	77,290	67,515

Loan Quality	June 2023	March 2023	Dec. 2022	Sep. 2022	June 2022
Noncurrent Loans/Loans	0.04%	1.08%	1.78%	3.83%	0.00%
Net Charge Offs/Noncurrent Loans	0.00%	3.48%	0.00%	0.00%	0.00%
Noncurrent Loans/Loan Loss Reserve	3.32%	100.75%	172.23%	389.61%	0.00%
Noncurrent Loans + OREO / Equity + Loan Loss Reserve	0.30%	8.49%	15.44%	34.20%	0.00%

Balance Sheet	June 2023	March 2023	Dec. 2022	Sep. 2022	June 2022
Earning Assets Ratio	99.21%	100.98%	97.91%	97.53%	99.30%
Loans/Assets Ratio	68.23%	64.75%	65.14%	62.78%	57.55%
Cash and Balances Due	1.42%	2.12%	2.21%	1.58%	5.97%
Short Term Investments	3.63%	4.76%	4.56%	2.55%	0.43%
Available for Sale Securities	27.71%	30.62%	29.64%	32.39%	33.68%
Deposits/Total Assets Ratio	86.38%	91.29%	86.23%	86.41%	92.29%
Equity Capital Ratio	7.52%	7.54%	6.86%	6.41%	6.76%
Liquidity Ratio	5.47%	7.44%	7.27%	4.41%	6.86%

Growth Rates	June 2023	March 2023	Dec. 2022	Sep. 2022	June 2022
Asset Growth	2.39%	-3.48%	0.70%	1.04%	3.50%
Loan Growth	7.88%	-4.06%	4.49%	10.23%	7.58%
Deposit Growth	-3.12%	2.17%	0.50%	-5.40%	4.28%
Income Growth	46.74%	2.67%	7.96%	12.58%	68.88%

QTR KEY BANK METRICS

For the Periods March 31, 2022 to March 31, 2023

Merchants Bank

Performance	March 2023	Dec. 2022	Sep. 2022	June 2022	March 2022
Return on Equity	11.63%	14.79%	13.95%	13.59%	5.23%
ROA	0.85%	1.01%	0.93%	0.96%	0.41%
Net Interest Margin (TE)	3.53%	3.93%	3.30%	2.89%	2.64%
Net Overhead	2.37%	1.95%	1.64%	1.57%	1.84%
Loan Loss Provision	0.00%	0.39%	0.40%	0.00%	0.00%
Allowance for loan losses	1.07%	1.04%	0.98%	0.97%	1.05%
Equity to Average Assets	7.28%	6.80%	6.65%	7.05%	7.92%
Loans to Deposits	70.93%	75.54%	72.66%	62.35%	60.44%
Non-Performing Loans	1.08%	1.78%	2.00%	0.00%	0.01%
Net Charge-Offs	0.04%	0.00%	0.00%	0.00%	0.50%

Efficiency	March 2023	Dec. 2022	Sep. 2022	June 2022	March 2022
Efficiency Ratio	67.24%	52.73%	52.51%	55.86%	71.82%
Break Even Yield	3.17%	2.77%	2.38%	1.96%	2.26%
Loans & Deposits per Employee	10,906	10,962	11,420	10,664	10,757
Personnel Expenses per Employee	101,212	97,939	77,290	67,515	86,323

Loan Quality	March 2023	Dec. 2022	Sep. 2022	June 2022	March 2022
Noncurrent Loans/Loans	1.08%	1.78%	3.83%	0.00%	0.01%
Net Charge Offs/Noncurrent Loans	3.48%	0.00%	0.00%	0.00%	3511.11%
Noncurrent Loans/Loan Loss Reserve	100.75%	172.23%	389.61%	0.00%	1.37%
Noncurrent Loans + OREO / Equity + Loan Loss Reserve	8.49%	15.44%	34.20%	0.00%	0.10%

Balance Sheet	March 2023	Dec. 2022	Sep. 2022	June 2022	March 2022
Earning Assets Ratio	100.98%	97.91%	97.53%	99.30%	98.08%
Loans/Assets Ratio	64.75%	65.14%	62.78%	57.55%	55.36%
Cash and Balances Due	2.12%	2.21%	1.58%	5.97%	6.27%
Short Term Investments	4.76%	4.56%	2.55%	0.43%	0.94%
Available for Sale Securities	30.62%	29.64%	32.39%	33.68%	35.47%
Deposits/Total Assets Ratio	91.29%	86.23%	86.41%	92.29%	91.59%
Equity Capital Ratio	7.54%	6.86%	6.41%	6.76%	7.38%
Liquidity Ratio	7.44%	7.27%	4.41%	6.86%	7.79%

Growth Rates	March 2023	Dec. 2022	Sep. 2022	June 2022	March 2022
Asset Growth	-3.48%	0.70%	1.04%	3.50%	3.14%
Loan Growth	-4.06%	4.49%	10.23%	7.58%	-2.94%
Deposit Growth	2.17%	0.50%	-5.40%	4.28%	4.78%
Income Growth	2.67%	7.96%	12.58%	68.88%	-65.28%