

Assessment Areas

Minnesota – 27

Fillmore County – 045

Tract Codes

9602.00

9603.00

Mower County – 099

Tract Codes

0014.00

Olmsted County – 109

Tract Codes

0021.00

0022.00

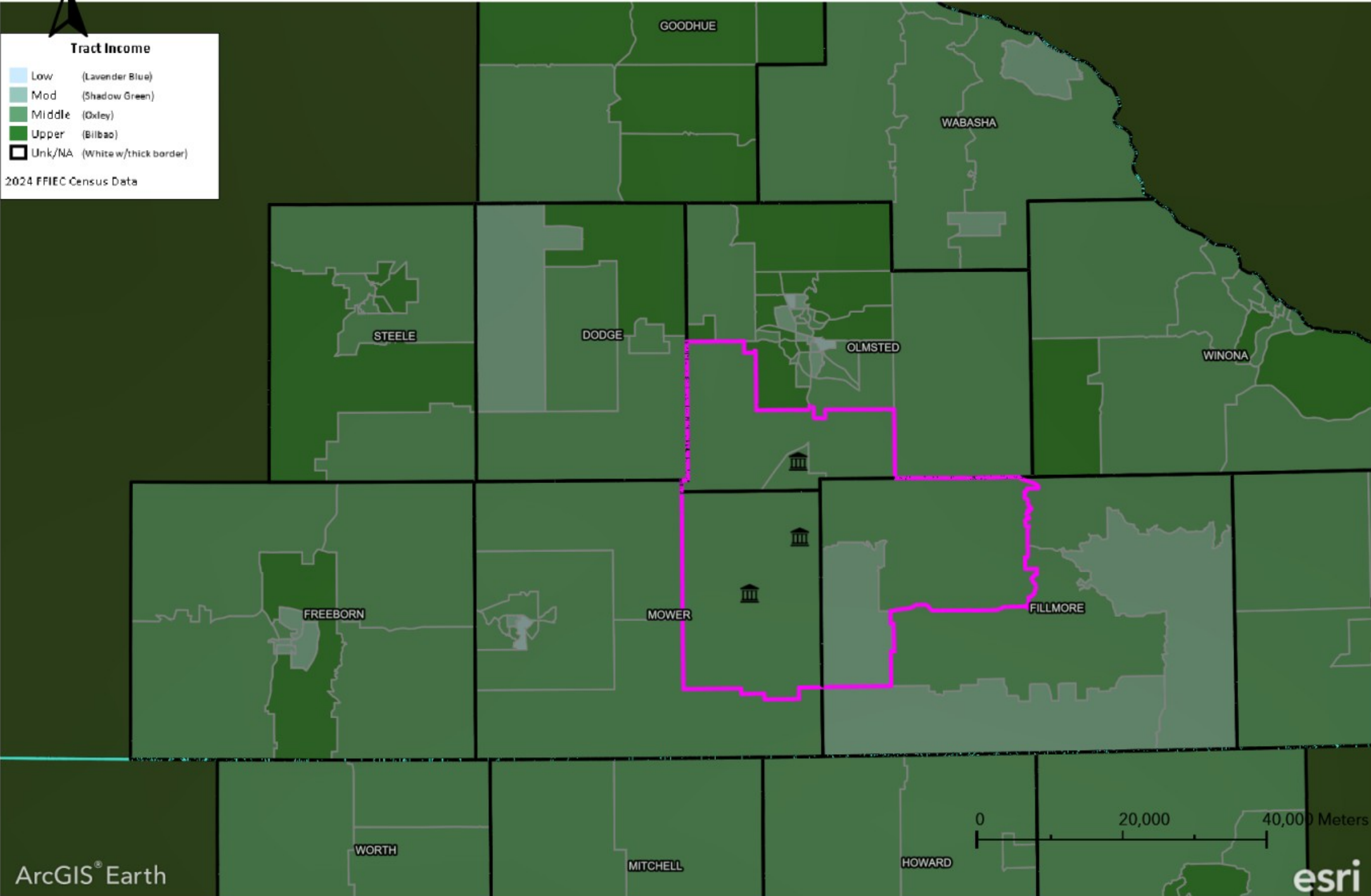


First Farmers & Merchants Bank of Grand Meadow Assessment Area

Tract Income

- Low (Lavender Blue)
- Mod (Shadow Green)
- Middle (Oxley)
- Upper (Bilbao)
- Unk/NA (White w/thick border)

2024 FFIEC Census Data



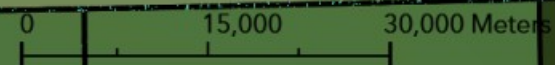
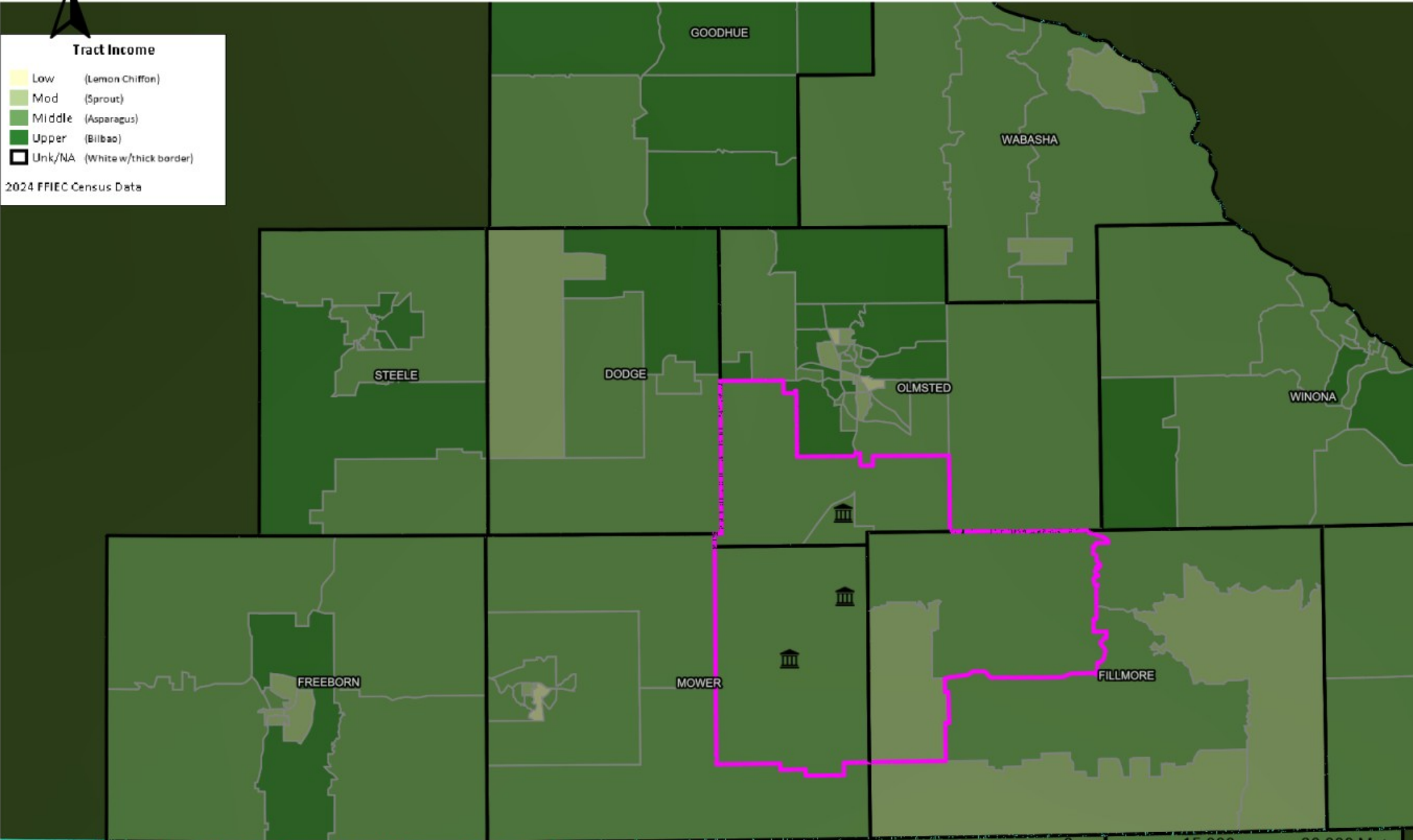
First Farmers & Merchants Bank of Grand Meadow Assessment Area Map 2



Tract Income

- Low (Lemon Chiffon)
- Mod (Sprout)
- Middle (Asparagus)
- Upper (Bilbao)
- Unk/NA (White w/thick border)

2024 FFIEC Census Data





First Farmers & Merchants State Bank
105 North Main Street
Grand Meadow, MN 55936
Phone: 507-754-5123
Fax: 507-754-5124
Email: gmeadow@ffmbank.com
Census Tract #0014.00

Hours

Lobby: 8:30 a.m. to 3:00 p.m. Monday-Friday
Drive Up: 8:00 a.m. to 3:30 p.m. Monday-Friday

Branch Offices:

First Farmers & Merchants State Bank
19 East Main Street
Racine, MN 55967
Phone: 507-378-5121
Census Tract #0014.00

Hours

Lobby: 8:00 a.m. to 12:00 p.m. Monday-Friday
Drive Up: 8:00 a.m. – 12:00 p.m. Monday-Friday

First Farmers & Merchants State Bank
111 20th Street NE
Stewartville, MN 55976
Phone: 507-533-4081
Fax: 507-533-4082
Email:
Census Tract #0021.00

Hours

Lobby: 8:30 a.m. to 4:00 p.m. Monday-Friday
9:00 a.m. to 12:00 p.m. Saturday
Drive up: 8:00 a.m. to 5:00 p.m. Monday-Friday
9:00 a.m. to 12:00 p.m. Saturday

****No locations have been opened or closed in the current or prior two calendar years****

As a commitment to our current and prospective customers, we make every effort to provide a variety of products and services to assist in meeting their financial needs. One consideration in the delivery of these services is costs. We realize that many more financial products and services may exist in the market place; however, the cost of delivery may be restricted based upon cost of technology, personnel, our geographic location or regulatory burden in some instances.

We feel that we have been successful in meeting the consumer's needs with the following deposit-related services we currently offer:

Everyday Banking
Interest Checking
Golden Opportunity Checking
Platinum Checking
Health Savings Account
Statement Savings
Savers Plus
Small Business Checking
Business Checking
Business Interest Checking
Non-Profit Checking
Sweep Account
Business Statement Savings
Savers Plus Business
Minor Statement Savings
Custodial Statement Savings (UTMA)
Certificates of Deposit
IRA Savings
IRA Certificates of Deposit
Cash & Check Card
Direct Deposits
Internet Banking

Internet Bill Payment
Mobile Banking
Mobile Deposit
Ready Check Overdraft Protection
e-Statements
Alerts
Imaged Statements
e-Corp Business Internet Banking
Positive Pay for Business

ACH Origination
Merchant Capture
Card Control/Digital Wallet
Credit Cards

(in participation with Elan Financial Services)

Cashier's Checks
Wire Transfers
Notary Services
Safe Deposit Boxes
Coin Counting
After Hours Deposit

In the true measure of CRA success, meeting the credit needs of the public in our defined assessment area stands out. We are able to accomplish this through the offering of these loan products.

- Agricultural Loans
 - Operating
 - Livestock
 - Equipment
 - Real Estate
 - FSA Guaranteed
 - Rural Finance Authority Participations
 - SBA Guaranteed
- Commercial Loans
 - Small and Large Business Operating
 - Inventory
 - Receivables
 - Equipment (Direct and Indirect)
 - Real Estate
 - SBA Guaranteed
 - FSA Guaranteed
- Residential Real Estate
 - 1-4 Family
 - Home Construction
 - Multiple Family
 - In-House and Secondary Market
(including FHA and VA)
 - Minnesota Housing
- Consumer and Installment Loans
- Home Improvement Loans
- Home Equity Lines of Credit
- Personal Lines of Credit
- Debt Consolidation Loans
- Ready Check Overdraft Protection
- Auto Loans
- Recreational Vehicle Loans
- Credit Card Accounts
(in participation with Elan Financial Services)

Equally important to you, the customer, is not just the availability of products and services, but at what cost do they come. Included for your review is our most recent list of transaction fees as posted to the general public.

SERVICES AND PRICING

Limits and Fees: The following fees may be assessed against your account and the following transaction limitations, if any, apply to your account:

Account Activity Printout/Statement Copy (per statement): \$5.00

Account Research/Reconciliation: \$25.00 per hour

Account Closing Fee

If account is closed within 6 months of opening: \$25.00

Debit Card

Foreign ATM fee: ATM machines not owned by FF&M or MoneyPass network fee: \$1.00 (per transaction)

Expedited Replacement Card: \$100.00

Replacement Card Fee: \$15.00

Temporary Card Fee (per card): \$5.00

Card Limits

\$510 ATM daily limit

\$1,000 point of sale daily limit

(Point of sale limit applies to FF&M Debit Cards only)

Personal Digital Banking: No charge

Bill Pay (per month): \$4.95

First 3 months: no charge

Platinum Checking customers: no charge

Business Digital Banking

Basic Business Banking: no charge

Enhanced Business Banking (per month): \$21.95

First 3 months: no charge

Bill Pay (per month): \$4.95

First 3 months: no charge

Enhanced customers: no charge

Third Party Sender Fee (per month): \$100.00

Merchant Capture

Basic customers (per month): \$39.95

First 3 months: no charge

Enhanced customers (per month): \$20.00

First 3 months: no charge

Positive Pay

Check Positive Pay (per month): \$40.00 for first account, \$15.00 per additional account

ACH Positive Pay (per month): \$35.00 for first account, \$15.00 per additional account

Returned Item Fee (per item): \$2.50

Cancellation Fee: \$75.00 if cancelled within first 12 months

The Positive Pay charge will be a sum total of all applicable charges (Check, ACH, and/or Return Item) per month

Collection Items

Domestic and Foreign Collection Item: \$25.00 (per item)

Paper Statement Fee: \$5.00 per month, effective 30 days after account opening date, fee is waived when you enroll in e-Statements

Miscellaneous Items

Cashier's Check: \$5.00 (per check)

Check Printing: fee depends on style of check ordered

Copy of Imaged Item: \$3.00 (per item)

Counter Check: \$1.00 (per check)

Stop Payment Fee: \$30.00

Effective for six months

Photocopies: \$0.25 (per sheet)

Garnishment/Execution Levy: \$75.00

Deposit of Canadian Checks: \$8.00 (per check)

Personal Money Order: \$5.00

Gift Card (per card): \$3.95

Travel Card (per card): \$5.95

Travel Card Reload Fee: \$2.95

Returned Deposited Item Fee (per check) for Business Accounts only: \$10.00

Deposit Bags - Zippered (each): \$5.00

Deposit Bags - Locked After Hours Bag: \$35.00

Dormant Account Fee (per month for up to 12 months): \$5.00 per month if balance in the account is less than \$50.

***Inactive Account:** An account is considered inactive after 13 months of no transaction activity. No fee for inactive accounts.*

***Dormant Account:** An account is considered dormant after 18 months of no transaction activity.*

***Abandoned Account:** An account is considered abandoned after receiving one piece of undeliverable mail and all attempts to locate the owner have failed. No fee for abandoned accounts.*

Safe Deposit Box

Lost Safe Deposit Box Key: \$30.00

Drilling Safe Deposit Box Fee (minimum): \$200.00 or actual cost if higher

Overdraft Paid Item and NSF Returned Item Charges

Continuous Overdraft Charge: \$3.00 per day

A Continuous Overdraft Charge is assessed every business day the account has a negative balance. Checks and other withdrawals authorized by you which the bank pays as well as previous bank fees may result in a negative balance. This applies to checking and savings accounts.

Overdraft Paid Item Fee (per item): \$25.00

NSF Returned Item Fee (per item): \$25.00

The Overdraft Paid Item fee and NSF Returned Item fee applies to overdrafts created by check, in-person withdrawal, or by other electronic means, as applicable. An item or payment may be presented multiple times and may incur fees each time it is presented; we do not monitor or control the number of times a transaction is presented for payment. This applies to checking and savings accounts. (\$150.00 maximum/day)

Wires

Incoming Wire Transfer fee (Domestic): \$25.00

Incoming Wire Transfer fee (International): \$25.00

Outgoing Wire Transfer fee (Domestic): \$25.00

Outgoing Wire Transfer fee (International): \$75.00

Outgoing International Wires after 1:00 pm Monday through Friday will be processed on the next business day.

Outgoing Domestic Wires after 3:00 pm Monday through Friday will be processed on the next business day.

Incoming Wires received by 4:00 pm Monday through Friday will be processed the same business day.

PUBLIC DISCLOSURE

February 23, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Farmers & Merchants State Bank of Grand Meadow
Certificate Number: 15621

105 Main Street North
Grand Meadow, Minnesota 55936

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.

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INSTITUTION RATING

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

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

First Farmers & Merchants State Bank of Grand Meadow's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs in the assessment areas.
- The bank originated a majority of its small farm and small business loans inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration 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.

DESCRIPTION OF INSTITUTION

First Farmers & Merchants State Bank of Grand Meadow is a full-service financial institution headquartered in Grand Meadow, Minnesota. The bank is wholly owned by 215 Holding Company, a six-bank holding company in Minneapolis, Minnesota. The bank is affiliated with First Farmers & Merchants State Bank, Cannon Falls, Minnesota; First Farmers & Merchants State Bank, Brownsdale, Minnesota; First Farmers & Merchants National Bank, Fairmont, Minnesota; First Farmers & Merchants National Bank, Luverne, Minnesota; and Liberty National Bank, Sioux City, Iowa. Affiliate lending will not be considered as part of this evaluation. In addition to the main office in Grand Meadow, the bank operates a full-service branch in Stewartville and a limited-service branch in Racine, Minnesota. The bank has not closed or opened any offices since the previous evaluation. The bank received a Satisfactory rating based on Interagency Small Institution Examination Procedures at the previous FDIC performance evaluation dated June 17, 2020.

First Farmers & Merchants State Bank of Grand Meadow is primarily an agricultural and commercial lender. Agriculture and commercial lending products offered include real estate, land, equipment loans, and operating lines of credit. Additionally, the bank offers a variety of residential real estate and consumer loan products to meet the needs of the communities served. The bank also participates in government lending programs, including Small Business Administration, Rural Finance Authority, Farm Service Agency (FSA), and Farmer Mac government loans.

First Farmers & Merchants State Bank of Grand Meadow provides a variety of deposit products, including checking, savings, certificates of deposit, and individual retirement accounts. The bank also offers alternative banking services such as safe deposit box rentals, wire transfer services, online and mobile banking, electronic periodic statements, bill payment options, and access to a nationwide network of surcharge-free ATMs.

The bank's December 31, 2025, Consolidated Reports of Condition and Income (Reports of Condition) data reflected assets totaling \$97.5 million, loans totaling \$70.7 million, and deposits totaling \$88.1 million. The bank's loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of December 31, 2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,815	4.0
Secured by Farmland	20,527	29.0
Secured by 1-4 Family Residential Properties	11,366	16.1
Secured by Multifamily (5 or more) Residential Properties	2,995	4.2
Secured by Nonfarm Nonresidential Properties	9,471	13.4
Total Real Estate Loans	47,174	66.7
Commercial and Industrial Loans	9,213	13.0
Agricultural Production and Other Loans to Farmers	13,995	19.8
Consumer Loans	290	0.4
Other Loans	8	0.1
Total Loans	70,680	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. First Farmers & Merchants State Bank of Grand Meadow designated two contiguous assessment areas in the southeastern portion of Minnesota: Nonmetropolitan Assessment Area and the Rochester Metropolitan Statistical Area (MSA) Assessment Area. The Nonmetropolitan Assessment Area includes one census tract in Mower County in the nonmetropolitan area of Minnesota. The Rochester MSA Assessment Area includes two census tracts in Fillmore County and two census tracts in Olmsted County in the Rochester, Minnesota MSA. The assessment areas' delineations have not changed since the previous CRA evaluation. Additional details regarding assessment area demographics and other information can be found in the Conclusions on Performance section for each respective assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 17, 2020, to the current evaluation dated February 23, 2026. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures focus on the bank's performance under the Lending Test, as outlined in the Appendices.

Examiners completed full-scope reviews for both assessment areas. As most of the lending, deposit, and branching activity occurs in the Nonmetropolitan Assessment Area, performance in this assessment area received the greatest weight when deriving overall conclusions.

Activities Reviewed

Examiners determined that the bank's major product lines are small farm and small business loans. This conclusion considered discussions with management regarding the bank's business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Reports of Condition data. Small farm lending received the most weight when deriving overall conclusions. This is consistent with management's stated business focus and Reports of Condition data. Home mortgage loans were not evaluated as they are not a primary lending focus for the bank.

Bank management requested examiners review and present small farm and small business lending performance for both 2024 and 2025, noting that a single year's data would not fully capture the bank's performance over the review period. Therefore, examiners reviewed all small farm and small business loans originated or renewed during these two years, as this timeframe is representative of the bank's performance during the entire evaluation period. D&B data for 2024 and 2025 provided a standard of comparison for small farm and small business lending performance.

Examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration

criterion. All loans inside the assessment areas were further reviewed to evaluate the Geographic Distribution and Borrower Profile criterion. The total number and dollar volume of the small farm and small business loans reviewed is illustrated in the following table.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm				
2024	47	7,392	37	6,088
2025	63	8,809	47	6,587
Small Business				
2024	33	3,843	15	1,822
2025	39	7,765	25	4,225
<i>Source: Bank Data</i>				

While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is generally a better indicator of the number of farms and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Farmers & Merchants State Bank of Grand Meadow demonstrated reasonable performance under the Lending Test. The bank’s collective performance under Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile supports this conclusion.

Loan-to-Deposit Ratio

The bank’s average loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs in the assessment areas. The bank’s ratio, calculated from Reports of Condition data, averaged 79.8 percent over the past 22 calendar quarters from June 30, 2020, to September 30, 2025. The ratio ranged from a high of 95.8 percent as of June 30, 2024, to a low of 70.9 percent as of December 31, 2022. The bank’s ratio is comparable to or exceeds those of the other similarly-situated institutions, as illustrated in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2025 (\$000s)	Average Net Loan-To-Deposit Ratio (%)
First Farmers & Merchants State Bank of Grand Meadow, Grand Meadow, Minnesota	94,477	79.8
First Farmers & Merchants State Bank, Brownsdale, Minnesota	93,061	85.7
First State Bank Minnesota, Le Roy, Minnesota	100,232	77.7
Root River State Bank, Chatfield, Minnesota	81,779	39.8
Rushford State Bank (Incorporated), Rushford, Minnesota	106,670	61.8
<i>Source: Reports of Condition and Income 6/30/2020 – 9/30/2025</i>		

Assessment Area Concentration

Overall, First Farmers & Merchants State Bank of Grand Meadow originated a majority of its small farm and small business loans within its assessment areas. Although a majority of small business loans in 2024 were not made within the assessment areas, a majority of small business loans were made inside the assessment areas in 2025, as illustrated in the table below. Review of 2024 small business lending data revealed that multiple larger dollar loans were made to the same borrowers located outside of the assessment areas.

Lending Inside and Outside of the Assessment Areas											
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Small Farm											
2024	37	78.7	10	21.3	47	6,088	82.4	1,304	17.6	7,392	
2025	47	74.6	16	25.4	63	6,587	74.8	2,222	25.2	8,809	
Subtotal	84	76.4	26	23.6	110	12,675	78.2	3,526	21.8	16,201	
Small Business											
2024	15	45.5	18	54.5	33	1,822	47.4	2,021	52.6	3,843	
2025	25	64.1	14	35.9	39	4,225	54.4	3,540	45.6	7,765	
Subtotal	40	55.6	32	44.4	72	6,047	52.1	5,561	47.9	11,608	
Total	124	68.1	58	31.9	182	18,722	67.3	9,087	32.7	27,809	
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%.</i>											

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is consistent with the bank's performance in the Rochester MSA Assessment Area. Examiners focused primarily on the percentage of loans, by number, in the moderate-income census tract. The Nonmetropolitan Assessment Area does not contain any low- or moderate-income census tracts; therefore, it was not evaluated. Refer to comments specific to each assessment area for further information.

Borrower Profile

The distribution of borrowers reflects overall reasonable penetration among farms and businesses of different sizes. The bank’s performance in the Nonmetropolitan and Rochester MSA assessment areas is consistent with this conclusion. Examiners focused on the percentage of loans, by number, to farms and businesses with gross annual revenues of \$1 million or less. Refer to comments specific to each assessment area later in this evaluation for further information.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the overall CRA rating.

NONMETROPOLITAN ASSESSMENT AREA– Full-Scope Review

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN
NONMETROPOLITAN ASSESSMENT AREA**

The Nonmetropolitan Assessment Area consists of one middle-income census tract (0014.00) in Mower County. The bank’s Grand Meadow office and Racine limited-service branch operate in this assessment area.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Nonmetropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	3,402	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,394	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,111	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	197	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	86	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	367	0.0	0.0	100.0	0.0	0.0
Farms by Geography	72	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	945	13.1	15.2	23.8	47.8	0.0
Household Distribution by Income Level	1,308	16.1	12.6	21.0	50.4	0.0
Median Family Income – Nonmetropolitan Minnesota		\$74,710	Median Housing Value		\$ 186,100	
			Median Gross Rent		\$706	
			Families Below Poverty Level		4.4%	
<i>Source: 2020 Census and 2025 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

The 2025 D&B data indicates that the largest portion of business and farm operations in the assessment area is agriculture, forestry, fishing, and hunting at 16.8 percent, followed by non-classifiable establishments at 14.2 percent, construction at 10.8 percent, other services at 9.6 percent, and transportation and warehousing at 8.1 percent. In addition, 74.7 percent of area businesses and farms have 4 or fewer employees, and 94.3 percent operate from a single location.

Competition

The Nonmetropolitan Assessment Area is a moderately competitive for credit products and financial services. According to FDIC Deposit Market Share data as of June 30, 2025, there were 11 financial institutions operating 16 locations within the county that comprises the assessment area. These institutions range from small community banks to larger national financial institutions. First Farmers & Merchants State Bank of Grand Meadow ranked 7th with 6.5 percent of the deposit market share.

First Farmers & Merchants State Bank of Grand Meadow is not required to collect or report its small farm or small business CRA loan data and has not elected to do so; therefore, small farm and small business loan analyses do not include comparisons against CRA aggregate data. However, the aggregate CRA data provides an indication of the level of demand for loans and the level of competition within the assessment area. According to 2024 CRA aggregate data (the most recent

available), 13 CRA data reporters originated or purchased 109 small farm loans totaling approximately \$8.1 million. Further, 32 CRA reporters originated or purchased 330 small business loans totaling approximately \$8.6 million in the assessment area. These figures do not include a high number of loans originated by smaller institutions, such as First Farmers & Merchants State Bank of Grand Meadow, that are not required to report small farm or small business lending data but that operate within the assessment area. The overall volume of small farm and small business lending reflects high competition.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs and opportunities and help determine whether local financial institutions are responsive to these needs. For this evaluation, examiners reviewed two recently conducted community contacts; one with a representative from an agriculturally-based organization and the other with a representative from a community development organization.

Information received from the community contacts indicates the local economy is stable and unemployment is low. Although farm income has been steady, recent trends in the agricultural industry are adversely affecting local farmers. Specifically, input costs (seed, fertilizer, fuel, etc.) are high, land prices continue to increase, and corn and soybean commodity prices have fallen. According to the representatives, farmers experiencing rising costs and lower commodity prices find themselves in need of operating lines of credit and/or cash-out refinance loans. Additionally, the representatives noted that businesses in the area continue to struggle to hire and retain employees. However, business financing is not an issue as there are many institutions competing to provide funding. Overall, the contacts feel that local financial institutions are meeting area credit needs and are actively engaged in the communities being served.

Credit Needs

Considering information from bank management, the community contacts, and demographic and economic data, examiners determined that small farm and small business lending represent primary credit needs in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NONMETROPOLITAN ASSESSMENT AREA

LENDING TEST

First Farmers & Merchants State Bank of Grand Meadow demonstrated reasonable performance under the Lending Test in the Nonmetropolitan Assessment Area. The bank's performance under the Borrower Profile criterion supports this conclusion.

Geographic Distribution

The Nonmetropolitan Assessment Area does not include any low- or moderate -income geographies; therefore, a review of this criterion would not result in meaningful conclusions and was not evaluated.

Borrower Profile

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

Small Farm Loans

The distribution of small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s record of lending to farms with gross annual revenues of \$1 million or less lags demographic data. According to 2022 Census of Agriculture data (the most recent available), 53.5 percent of producers in the assessment area have a primary occupation other than farming, and 52.3 percent of farm operations did not report interest expenses related to their operations. This information indicates that many farms in the assessment area have off-farm income and may not need credit to finance farm operations. Additionally, First Farmers & Merchants State Bank of Grand Meadow is an FSA lender, which demonstrates the bank’s willingness to originate loans to farms of all sizes, including small farms. Further, as previously noted, competition for small farm loans in the assessment area is high. Examiners review of 2024 small farm aggregate data confirmed that competing financial institutions with the highest market share of lending activity (71.6 percent) in the area are large finance companies. Considering these factors, overall performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category Nonmetropolitan Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000					
2024	100.0	14	87.5	1,831	77.9
2025	100.0	16	76.2	2,859	72.2
> \$1,000,000					
2024	0.0	2	12.5	519	22.1
2025	0.0	5	23.8	1,102	27.8
Total					
2024	100.0	16	100.0	2,350	100.0
2025	100.0	21	100.0	3,961	100.0
<i>Source: 2025 and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The distribution of small business loans reflects reasonable lending penetration to businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s record of lending to businesses with gross annual revenues of \$1 million or less slightly lags demographic data but is still reasonable when considering high competition for small business loans in the assessment area, as confirmed by CRA aggregate data and community contacts.

Distribution of Small Business Loans by Gross Annual Revenue Category Nonmetropolitan Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000					
2024	88.8	4	80.0	263	34.5
2025	88.3	8	72.7	220	9.2
> \$1,000,000					
2024	4.9	1	20.0	500	65.5
2025	4.6	3	27.3	2,160	90.8
Revenue Not Available					
2024	6.3	0	0.0	0	0.0
2025	7.1	0	0.0	0	0.0
Total					
2024	100.0	5	100.0	763	100.0
2025	100.0	11	100.0	2,380	100.0
<i>Source: 2025 and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

ROCHESTER MSA ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ROCHESTER MSA ASSESSMENT AREA

The Rochester MSA Assessment Area consists of two census tracts in Fillmore County (9602.0 and 9603.0) and two census tracts in Olmsted County (0021.0 and 0022.0). The bank’s Stewartville branch operates in this assessment area and is located in a middle-income census tract in Olmsted County.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Rochester MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	4	0.0	25.0	75.0	0.0	0.0
Population by Geography	19,025	0.0	18.7	81.3	0.0	0.0
Housing Units by Geography	7,946	0.0	21.8	78.2	0.0	0.0
Owner-Occupied Units by Geography	6,254	0.0	20.0	80.0	0.0	0.0
Occupied Rental Units by Geography	1,235	0.0	24.5	75.5	0.0	0.0
Vacant Units by Geography	457	0.0	38.3	61.7	0.0	0.0
Businesses by Geography	1,965	0.0	18.6	81.4	0.0	0.0
Farms by Geography	206	0.0	14.6	85.4	0.0	0.0
Family Distribution by Income Level	5,151	19.3	18.6	28.4	33.7	0.0
Household Distribution by Income Level	7,489	24.0	16.6	21.1	38.3	0.0
Median Family Income - Rochester, Minnesota MSA		\$94,698	Median Housing Value		\$ 202,287	
			Median Gross Rent		\$820	
			Families Below Poverty Level		2.8%	
<i>Source: 2020 Census and 2025 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

The 2025 D&B data indicates that non-classifiable establishments represent the largest portion of business and farm operations in the assessment area at 12.6 percent, followed by construction at 11.0 percent, other services at 10.5 percent, agriculture, forestry, fishing, and hunting at 9.8 percent, and real estate rental and leasing at 7.9 percent. Additionally, 74.4 percent of area businesses and farms have 4 or fewer employees, and 92.8 percent operate from a single location.

Competition

The Rochester MSA Assessment Area is a highly competitive market for financial services and credit products. According to FDIC Deposit Market Share data as of June 30, 2025, 26 financial institutions operate 61 locations within the assessment area. First Farmers & Merchants State Bank of Grand Meadow ranked 21st with 0.6 percent of the deposit market share.

According to 2024 CRA aggregate data, 21 CRA data reporters originated or purchased 375 small farm loans totaling approximately \$35.9 million. Further, 69 reporting institutions originated or purchased 2,961 small business loans totaling approximately \$102.8 million in the assessment area. These figures do not include a high number of loans originated by smaller institutions, such as First Farmers & Merchants State Bank of Grand Meadow, that are not required to report small farm or small business lending data but that operate within the assessment area. The overall volume of small farm and small business lending reflects high competition.

Community Contact

Examiners referenced a recently conducted community contact interview with a representative from an economic development organization active in Rochester MSA Assessment Area.

According to the representative, the assessment area continues to thrive, economically and demographically, with an anticipated influx of new residents. Specifically, the Mayo Clinic (healthcare) and Crenlo (manufacturing) recently announced significant business expansions, which will create additional job opportunities and require additional housing stock. Credit access for small businesses is up approximately 330 percent from previous years, with the majority of financing being accessed through financial institutions. However, housing is already a substantial issue in the area with a shortage of available housing stock, especially affordable housing options. The cost of housing permits continues to increase, as do the median housing values. As a result, the representative believes that home mortgage lending is a primary credit need for the area. The representative also noted there is healthy competition in the area with lots of financing options.

Credit Needs

Examiners considered comments made by bank management and the community contact, information received from demographic and economic data and determined small business and home mortgage lending represent primary credit needs in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ROCHESTER MSA ASSESSMENT AREA

LENDING TEST

First Farmers & Merchants State Bank of Grand Meadow demonstrated reasonable performance under the Lending Test in the Rochester MSA Assessment Area. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Rochester MSA Assessment Area. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank's performance of lending in the moderate-income census tract slightly exceeded demographic data for both 2024 and 2025.

Geographic Distribution of Small Farm Loans Rochester MSA Assessment Area					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2024	14.6	4	19.1	1,275	34.1
2025	14.4	4	15.4	1,055	40.2
Middle					
2024	85.4	17	81.0	2,463	65.9
2025	85.6	22	84.6	1,571	59.8
Total					
2024	100.0	21	100.0	3,738	100.0
2025	100.0	26	100.0	2,626	100.0
<i>Source: 2025 and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank’s lending performance in the moderate-income census tract lagged demographic data in 2025, but significantly exceeded demographic data in 2024, as illustrated in the table below. There is significant competition for small business loans affecting lending opportunities, as confirmed through information received from the community contact and aggregate lending data. Specifically, competition for small business loans in the moderate-income census tract is significant with four financial institutions operating branches there. Based on these factors, performance is reasonable.

Geographic Distribution of Small Business Loans Rochester MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2024	18.6	4	40.0	634	59.9
2025	18.1	2	14.3	1,017	55.1
Middle					
2024	81.4	6	60.0	425	40.1
2025	81.9	12	85.7	828	44.9
Total					
2024	100.0	10	100.0	1,059	100.0
2025	100.0	14	100.0	1,845	100.0
<i>Source: 2025 and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

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

Small Farm Loans

The distribution of small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank's record of lending to farms with gross annual revenues of \$1 million or less lags demographic data. According to the 2022 Census of Agriculture data, 56.5 percent of producers in the assessment area have a primary occupation other than farming, and 57.6 percent of farm operations in these counties did not report interest expenses related to their operations. This information indicates that many farms in the assessment area have off-farm income and may not need credit to finance farm operations. Additionally, First Farmers & Merchants State Bank of Grand Meadow is an FSA lender, which demonstrates the bank's willingness to originate loans to farms of all sizes, including small farms. Further, there is significant competition for small farm loans affecting lending opportunities, as confirmed through information received from the aggregate lending data. Considering these factors, overall performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category Rochester MSA Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000					
2024	98.1	16	76.2	1,839	49.2
2025	97.8	23	88.5	1,826	69.5
> \$1,000,000					
2024	1.0	5	23.8	1,899	50.8
2025	0.9	3	11.5	800	30.5
Revenue Not Available					
2024	1.0	0	0.0	0	0.0
2025	1.3	0	0.0	0	0.0
Total					
2024	100.0	21	100.0	3,738	100.0
2025	100.0	26	100.0	2,626	100.0
<i>Source: 2025 and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The distribution of small business loans reflects overall reasonable lending penetration to businesses with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank's record of lending to businesses with gross annual revenues of \$1 million or less slightly lags, but is comparable with demographic data

Distribution of Small Business Loans by Gross Annual Revenue Category Rochester MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000					
2024	88.8	8	80.0	999	94.3
2025	88.4	11	78.6	630	34.1
> \$1,000,000					
2024	3.9	2	20.0	60	5.7
2025	3.8	3	21.4	1,215	65.9
Revenue Not Available					
2024	7.3	0	0.0	0	0.0
2025	7.9	0	0.0	0	0.0
Total					
2024	100.0	10	100.0	1,059	100.0
2025	100.0	14	100.0	1,845	100.0
<i>Source: 2025 and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Public Comments

No public comments for current (2026) or prior two years (2025, 2024).

Loan to Deposit Ratio

March 2025	85.223%
June 2025	81.272%
September 2025	80.188%
December 2025	79.165%