

COMMUNITY FIRST BANK
MENAHA GA MN
SEBEKA MN

COMMUNITY REINVESTMENT
PUBLIC FILE

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CRA PERFORMANCE EVALUATION

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PUBLIC DISCLOSURE

January 21, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First Bank
Certificate Number: 5197

21 Main Street Northeast
Menahga, Minnesota 56464

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 RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
APPENDICES	10
SMALL BANK PERFORMANCE CRITERIA.....	10
GLOSSARY.....	11

INSTITUTION RATING

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

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

The following points summarize the bank's Community Reinvestment Act (CRA) performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- A majority of small business, small farm, and home mortgage loans are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among businesses and farms of different sizes, and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test.

DESCRIPTION OF INSTITUTION

Community First Bank, headquartered in Menahga, Minnesota, is owned by Menahga Bancshares, Inc. a one-bank holding company, in Menahga. The institution operates full-service offices in Menahga and Sebekka, Minnesota. No branches have been opened or closed, and no merger or acquisition activities have occurred since the prior evaluation. Community First Bank received a "Satisfactory" rating at the previous FDIC Performance Evaluation dated March 11, 2019, based on Interagency Small Institution Examination Procedures.

The institution offers various loan products including commercial, agricultural, home mortgage, and consumer loans, primarily focusing on commercial lending. It also participates in a variety of loan programs such as those offered through the Small Business Administration (SBA), Veterans Affairs, Federal Housing Administration, Fannie Mae, Federal Home Loan Bank, United States Department of Agriculture, and Minnesota Housing Finance Agency. The bank also offers secondary market home loan financing through its relationships with third party investors. Since the prior evaluation, the bank originated nearly 200 secondary market home loans totaling more than \$30 million. The bank also provides traditional deposit products, including checking, savings, and money market deposit accounts, as well as individual retirement and health savings accounts. Alternative banking services include internet and mobile banking, including mobile deposit, electronic bill pay services, and four cash-dispensing ATMs.

As of September 30, 2024, the institution reported total assets of \$120.8 million, total loans of \$68.0 million, and total deposits of \$103.9 million. The following table illustrates the loan portfolio as of that date. Loans originated and sold to third party investors are not reflected in the table.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,080	4.5%
Secured by Farmland	6,310	9.3%
Secured by 1-4 Family Residential Properties	15,825	23.3%
Secured by Multifamily (5 or more) Residential Properties	2,850	4.2%
Secured by Nonfarm Nonresidential Properties	10,032	14.8%
Total Real Estate Loans	38,097	56.1%
Commercial and Industrial Loans	21,412	31.5%
Agricultural Production and Other Loans to Farmers	3,498	5.1%
Consumer Loans	4,821	7.1%
Obligations of State and Political Subdivisions in the U.S.	0	0.0%
Other Loans	16	0.0%
Lease Financing Receivable (net of unearned income)	108	0.2%
Less: Unearned Income	0	0.0%
Total Loans	67,952	100.0%
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Community First Bank has designated a single assessment area in Minnesota that includes all of Wadena County, the northeastern portion of Otter Tail County, the eastern portion of Becker County, and the southernmost portion of Hubbard County. The boundaries of the assessment area have not changed since the previous evaluation; however, the demographic makeup of the area has changed. It previously consisted of one moderate- and nine middle-income geographies; however, it changed to two moderate- and eight middle-income geographies in conjunction with the 2020 U.S. Census. Furthermore, two census tracts in Wadena County were designated distressed during 2020 due to high unemployment rates. The bank's offices operate in middle-income census tracts.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	80.0	0.0	0.0
Population by Geography	37,221	0.0	24.2	75.8	0.0	0.0
Housing Units by Geography	20,338	0.0	22.0	78.0	0.0	0.0
Owner-Occupied Units by Geography	11,265	0.0	19.1	80.9	0.0	0.0
Occupied Rental Units by Geography	3,677	0.0	50.6	49.4	0.0	0.0
Vacant Units by Geography	5,396	0.0	8.3	91.7	0.0	0.0
Businesses by Geography	3,826	0.0	28.4	71.6	0.0	0.0
Farms by Geography	355	0.0	9.0	91.0	0.0	0.0
Family Distribution by Income Level	9,693	22.6	23.5	21.4	32.5	0.0
Household Distribution by Income Level	14,942	25.2	20.1	19.5	35.3	0.0
Median Family Income Nonmetropolitan MN		\$74,737	Median Housing Value			\$178,350
			Median Gross Rent			\$660
			Families Below Poverty Level			8.2%
Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2023 D&B data, service industries represent the largest portion of business operations at 32.4 percent; followed by non-classifiable establishments at 14.1 percent; and retail trade at 12.6 percent. Additionally, 68.3 percent of assessment area businesses have 4 or fewer employees, and 91.1 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the FFIEC-estimated median family income level for nonmetropolitan Minnesota.

Median Family Income Ranges				
Median Family Incomes	Low	Moderate	Middle	Upper
2023 (\$90,400)	<\$45,200	\$45,200 to <\$72,320	\$72,320 to <\$108,480	≥\$108,480
Source: FFIEC				

Competition

The assessment area is competitive for financial services. According to June 30, 2023, FDIC Deposit Market Share data, 27 financial institutions operate 52 offices within Becker, Hubbard, Otter Tail, and Wadena counties. Community First Bank ranked 11th with approximately 2.5 percent of the deposit market share; however, this data does not include competition from credit unions.

To demonstrate the level of competition for small business and small farm loans in the assessment area, examiners reviewed aggregate CRA data for 2022, which is the most recent available. While Community First Bank is not required to report this information, aggregate data is presented as an indicator of the level of demand for small business and small farm loans in the assessment area.

The data shows that 64 CRA data reporters collectively reported 2,478 small business loans with an average loan size of \$44,000. The top 4 lenders accounted for 53.2 percent of the market share, by number, indicating a highly concentrated market. These figures do not include loans originated by smaller institutions that are not required to report small business lending data, such as Community First Bank.

The institution also faces competition for small farm loans within the assessment area. CRA aggregate data for 2022 shows that 19 CRA data reporters collectively reported 413 small farm loans with an average loan size of \$71,000. The top 3 lenders collectively accounted for 57.9 percent of the market share, by number. Again, these figures, which do not include loans originated by smaller institutions that operate within the assessment area, indicate a competitive market.

Competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area is equally strong. Examiners reviewed the most recent aggregate Home Mortgage Disclosure Act (HMDA) data for 2023. This data revealed that 123 lenders subject to HMDA reporting requirements reported 546 home mortgage loans in the assessment area with an average loan size of \$206,000. These figures do not include loans originated by non-HMDA reporters, such as Community First Bank.

Community Contact

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

For this evaluation, examiners conducted an interview with a representative from an organization that provides funding and technical assistance to businesses throughout west central Minnesota. The individual indicated that the economy is currently stable; however, several factors have negatively impacted area communities, namely low workforce numbers, expensive moves to automation, patchy broadband infrastructure in rural areas, and few open spaces for adequate quality childcare. The contact added that there is also a low quantity of adequate and affordable housing and that many of these properties may need a great deal of improvements to sell. Apartments are also limited, and new construction is even more rare.

The contact commented on area businesses as well, noting that there have been few business closures due to COVID-19 relief money that supported many businesses; however, with COVID-19 reserves diminishing, coupled with inflation rates, small businesses are beginning to struggle. While the individual did not say there is a lack of access to capital, higher interest rates and bank lending limits appear to be negatively impacting borrowers more frequently. Lenders appear to have become more conservative with loan-to-value ratios, dropping from 80.0 percent to 70.0 percent with start-up businesses receiving even lower loan-to-value ratios.

The contact indicated that area financial institutions are meeting the credit needs of the assessment area and was not aware of any discriminatory practices by any financial institutions in the area.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined commercial loans represent the primary credit needs within the assessment area, followed by home mortgage and agricultural loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 11, 2019, to the current evaluation dated January 21, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate Community First Bank's CRA performance. These procedures evaluate the institution's performance according to the Lending Test criteria as detailed in the Appendices.

Activities Reviewed

Examiners determined the bank's primary lending focus is commercial lending, followed by home mortgage and agricultural lending. This conclusion considered management discussions regarding the business strategy, review of bank records of the number and dollar volume of loans originated, renewed, extended, or purchased during the evaluation period, and a review of the Consolidated Reports of Condition and Income.

Bank records indicate the product mix remained generally consistent throughout the evaluation period, except for additional loans originated in conjunction with the SBA's Paycheck Protection Program (PPP) in 2020 and 2021. This program was designed to help businesses and farms keep their workforce employed during the COVID-19 crisis. The bank originated 221 of these loans totaling approximately \$4.3 million. All the loans were less than \$1 million, which demonstrates the bank's willingness to meet the credit needs of its community by moving quickly to provide relief to businesses and farms during the pandemic.

Since the institution is not required to collect and report small business, small farm, or home mortgage data, examiners used bank records to identify the universe of loans originated, renewed, extended, or purchased from January 1, 2023, to December 31, 2023, as this was the most recent year available. This period was considered representative of the bank's performance during the entire evaluation period. In 2023, the bank originated, renewed, extended, or purchased 139 small business loans totaling \$10.2 million, 73 small farm loans totaling \$2.5 million, and 52 home mortgage loans totaling \$6.3 million. Examiners analyzed all of these loans for the Assessment Area Concentration and Geographic Distribution criteria, while random samples of these products were reviewed for the Borrower Profile criterion as revenue and income data was not readily available. The small business sample consisted of 41 loans totaling \$2.4 million, while the small farm sample included 36 loans totaling \$1.1 million. The sample for home mortgage loans consisted of 30 loans totaling \$2.9 million. D&B data for 2023 was used as a comparison for small business and small farm loans, while census data for 2020 provided a standard of comparison for the home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses, farms, and individuals served. Examiners gave the greatest weight to small business lending performance due to the volume and dollar amount originated in 2023. Small farm and home mortgage lending received equal, but lesser weight when forming conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Community First Bank demonstrated reasonable performance under the Lending Test. The bank's performance under all performance criteria supports this conclusion. While Borrower Profile is excellent, it did not elevate the overall 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. As indicated in the following table, the bank's ratio averaged 63.5 percent over the past 23 calendar quarters from March 31, 2019, through September 30, 2024. This performance is reasonable in comparison to similarly situated institutions, which were selected based on size, geographic location, and loan portfolio distribution.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net LTD Ratio (%)
Community First Bank Menahga, Minnesota	120,815	63.5
Farmers & Merchants State Bank of New York Mills, Incorporated New York Mills, Minnesota	77,972	49.9
Northwoods Bank of Minnesota Park Rapids, Minnesota	141,145	61.8
Farmers State Bank of Underwood Underwood, Minnesota	106,751	80.1
Wadena State Bank Wadena, Minnesota	205,006	64.6
<i>Source: Reports of Condition and Income 3/31/2019 – 9/30/2024; alphabetical by city</i>		

Assessment Area Concentration

As detailed in the following table, the bank originated a majority of its small business, small farm, and home mortgage loans, by number, within its assessment area. Although the dollar volume of small business loans originated in the assessment area is less than a majority, 72 of the 84 small business loans in the assessment area were for amounts of \$100,000 or less. Given that examiners place more emphasis on the number of loans rather than the dollar volume, this is not concerning.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Business	84	60.4	55	39.6	139	4,807	47.0	5,431	53.0	10,238
Small Farm	68	93.2	5	6.8	73	2,484	99.1	22,000	0.9	2,506
Home Mortgage	46	88.5	6	11.5	52	5,214	83.3	1,042	16.7	6,256
Source: Bank Data; Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This is supported by reasonable performance for all three products reviewed. Examiners focused on the performance by number of loans in the two moderate-income census tracts within the bank's assessment area.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank's originations of small business loans in moderate-income census tracts is notably lower than demographics. The bank's performance is mitigated by distance and by competition. More specifically, one of the moderate-income census tracts is in the southwest corner of Hubbard County. Not only is the nearest edge of this census tract approximately 10 air miles from Menahga, but it includes the city of Park Rapids, which has several financial institutions that are better situated to serve area businesses within this census tract. The second moderate-income census tract is located on the very southwest corner of Wadena County, approximately 10 air miles from the bank's Sebeka branch. This census tract includes the city of Wadena, which also has several financial institutions that can better serve businesses within this geography. Given this information, the bank's performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	28.4	3	3.6	22	0.5
Middle	71.6	81	96.4	4,785	99.5
Totals	100.0	84	100.0	4,807	100.0
Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small farm loans in the moderate-income census tracts within the assessment area. However, this is partially mitigated by D&B data, which indicates that only 9.0 percent of the farms in the assessment area are in moderate-income geographies. Also, as noted above, the two moderate-income census tracts are in the communities of Park Rapids and Wadena, both of which are larger than Menahga, offer more services, and have multiple financial institutions. In addition, both communities are approximately 10 air miles from the bank's closest office, and it is unlikely farm operators within these census tracts would bypass the various financial institutions in closer proximity to reach one of the bank's two offices.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, the bank's origination of home mortgage loans in the moderate-income census tracts within the assessment area is below census data. Nonetheless, the bank's performance is mitigated by distance from the bank's offices to the moderate-income census tracts, as well as competition from financial institutions located in the communities within those census tracts. Overall, the bank's performance is considered reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	19.1	4	8.7	541	10.4
Middle	80.9	42	91.3	4,673	89.6
Total	100.0	46	100.0	5,214	100.0
Source: 2020 U.S. Census, Bank Data; Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects excellent penetration among businesses and farms of different sizes and individuals of different income levels, which is consistent with the bank's lending performance for all three products. Examiners focused on the percentage of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less and on home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business lending reflects excellent penetration among businesses with gross annual revenues of \$1 million or less when compared to D&B data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.8	36	87.8	1,676	69.0
>\$1,000,000	3.4	5	12.2	752	31.0
Revenue Not Available	9.8	0	0.0	0	0.0
Total	100.0	41	100.0	2,428	100.0
Source: 2023 D&B Data, Bank Data; Due to rounding, totals may not equal 100.0%					

Small Farm Loans

The distribution of small farm lending reflects excellent penetration to farm operators with gross annual revenues of \$1 million or less. All 36 of the sampled loans totaling \$1.1 million that were originated, renewed, extended, or purchased in 2023 were to farm operators with gross annual revenues of \$1 million or less. In comparison, D&B data indicates that 97.2 percent of farms operating in the assessment area reported gross annual revenues of \$1 million or less.

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. As illustrated in the following table, the bank's lending to low- and moderate-income borrowers exceeds census data.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.6	11	36.7	778	26.8
Moderate	23.5	11	36.7	952	32.8
Middle	21.4	3	10.0	366	12.6
Upper	32.5	5	16.7	809	27.8
Total	100.0	30	100.0	2,905	100.0
Source: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%					

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 discriminatory or other illegal credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

Distressed Middle-Income Non-Metropolitan 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 five percent or more over the five-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).

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.

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.

**BANK LOCATIONS
AND
SERVICES PROVIDED**

COMMUNITY FIRST BANK

Locations:

Main office located at 21 Main St NE
Menahga MN 56464
218-564-4171
Census tract 4801

Hours of operation in Menahga:

Lobby: M-Th 8:30 AM to 3 PM
Friday 8:30 AM to 5 PM

Drive-up: M-Th 7 AM to 4 PM
Friday 7 AM to 5 PM

Walkup: M-Th 7 AM to 8:30 AM
And 3 to 4 PM
Friday 7 AM to 8:30 AM

Second office located at 115 Minnesota Ave W
Sebeka MN 56477
218-837-5171
Census tract 4802

Hours of operation in Sebeka:

Lobby: M-Th 8:30 AM to 3 PM
Friday 8:30 AM to 5 PM

Drive-up: M-Th 8 AM to 4 PM
Friday 8 AM to 5 PM

Community First Bank
LIST OF SERVICES

The following services are available in both the Menahga and the Sebekka locations.

Checking Accounts:

- Liberty Checking (Safekept free checking)
- Executive Checking (Interest-bearing Now account)
- Executive Checking Gold Club
- Basic Checking
- Celebrity 55 Club Checking
- Student Checking
- Business Checking (Analysis)
- Business Checking (Regular)
- Money Market Deposit Account

Saving Accounts:

- Passbook Savings
- Executive Money Market Savings
- Thrift Savings
- IRA (Traditional, Roth, Education, SEP, SIMPLE)
- HSA

Certificate of Deposits:

- 3 month
- 6 month
- 12 month
- 18-24 month
- 30-36 month
- 42-48 month
- 54-60 month
- sometimes a special CD

Teller Services:

- Coin & Currency services and Canadian Exchange
- Cashiers Checks and Money Orders
- Safe Deposit Boxes
- Night Depository
- Wire Transfer services
- Bank by mail
- Accept utility payments
- Direct Deposit
- Walk-up/Drive-up Banking (walkup only in Menahga)
- Telephone transfers
- Saving Bond Redemption
- Cash advances on Credit cards

Bookkeeping:

- Overdraft protection transfers from savings

Lending Services:

- Residential loans for 1 to 4 family dwelling units
- Residential loans for over 5 family dwelling units
- Home equity loans
- FHA & VA residential loans
- Construction Loans
- Farm real estate loans
- Business and industrial real estate loans
 - Farm loans for the purchase of machinery and equipment, livestock, and/or planting crops and other working capital requirements
- Business loans for the purchase of machinery and equipment, furniture and fixtures, and other working capital needs
- Consumer loans for Vehicles, Mobile homes, Recreational equipment, other consumer goods, purchase money, unsecured loans, overdraft protection from credit line loans
- Credit cards
- FSA Guaranteed Loans
- SBA Loans
- ARC loans
- AgBMP loans
- Secondary Market Loans

Misc. loans:

- Low income housing (Pine Villa)
- Local churches
- Line of credit to school

ATMs:

- 21 Main St NE, Menahga MN 56464, Census Tract 4801
- 115 Minnesota Ave W, Sebeka MN 56477, Census Tract 4802
- 13 1st Se NE, Menahga MN 56464, Census Tract 4801
- 120 N Manninen Ave, Wolf Lake MN 56464, Census Tract 4501

- ATM Cards
- Check Cards (debit)

Insurance Agency

- First National Insurance Agency
- Offices in both Menahga & Sebeka

Mobile Banking

- Mobile Deposit
- Remote Deposit Capture

Website:

- Internet Banking
- Bill Pay

Gift Cards

- Access Cards

MAP OF ASSESSMENT AREA

COMMUNITY FIRST BANK

ASSESSMENT AREA

Community First Bank's CRA assessment area is as follows:

The assessment area consists of Census Tracts from a four county area. Menahga and Sebeka are located in Wadena County and Census Tracts 4801, 4802, and 4803 are included in the bank's assessment area. Hubbard County borders Wadena County to the north and Census Tracts 705, 706, and 707 are included in the bank's assessment area. Becker County borders the northwest corner of Wadena County and Census Tracts 4501 and 4502 are included in the bank's assessment area. Otter Tail County borders Wadena County to the southwest and Census Tracts 9601.02 and 9605 are included in the bank's assessment area. (Previously, 9601.02 and 9601.03 were combined into one area numbered 9601. We decided to delete the western most 9601.03 from our area since there were very few loans in that section.)

Cass County borders Wadena County to the east. The area around Highway 64 in Cass County has a low population. That is why there are very few loans in that area and that is why those Census Tracts are not included in the bank's assessment area.

Our Menahga bank is located at 21 Main Street NE in Menahga MN in Census Tract #4801.

Our Sebeka bank is located at 115 Minnesota Ave W in Sebeka MN in Census Tract #4802.

03/24

COMMUNITY FIRST BANK

ASSESSMENT AREA

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Our Menahga bank is located at 21 Main Street NE in Menahga MN in Census Tract #4801.

Our Sebeka bank is located at 115 Minnesota Ave W in Sebeka MN in Census Tract #4802.

3/25

MARCH 2024 THROUGH FEBRUARY 2025

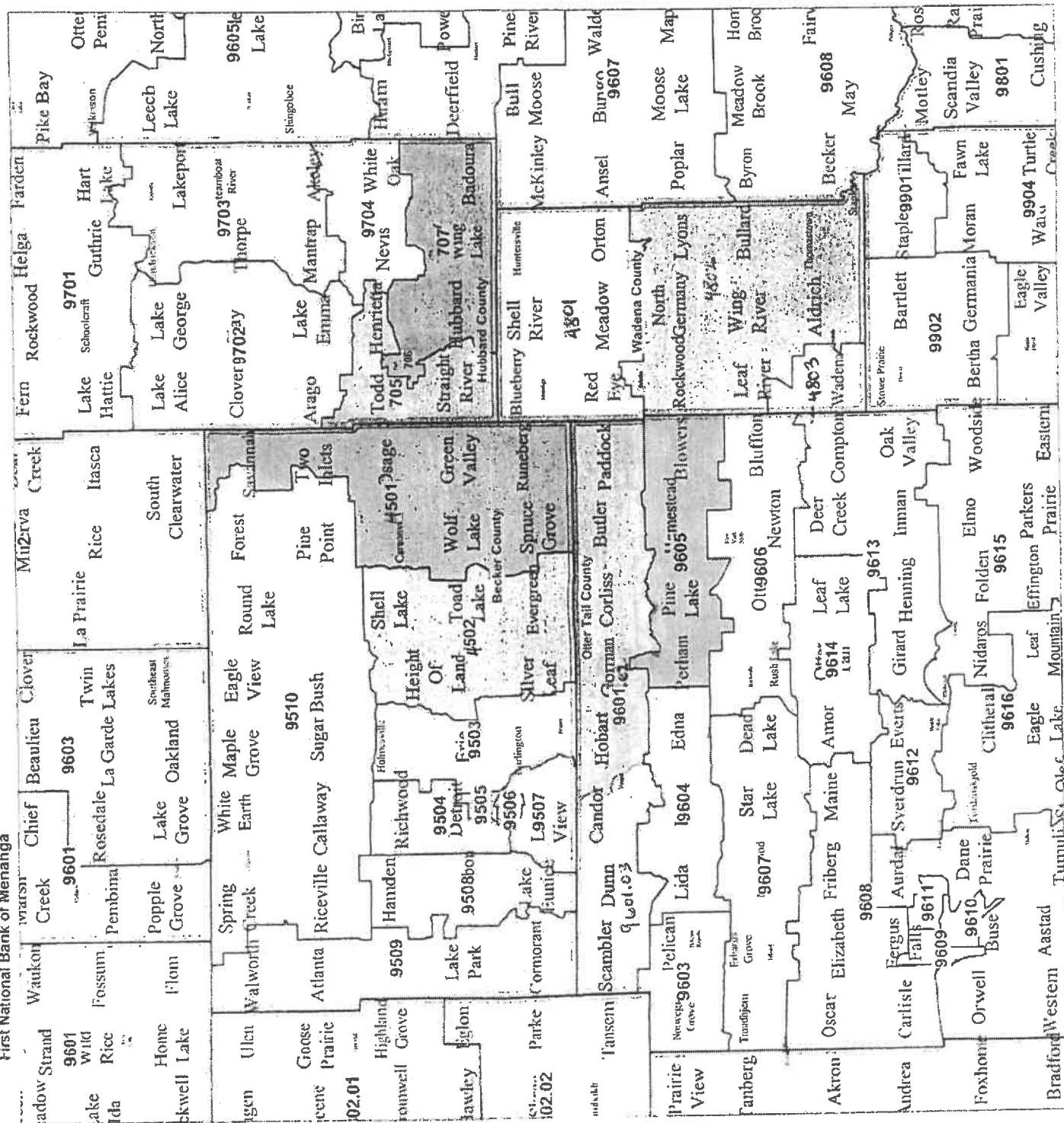
	Current Loans <u># of loans</u>	% of total	Current Denials <u># of loans</u>	% of total
4801.00 Wadena	421	32%	4	11%
4501.00 E Becker	214	16%	3	8%
4802.00 Wadena	181	14%	11	30%
705.00 Hubbard	61	5%	4	11%
4502.00 E Becker	40	3%	1	3%
9601.02 Otter Tail	41	3%	0	0%
707.00 Hubbard	14	1%	1	3%
706.00 Hubbard	8	1%	0	0%
9605.00 Otter Tail	19	1%	2	5%
4803.00 Wadena	17	1%	3	8%
Outside of area	297	23%	8	22%
Total of loans	1313		37	

MEDIAN INCOME
As of 2020 Census

Wadena County	\$ 46,178.00
4801.00	
4802.00	
4803.00	
Hubbard County	\$ 58,475.00
705.00	
706.00	
707.00	
Becker County	\$ 60,508.00
4501.00	
4502.00	
Otter Tail County	\$ 59,456.00
9601.02	
9605.00	

*Actual number of current open loans

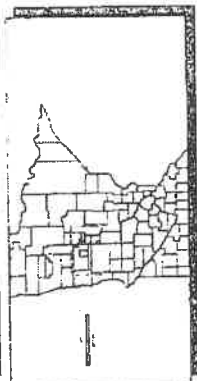
First National Bank of Menahga



County Boundaries
MSA Boundaries
Town Boundary
Census Tract Boundary
Zip Boundary
Block Group Boundary

Census Tract Income Level
as a % of MSA Median

- 0.01 < 50% (0)
- 50% < 80% (2)
- 80% < 120% (6)
- >= 120% (0)



CRA NOTICE

Community Reinvestment Act Notice

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 FDIC; 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 nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, FDIC, 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 R.P. Day, President Community First Bank and 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 Menahga Bancshares, a bank holding company. You may request from the Officer in charge of Supervision at Federal Reserve Bank of Minneapolis, P.O. Box 291, Minneapolis, MN 55480-0291, an announcement of applications covered by the CRA filed by bank holding companies.

8/17
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LOAN TO DEPOSIT RATIO

CFB COMMUNITY FIRST BANK

CRA COMPLIANCE

LOAN TO DEPOSIT RATIO

Last Exam

12-31-24

1st Qtr — 67.31

2nd Qtr — 68.22

3rd Qtr — 64.49

4th Qtr — 65.45

Average = 66.37

Today's date

2/27/25

Anna Pth

Menahga Office
21 Main St. NE, PO Box 250
Menahga, MN 56464
Ph. 218-564-4171, Fax 218-564-5125
menahga@communityfirstbankmn.com

Sebeka Office
115 Minnesota Ave., PO Box 311
Sebeka, MN 56477
Ph. 218-837-5171, Fax 218-837-5094
sebeka@communityfirstbankmn.com