

PUBLIC DISCLOSURE

October 6, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cornerstone Bank
Certificate Number: 13198

2280 45th Street South
Fargo, North Dakota 58104

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 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 Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- The institution made a majority of its small business, small farm, and home mortgage loans in its assessment areas.
- The geographic distribution of small business, small farm, and home mortgage loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among businesses and farms of different revenue 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 rating.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

Cornerstone Bank is owned by Cornerstone Holding Company, Inc., a one-bank holding company located in Fargo, North Dakota. In addition to its main office in Fargo, the institution operates 9 branches in North and South Dakota. Two of the branches are new and two branches have been closed since the prior evaluation. Cornerstone Bank received a Satisfactory rating at the previous FDIC Performance Evaluation, dated April 4, 2022, based on Interagency Intermediate Small Institution Examination Procedures.

Cornerstone Bank offers a variety of traditional credit products including commercial, agricultural, home mortgage, and consumer loans. However, commercial lending continues to be the institution's primary lending focus, followed by agricultural lending. Although the bank offers home mortgage lending, it is not a lending focus. In addition, mortgage referral agreements are in place to offer customers access to products available through the secondary market. The bank also takes part in various government-sponsored loan programs through entities such as the Small Business Administration and Bank of North Dakota.

The institution also provides a variety of standard deposit products, including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill payment, person-to-person payments, mobile deposit, and electronic statements. Further, the bank owns and operates 20 ATMs, including two which accept deposits. Finally, Cornerstone Bank provides access to the MoneyPass network, which offers a surcharge-free ATM experience for cardholders.

As of June 30, 2025, Cornerstone Bank reported total assets of \$1.8 billion, total loans of \$1.3 billion, and total deposits of \$1.6 billion. The following table illustrates the loan portfolio. Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its assessment areas.

Loan Portfolio Distribution as of 6/30/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	81,765	6.4
Secured by Farmland	134,781	10.6
Secured by 1-4 Family Residential Properties	153,306	12.1
Secured by Multifamily (5 or more) Residential Properties	117,423	9.3
Secured by Nonfarm Nonresidential Properties	333,123	26.3
Total Real Estate Loans	820,398	64.7
Commercial and Industrial Loans	195,903	15.4
Agricultural Production and Other Loans to Farmers	187,497	14.8
Consumer Loans	39,532	3.1
Obligations of State and Political Subdivisions in the U.S.	3,668	0.3
Other Loans	450	0.0
Lease Financing Receivable (net of unearned income)	21,072	1.7
Less: Unearned Income	0	0.0
Total Loans	1,268,520	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Cornerstone Bank has designated seven assessment areas, six in North Dakota and one in South Dakota. Therefore, this evaluation will provide State ratings for both North Dakota and South Dakota. The assessment areas in North Dakota include Fargo, ND-MN Metropolitan Statistical Area (MSA); Northwest North Dakota; Bismarck, ND MSA; Dickinson; Minot; and North Central North Dakota. The Sioux Falls Assessment Area is the sole assessment area in South Dakota. At the prior evaluation, the bank designated five assessment areas but expanded its footprint to six assessment areas when it opened branches in Rugby and Minot, North Dakota in 2022. Effective in 2023, the seventh assessment area was designated due to the new delineation of the Minot, ND MSA. The assessment areas are discussed in further detail under the applicable State sections of this evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 4, 2022, to the current evaluation dated October 6, 2025. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate Cornerstone Bank's CRA performance. These procedures include two tests: the Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. Refer to the Appendices for information on the performance criteria for each test.

Examiners used full-scope examination procedures to evaluate the bank's performance in each of the assessment areas. To assess overall performance, examiners gave greater weight to the bank's performance in North Dakota, specifically the Fargo, ND-MN MSA and Northwest North Dakota Assessment Area, since this is where most of the activity in North Dakota occurs.

Activities Reviewed

As noted earlier, the bank's primary lending focus is commercial lending, followed by agricultural lending. This conclusion considered the bank's business strategy, lending activity during the evaluation period, and Reports of Condition and Income data. Bank records and discussions with management revealed that the lending focus and product mix remained relatively consistent throughout the evaluation period. Therefore, examiners selected 2024, the most recent calendar year, as the review period for small business and small farm lending. Management confirmed that this timeframe is representative of the bank's performance during the entire evaluation period.

Examiners analyzed small business and small farm loans originated, renewed, extended, or purchased in 2024. However, the review excluded loans subsequently paid off before January 31, 2025, and loans that management requested to have considered under the Community Development Test. D&B data from 2024 provided a standard of comparison for the bank's small business and small farm lending performance. Examiners also considered aggregate data; however, there is distortion in comparing a non-reporter, like Cornerstone Bank, to data from reporting institutions. Therefore, this information is only used as a general indicator of loan demand.

The lending focus varies between the bank's assessment areas; therefore, small business, small farm, and home mortgage loans were analyzed based on the assessment area's lending focus. The following table details the loan products reviewed in each assessment area during the evaluation.

Loan Products Reviewed						
Loan Category	Assessment Area(s)		Universe		Sampled	
			#	\$(000s)	#	\$(000s)
Small Business	Fargo, ND-MN MSA Bismarck, ND MSA Dickinson Northwest North Dakota Sioux Falls		386	93,417	153	39,138
Small Farm	Minot North Central North Dakota Northwest North Dakota		306	63,675	80	16,958
Home Mortgage	Fargo, ND-MN MSA Bismarck, ND MSA Dickinson Minot Northwest North Dakota Sioux Falls	2022	186	91,178	130	51,216
		2023	161	65,510	131	41,468
		2024	149	95,526	128	82,631
Source: Bank Data Note: The small farm and small business universes exclude loans that the bank opted to have considered for community development						

The entire universes of small business and small farm loans were used to evaluate the Assessment Area Concentration criterion. To evaluate the Geographic Distribution criterion, examiners reviewed all small business and small farm loans made within the assessment areas. However, small business and small farm loans located in the Northwest North Dakota and the Dickinson assessment areas were not analyzed for the Geographic Distribution criterion as these assessment areas do not have any low- or moderate-income census tracts. To evaluate the Borrower Profile criterion, examiners reviewed samples of small business and small farm loans originated within the assessment areas. Samples were taken for the Borrower Profile criterion as revenue information was not readily available.

In regard to home mortgage lending, examiners reviewed all home mortgage loans reported as originated or purchased on the bank's 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Home mortgage lending performance was analyzed for all of the assessment areas with the exception of the North Central North Dakota Assessment Area since there were too few loans in that area to provide meaningful conclusions. The bank's home mortgage lending was compared to 2022, 2023, and 2024 aggregate lending data and 2020 U.S. Census data. However, examiners placed greater weight on the comparisons to aggregate lending data since this data is typically a better indicator of market conditions and loan demand within the assessment areas. Examiners did not identify any trends between the 2022, 2023, and 2024 HMDA data that materially affected conclusions. Therefore, this evaluation only presents loans reported on the 2024 HMDA LAR for the Geographic Distribution and Borrower Profile criteria.

For the Lending Test, examiners reviewed the number and dollar volume of loans. Although both the number and dollar volume of loans are presented, examiners emphasize performance by number of loans since this is a better indicator of the number of businesses, farms, and individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior evaluation. Qualified investments made prior to the evaluation period that remain outstanding were also considered. To provide perspective on Cornerstone Bank's performance, examiners reviewed

community development activities for three comparable institutions based on factors such as asset size, number and location of assessment areas, and branching structure.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Cornerstone Bank demonstrated satisfactory performance under the Lending Test. The bank's combined performance in all applicable criteria supports this conclusion. The bank's overall performance was consistent with the conclusions for both rated areas.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment areas. The bank's loan-to-deposit ratio, which is calculated from Reports of Condition and Income data, is shown in the following table. Cornerstone Bank's ratio averaged 77.3 percent over the past 13 calendar quarters and is in line with the ratios of similarly situated institutions. The comparable institutions were selected based on their asset size, branching structure, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2025 (\$000s)	Average Net LTD Ratio (%)
Cornerstone Bank, Fargo, North Dakota	\$1,755,510	77.3
Border Bank, Fargo, North Dakota	\$1,009,486	93.0
Starion Bank, Bismarck, North Dakota	\$2,084,386	73.0
<i>Source: Reports of Condition and Income 6/30/2022 - 6/30/2025</i>		

Assessment Area Concentration

As detailed in the following table, Cornerstone Bank made a majority of its small business, small farm, and home mortgage loans by number and dollar volume in its assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Small Business	304	78.8	82	21.2	386	70,470	75.4	22,947	24.6	93,417
Small Farm	258	84.3	48	15.7	306	53,650	84.3	10,025	15.7	63,675
Home Mortgage										
2022	130	69.9	56	30.1	186	51,216	56.2	39,962	43.8	91,178
2023	131	81.4	30	18.6	161	41,468	63.3	24,042	36.7	65,510
2024	128	85.9	21	14.1	149	82,631	86.5	12,895	13.5	95,526
Total Home Mortgage	389	78.4	107	21.6	496	175,315	69.5	76,899	30.5	252,214
<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. The bank's reasonable performance in North Dakota and South Dakota supports this conclusion. Examiners focused on the percentage of loans in the low- and moderate-income census tracts, as applicable. Detailed discussion of the bank's performance under this criterion is included in the rated areas and individual assessment areas sections of this evaluation.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels. The bank's reasonable performance in North Dakota and South Dakota supports this conclusion. Examiners focused on the percentage of loans to businesses and farms with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income borrowers. Detailed discussion of the bank's performance under this criterion is included in the rated areas and individual assessment areas sections of this evaluation.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank's overall performance under the Community Development Test is satisfactory. The institution demonstrated adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities. Since the bank was responsive to the community development needs of its assessment areas, community development activities benefiting the broader statewide or regional areas were also considered in the analysis; however, these activities received less weight. The bank's overall performance is consistent with the conclusions for North Dakota and South Dakota.

Community Development Loans

Cornerstone Bank originated 60 community development loans totaling \$92.3 million during the evaluation period. The volume of community development loans represents 5.3 percent of total assets and 7.4 percent of net loans as of June 30, 2025, which reflects a decrease from the previous evaluation. At the prior evaluation, community development loans to total assets and net loans were 6.8 and 11.8 percent, respectively. It should be noted that the prior evaluation ratios discussed in this evaluation exclude Small Business Administration Paycheck Protection Program (PPP) loans originated in conjunction with the COVID-19 pandemic, as that activity would skew the ratios for comparison purposes.

Examiners compared the bank's level of community development lending to three similarly situated institutions, which revealed that the bank's level of community development loans is reasonable in comparison to these institutions. The comparable banks' community development loans, with the exclusion of PPP loans, ranged from 1.3 to 6.0 percent of total assets and 1.6 to 7.3 percent of net loans.

Community Development Lending by Rated Area and Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bismarck, ND MSA	0	0	0	0	4	2,055	0	0	4	2,055
Dickinson	0	0	0	0	5	1,668	0	0	5	1,668
Fargo, ND-MN MSA	3	3,923	8	7,900	19	38,911	5	20,060	35	70,794
Minot	0	0	0	0	0	0	0	0	0	0
North Central North Dakota	0	0	0	0	0	0	0	0	0	0
Northwest North Dakota	0	0	0	0	2	421	1	490	3	911
Statewide North Dakota	1	2,465	2	550	2	750	0	0	5	3,765
North Dakota*	4	6,388	10	8,450	32	43,805	6	20,550	52	79,192
Sioux Falls	5	7,963	0	0	3	5,180	0	0	8	13,144
South Dakota*	5	7,963	0	0	3	5,180	0	0	8	13,144
Regional Activities	0	0	0	0	0	0	0	0	0	0
Total	9	14,351	10	8,450	35	48,985	6	20,550	60	92,336

Source: Bank Data. Due to rounding, totals may not equal 100.0%; *Rated Area

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (partial)	4	7,598	2	925	4	1,430	0	0	10	9,953
2023	2	2,831	1	250	14	11,933	0	0	17	15,014
2024	2	3,625	5	6,725	12	11,184	2	17,600	21	39,134
YTD 2025	1	298	2	550	5	24,438	4	2,952	12	28,235
Total	9	14,351	10	8,450	35	48,985	6	20,550	60	92,336

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Qualified Investments

Cornerstone Bank purchased, retained, or donated 151 qualified community development investments totaling \$38.0 million during the evaluation period. As of June 30, 2025, this level of activity represents 2.2 percent of total assets, and 12.7 percent of total securities. This is similar to the prior evaluation at which time qualified investments reflected 2.1 percent of total assets and 12.4 percent of total securities. Examiners compared the bank's level of qualified investments to three similarly situated institutions whose qualified investments ranged from 0.6 to 0.8 percent of total assets, and 4.9 to 12.9 percent of total securities.

Of the 151 qualified investments, 34 investments totaling \$27.9 million were made during a prior evaluation period but were outstanding at the start of this evaluation. In addition, 131 qualified investments were donations totaling \$224,000.

The following tables illustrate qualified investments by rated area, assessment area, and year. The statewide or regional investments represented those that benefited more than one assessment area in one or both states in which the bank operates.

Qualified Investments by Rated Area and Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bismarck, ND MSA	0	0	11	18	0	0	1	3	12	21
Dickinson	0	0	4	2	0	0	0	0	4	2
Fargo, ND-MN MSA	7	6,598	36	57	10	34	3	1	56	6,690
Minot	1	0	6	12	3	2	0	0	10	14
North Central North Dakota	0	0	2	1	0	0	1	0	3	1
Northwest North Dakota	0	0	3	0	1	0	12	38	16	39
Statewide North Dakota	5	12,180	4	5	4	5	1	265	14	12,456
North Dakota*	13	18,779	66	95	18	41	18	307	115	19,221
Sioux Falls	10	9,436	17	24	2	2	1	1	30	9,463
Statewide South Dakota	1	2,000	1	0	0	0	0	0	2	2,000
South Dakota*	11	11,436	18	24	2	2	1	1	32	11,463
Regional Activities	4	7,358	0	0	0	0	0	0	4	7,358
Total	28	37,573	84	119	20	43	19	308	151	38,042

Source: Bank Data. Due to rounding, totals may not equal 100.0%; *Rated Area

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	10	23,594	0	0	0	0	1	265	11	23,859
2022 (partial)	1	1,255	0	0	0	0	0	0	1	1,255
2023	1	1,549	0	0	0	0	0	0	1	1,549
2024	5	9,042	0	0	0	0	0	0	5	9,042
YTD 2025	2	2,112	0	0	0	0	0	0	2	2,112
Subtotal	19	37,553	0	0	0	0	1	265	20	37,818
Qualified Grants & Donations	9	20	84	119	20	43	18	43	131	224
Total	28	37,573	84	119	20	43	19	308	151	38,042

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Community Development Services

Cornerstone Bank representatives provided 61 instances of financial expertise or technical assistance to various community development organizations during the evaluation period. This represents an increase from the previous evaluation, at which time the bank provided 39 community development services; however, opportunities to provide these services were likely less during the prior evaluation period due to the COVID-19 pandemic. Cornerstone Bank's activity is generally in line with three similarly situated institutions that provided between 28 and 72 community development services. However, the evaluation period for two of the similarly situated institutions were impacted by the COVID-19 pandemic, which may have resulted in limited opportunities to provide community development services. The following tables illustrate the bank's community development services by rated area, assessment area, and year.

Community Development Services by Rated Area and Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Bismarck, ND MSA	0	0	0	0	0
Dickinson	1	0	2	0	3
Fargo, ND-MN MSA	4	12	1	2	19
Minot	0	0	0	3	3
North Central North Dakota	0	0	1	1	2
Northwest North Dakota	1	2	4	7	14
Statewide North Dakota	0	0	7	0	7
North Dakota*	6	14	15	13	48
Sioux Falls	4	1	8	0	13
South Dakota*	4	1	8	0	13
Regional Activities	0	0	0	0	0
Total	10	15	23	13	61
<i>Source: Bank Data; *Rated Area</i>					

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (partial)	4	3	4	3	14
2023	2	3	5	4	14
2024	2	6	7	5	20
YTD 2025	2	3	7	1	13
Total	10	15	23	13	61
<i>Source: Bank Data</i>					

In addition to community development services, Cornerstone Bank offers alternative banking services that are readily accessible throughout all assessment areas, including to low- and moderate-income individuals. As previously described, the bank offers digital banking, including internet and mobile banking, bill payment, mobile check deposit, and electronic periodic statements, among other services. Further, the bank operates 1 branch and 1 ATM in moderate-income census tracts and 5 branches and 13 ATMs, including both deposit-taking ATMs, in distressed and/or underserved middle-income census tracts.

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.

NORTH DAKOTA

CRA RATING FOR NORTH DAKOTA: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH DAKOTA

Cornerstone Bank maintains its largest presence in North Dakota. Specifically, it operates 9 of its 10 offices, and 19 of its 20 ATMs in North Dakota. The following six assessment areas are located in North Dakota: Fargo, ND-MN MSA; Northwest North Dakota; Bismarck, ND MSA; Dickinson; Minot; and North Central North Dakota. Since the previous evaluation, the bank opened 2 branches in Minot and Rugby and closed 2 branches in Fargo and Makoti. Details of the branch changes are discussed in the applicable assessment area sections.

SCOPE OF EVALUATION – NORTH DAKOTA

Examiners reviewed small business lending in four (Fargo, ND-MN MSA; Bismarck, ND MSA; Dickinson; Northwest North Dakota) of the six assessment areas in North Dakota. Small farm lending was reviewed in three (Minot, North Central North Dakota, Northwest North Dakota) of the North Dakota assessment areas. Home mortgage lending was reviewed in all of the North Dakota assessment areas with the exception of the North Central North Dakota Assessment Area since there were too few to provide meaningful conclusions. More specifically, the bank originated one home mortgage loan in the North Central North Dakota Assessment Area in 2022 and 2023 and two home mortgage loans in 2024. Small business lending received the greater weight when drawing conclusions as commercial lending is the bank's primary lending focus, followed by small farm lending. Home mortgage lending received the least weight. Finally, the Fargo, ND-MN MSA and Northwest North Dakota Assessment Area received the most weight when arriving at the State rating. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTH DAKOTA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance under the Lending Test in North Dakota, which is supported by the bank's reasonable Geographic Distribution and Borrower Profile performance. The overall performance in North Dakota is consistent with the conclusions for all of the North Dakota assessment areas. Detailed discussion of the bank's performance is included in the individual assessment area sections of this evaluation.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the North Dakota assessment areas. Although the bank's performance was excellent in the Fargo, ND-MN MSA, the bank's reasonable performance in the North Central North Dakota Assessment Area, the Bismarck, ND MSA, and the Minot Assessment Area primarily supports this conclusion. The Dickinson and Northwest North Dakota assessment areas do not include any low- and moderate-income geographies,

and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated in these assessment areas.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels. While poor performance was noted in the Fargo, ND-MN MSA, reasonable performance was noted in the other five North Dakota assessment areas, compensating for that poor performance.

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated adequate responsiveness to the community development needs in the North Dakota assessment areas through community development loans, qualified investments, and community services.

Community Development Loans

The institution originated 52 community development loans totaling \$79.2 million in the North Dakota assessment areas, including 5 loans totaling \$3.8 million that benefited North Dakota statewide or more than one of the bank's assessment areas in North Dakota. This represented 85.8 percent of the bank's community development lending by dollar volume. Details regarding the level of community development lending activity for each assessment area within North Dakota are provided under the overall bank community development section.

Qualified Investments

The bank made 115 qualified investments totaling \$19.2 million in North Dakota, including 14 totaling \$12.5 million that benefited North Dakota statewide or more than one of the bank's assessment areas in North Dakota. The level of qualified investments in North Dakota represented 50.5 percent of Cornerstone Bank's total qualified investments by dollar volume. Details regarding the level of qualified investment activity for each assessment area in North Dakota are provided under the overall bank community development section.

Community Development Services

Bank representatives provided 48 instances of financial expertise or technical assistance to community development organizations in the North Dakota assessment areas, including 7 services impacting North Dakota statewide. This reflected 78.7 percent of all community development services provided by the institution during the evaluation period. Details regarding the level of community development services for each assessment area within North Dakota are provided under the overall bank community development section.

FARGO, ND-MN MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE FARGO, ND-MN MSA

The Fargo, ND-MN MSA consists of Cass County in east central North Dakota and Clay County in west central Minnesota. According to 2020 U.S. Census data, the MSA consists of 5 low-, 12 moderate-, 28 middle-, and 15 upper-income census tracts. In 2024, the institution closed a branch in a middle-income census tract in Fargo. The bank maintains its main office and an ATM in Fargo, which

are located in a moderate-income geography. There are no branches in the Minnesota portion of this MSA.

Economic and Demographic Data

The following table provides select demographic data for the Fargo, ND-MN MSA.

Demographic Information of the Fargo, ND-MN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	60	8.3	20.0	46.7	25.0	0.0
Population by Geography	249,843	7.0	18.3	48.7	26.0	0.0
Housing Units by Geography	110,404	8.6	22.7	48.7	20.0	0.0
Owner-Occupied Units by Geography	56,879	2.2	14.5	55.2	28.1	0.0
Occupied Rental Units by Geography	44,843	14.8	32.0	41.4	11.9	0.0
Vacant Units by Geography	8,682	18.3	28.1	44.1	9.5	0.0
Businesses by Geography	21,034	9.7	23.9	44.7	21.6	0.0
Farms by Geography	831	1.9	5.3	81.6	11.2	0.0
Family Distribution by Income Level	58,291	18.8	18.4	23.5	39.4	0.0
Household Distribution by Income Level	101,722	23.6	15.9	18.9	41.6	0.0
Median Family Income Fargo, ND-MN MSA		\$90,450	Median Housing Value			\$ 224,364
			Median Gross Rent			\$842
			Families Below Poverty Level			6.2%
Source: 2020 Census and 2024 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%.						

The FFIEC median family income is used to analyze home mortgage loans under the Borrower Profile criterion as well as for community development activities. The following table illustrates the 2024 FFIEC-estimated median family income ranges for the Fargo, ND-MN MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$105,900)	<\$52,950	\$52,950 to <\$84,720	\$84,720 to <\$127,080	≥\$127,080
<i>Source: FFIEC</i>				

Competition

The Fargo, ND-MN MSA is highly competitive for financial services. According to the 2025 FDIC Summary of Deposit data, 32 FDIC-insured financial institutions operate 96 offices within the Fargo, ND-MN MSA. Of these institutions, Cornerstone Bank ranked 11th with a deposit market share of 1.8 percent. This data does not include competition from credit unions as they are not included in the report. Additionally, there is a significant level of competition for home mortgage loans amongst banks. In 2024, 197 lenders reported 6,103 home mortgage loans originated or purchased within the MSA. Cornerstone Bank ranked 27th of the 197 lenders, with a market share of 0.9 percent by number of loans.

Finally, there is a high level of demand and competition for small business loans within the assessment area. Specifically, 2023 aggregate CRA data reveals that 73 lenders reported 5,518 small business loans originated or purchased within the MSA. As previously noted, Cornerstone Bank is not required

to collect or report its small business loan data and has chosen not to do so. However, the aggregate data is included to demonstrate the level of demand for small business loans.

Community Contact

Examiners reviewed a community contact interview recently conducted with a representative from an organization promoting economic development in the MSA. The contact felt the overall economy is doing well. He stated there are well over 1,000 open positions in the area, and employers struggle to find enough skilled people to fill the positions.

The contact stated that it would be difficult to find a local business with gross annual revenues under \$1 million. The contact further stated there are numerous financial institutions in the area and he has not heard that any businesses are having trouble finding financing. Finally, the contact was not familiar with all the potential lending needs in the Fargo, ND-MN MSA but based on the numerous financial institutions located in the MSA, it was assumed all types of lending are needed.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that commercial lending represents the primary credit need in the MSA, followed by home mortgage lending. Community development needs are primarily related to affordable housing, economic development, and community services targeted to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FARGO, ND-MN MSA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance under the Lending Test in the Fargo, ND-MN MSA. The institution's excellent Geographic Distribution performance was weighted against the poor Borrower Profile performance in this area to form the Lending Test conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Fargo, ND-MN MSA. The bank's excellent small business lending performance primarily supports this conclusion as this lending product received the most weight. Home mortgage lending performance was reasonable and did not impact the overall assessment.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. The following table indicates that the bank's lending performance in low- and moderate-income census tracts exceeds D&B data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.7	19	16.1	5,996	17.8
Moderate	23.9	34	28.8	10,482	31.1
Middle	44.7	27	22.9	5,606	16.6
Upper	21.6	38	32.2	11,669	34.6
Total	100.0	118	100.0	33,753	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the MSA when compared to demographic and aggregate data. As noted in the table below, the bank's performance in lending in low-income geographies exceeds both demographic and aggregate lending data. The performance in moderate-income geographies, while lower than aggregate data, would still be considered comparable.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	2.2	3.5	4	7.1	6,473	17.8
Moderate	14.5	12.3	6	10.7	19,179	52.9
Middle	55.2	45.3	36	64.3	7,670	21.1
Upper	28.1	38.9	10	17.9	2,969	8.2
Total	100.0	100.0	56	100.0	36,291	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

Overall, the distribution of borrowers reflects poor penetration among businesses of different revenue sizes and individuals of different income levels. This conclusion is primarily supported by the bank's poor small business lending performance, which was given the greatest weight in the analysis. The institution's reasonable home mortgage lending performance was also considered, but given less weight in drawing conclusions.

Small Business Loans

The distribution of small business loans reflects poor penetration to businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank's lending to businesses with revenues of \$1 million or less is significantly lower than D&B data. However, D&B data is from a voluntary survey request to businesses; therefore, it is only used as a general indicator of business demographics. Although this is not a direct comparison, Cornerstone Bank's lending performance lags aggregate data as well. The aggregate data for 2022 and 2023 indicates an average of 49.3 percent of small business loans in the MSA were to businesses with gross annual revenues of \$1 million or less. Furthermore, the bank's performance is similar to the prior evaluation, which also reflected poor performance. At the previous evaluation, 35.4 percent of the bank's lending was to businesses with revenues of \$1 million or less compared to demographic data of 84.5 percent for the same revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	87.3	25	39.1	6,148	31.5
> \$1,000,000	3.4	39	60.9	13,357	68.5
Revenue Not Available	9.4	0	0.0	0	0.0
Total	100.0	64	100.0	19,505	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's performance of originating home mortgage loans to borrowers of different income levels is reasonable. The bank's level of lending to low-income borrowers was similar to aggregate data; however, lending to moderate-income borrowers was lower than aggregate data. A significant portion of the bank's home mortgage lending is for commercial properties, such as rental properties, which result in a borrower income level of NA. The bank's percentage of NA income level loans significantly exceeds that of the aggregate data group, which can skew comparisons to aggregate data. Given this information, the bank's performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	18.8	6.5	3	5.4	147	0.4
Moderate	18.4	22.0	3	5.4	232	0.6
Middle	23.5	23.6	3	5.4	317	0.9
Upper	39.4	28.7	14	25.0	3,927	10.8
NA	0.0	19.2	33	58.9	31,668	87.3
Total	100.0	100.0	56	100.0	36,291	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated adequate responsiveness to the community development needs in the Fargo, ND-MN MSA through community development loans, qualified investments, and community services.

Community Development Loans

The bank originated 35 community development loans totaling \$70.8 million in the Fargo, ND-MN MSA during the evaluation period. Details regarding the community development lending activity within the MSA are provided under the overall bank community development section.

Qualified Investments

The bank made 56 qualified investments totaling \$6.7 million in the MSA since the previous evaluation. Details regarding the qualified investment activity within the MSA are provided in the overall community development section.

Community Development Services

During the evaluation period, bank representatives provided 19 instances of financial expertise to community development organizations in the MSA. Details regarding this activity are provided under the overall bank community development section.

NORTHWEST NORTH DAKOTA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NORTHWEST NORTH DAKOTA ASSESSMENT AREA

The Northwest North Dakota Assessment Area consists of McKenzie and Mountrail counties. According to the 2020 U.S. Census, the assessment area includes 6 middle- and 2 upper-income census tracts. All of the middle-income census tracts were designated as underserved during the evaluation period. The bank operates 4 branches (Parshall, Plaza, New Town, and Watford City) in this assessment area, all in underserved, middle-income geographies. In addition, the bank operates 13 ATMs, including 2 deposit-taking ATMs, in the assessment area. All but one of the ATMs are located in underserved, middle-income geographies.

The bank previously included Ward County in this assessment area; however, with MSA boundary changes in 2023, Ward County became part of the new Minot Assessment Area.

Economic and Demographic Data

The following table provides select demographic data for the Northwest North Dakota Assessment Area.

Demographic Information of the Northwest North Dakota Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	8	0.0	0.0	75.0	25.0	0.0
Population by Geography	24,513	0.0	0.0	78.6	21.4	0.0
Housing Units by Geography	12,037	0.0	0.0	84.4	15.6	0.0
Owner-Occupied Units by Geography	4,862	0.0	0.0	81.4	18.6	0.0
Occupied Rental Units by Geography	3,186	0.0	0.0	88.3	11.7	0.0
Vacant Units by Geography	3,989	0.0	0.0	84.9	15.1	0.0
Businesses by Geography	2,955	0.0	0.0	86.4	13.6	0.0
Farms by Geography	279	0.0	0.0	87.5	12.5	0.0
Family Distribution by Income Level	4,951	20.9	14.1	18.9	46.2	0.0
Household Distribution by Income Level	8,048	18.7	14.0	19.2	48.1	0.0
North Dakota Nonmetropolitan Median Family Income		\$81,182	Median Housing Value			\$ 231,434
			Median Gross Rent			\$1,015
			Families Below Poverty Level			6.8%
Source: 2020 Census and 2024 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%.						

The following table illustrates the 2024 median family income ranges for the nonmetropolitan assessment areas in North Dakota (Northwest North Dakota, Dickinson, and North Central North Dakota assessment areas).

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$98,800)	<\$49,400	\$49,400 to <\$79,040	\$79,040 to <\$118,560	≥\$118,560
<i>Source: FFIEC</i>				

Competition

The Northwest North Dakota Assessment Area is moderately competitive for financial services. According to 2025 FDIC Summary of Deposit data, 4 FDIC-insured financial institutions operate 11 offices within the MSA. Of these institutions, Cornerstone Bank ranked 2nd with a deposit market share of 35.4 percent.

Additionally, there is a moderate level of competition for home mortgage loans amongst banks. In 2024, 64 lenders reported 305 home mortgage loans originated or purchased within the assessment area. Cornerstone Bank ranked 4th of the 64 lenders, with a market share of 5.6 percent by number of loans. While this data only reflects lending data for financial institutions required to report HMDA data, it does illustrate the level of demand and competition for home mortgage loans.

Finally, there is a moderate level of demand and competition for small farm and small business loans in the assessment area, as evidenced by 2023 aggregate CRA data, which is the most recent year available. Cornerstone Bank is not required to collect or report its small farm and small business loan data and has elected not to do so. As such, the analysis of small farm and small business loans does not include comparisons against aggregate data. However, the aggregate data is included to illustrate the level of demand and competition for small farm and small business loans. In 2023, 10 lenders reported 346 small farm loans, and 47 lenders reported 717 small business loans. Bank management also indicated there is competition from non-FDIC insured entities, such as AgCountry Farm Credit Services.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that agricultural lending represents the primary credit need in the assessment area, followed by commercial lending. The assessment area's community development needs primarily involve revitalization/stabilization, economic development, and community services targeted to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NORTHWEST NORTH DAKOTA ASSESSMENT AREA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance under the Lending Test in the Northwest North Dakota Assessment Area. The bank's reasonable borrower profile performance supports this conclusion.

Geographic Distribution

The geographic distribution criterion was not evaluated for the Northwest North Dakota Assessment Area as it does not include any low- or moderate-income census tracts, and a review of this criterion would not result in meaningful conclusions.

Borrower Profile

Cornerstone Bank demonstrates a reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels. This conclusion is supported by the bank's reasonable small business, small farm, and home mortgage lending performance. Examiners focused on the percentage of lending to businesses and farms with gross annual revenues of \$1 million or less. Examiners also focused on the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

As shown in the following table, the distribution of borrowers reflects reasonable 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	86.4	17	81.0	2,798	59.7
> \$1,000,000	3.3	4	19.1	1,888	40.3
Revenue Not Available	10.3	0	0.0	0	0.0
Total	100.0	21	100.0	4,686	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As illustrated in the following table, the bank's performance is lower than D&B data; however, it is reasonable when considering 2022 Census of Agriculture data. The 2022 Census of Agriculture reveals that 38.8 percent of producers in the assessment area did not report farming as their primary occupation, and 59.7 percent of farm operations in the assessment area did not report interest expense, indicating these farms did not rely on credit to continue operations.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000	99.6	23	82.1	3,962	70.2
> \$1,000,000	0.4	5	17.9	1,681	29.8
Total	100.0	28	100.0	5,643	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

As depicted in the following table, the distribution of borrowers reflects reasonable penetration among individuals of different income levels. As noted in the following table, the bank's performance to low-income borrowers exceeds aggregate lending data. However, lending to moderate-income borrowers is below aggregate lending data. . It should be noted that 6.8 percent of families live below the poverty level according to the 2020 US Census. Further, the maximum family income level to qualify as a moderate-income borrower is approximately \$79,000. With a median housing value of approximately \$230,000, it may be difficult for some low- and moderate-income borrowers to meet standard home purchase down-payment and underwriting requirements. Furthermore, home mortgage lending is not the bank's primary business focus but provided as an accommodation to customers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	20.9	3.0	1	5.9	25	1.1
Moderate	14.1	11.9	1	5.9	62	2.6
Middle	18.9	26.7	3	17.7	282	11.9
Upper	46.2	37.3	9	52.9	1,704	71.8
NA	0.0	21.1	3	17.7	300	12.6
Total	100.0	100.0	17	100.0	2,373	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated an adequate level of responsiveness to the community development needs of the Northwest North Dakota Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

The bank originated 3 community development loans totaling \$911,000 in the assessment area during the evaluation period. Details regarding the community development lending activity within the assessment area are provided under the overall bank community development section.

Qualified Investments

The bank made 16 qualified investments totaling \$39,000 in the assessment area since the previous evaluation. Details regarding the qualified investment activity within the assessment area are provided in the overall community development section.

Community Development Services

During the evaluation period, bank representatives provided 14 instances of financial expertise to community development organizations in the assessment area. Details regarding this activity are provided under the overall bank community development section.

BISMARCK, ND MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BISMARCK, ND MSA

This assessment area is comprised of the entire Bismarck, ND MSA, which includes Burleigh, Morton, and Oliver counties in North Dakota. According to 2020 U.S. Census data, the MSA consists of 3 moderate-, 22 middle-, and 2 upper-income census tracts. The bank operates 1 branch (Bismarck) and 1 ATM in a middle-income census tract as well as 1 ATM in an upper-income census tract.

Economic and Demographic Data

The following table provides select demographic data for the Bismarck, ND MSA.

Demographic Information of the Bismarck, ND MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	27	0.0	11.1	81.5	7.4	0.0
Population by Geography	133,626	0.0	8.1	81.6	10.4	0.0
Housing Units by Geography	59,232	0.0	10.0	81.4	8.6	0.0
Owner-Occupied Units by Geography	38,041	0.0	7.5	80.5	12.0	0.0
Occupied Rental Units by Geography	16,009	0.0	14.7	83.1	2.2	0.0
Vacant Units by Geography	5,182	0.0	14.2	82.3	3.4	0.0
Businesses by Geography	15,944	0.0	10.8	79.4	9.9	0.0
Farms by Geography	704	0.0	4.1	86.7	9.2	0.0
Family Distribution by Income Level	34,592	18.0	18.1	25.4	38.5	0.0
Household Distribution by Income Level	54,050	23.0	16.2	19.4	41.3	0.0
Median Family Income Bismarck, ND MSA		\$93,359	Median Housing Value			\$ 252,492
			Median Gross Rent			\$901
			Families Below Poverty Level			4.3%
Source: 2020 Census and 2024 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%.						

The following table illustrates the 2024 median family income ranges for the Bismarck, ND MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$108,500)	<\$54,250	\$54,250 To <\$86,800	\$86,800 To <\$130,200	≥\$130,200
<i>Source: FFIEC</i>				

Competition

The Bismarck, ND MSA is highly competitive for financial services. The 2025 FDIC Summary of Deposit data indicates that 18 FDIC-insured financial institutions operate 55 offices within the MSA. Of these institutions, Cornerstone Bank ranked 9th with a deposit market share of 4.1 percent. This data does not include competition from credit unions as they are not included in the report. Additionally, there is a significant level of competition for home mortgage loans amongst banks. In 2024, 126 lenders reported 2,973 home mortgage loans originated or purchased within the MSA. Cornerstone Bank ranked 27th of the 126 lenders, with a market share of 0.7 percent by number of loans.

Finally, there is a high level of demand and competition for small business loans within the assessment area. Specifically, 2023 aggregate CRA data reveals that 58 lenders reported 2,670 small business loans originated or purchased within the MSA. As previously noted, Cornerstone Bank is not required to collect or report its small business loan data and has chosen not to do so. However, the aggregate data is included to demonstrate the level of demand for small business loans.

Community Contact

Examiners reviewed a recent community contact interview with a representative of an organization that promotes economic development in the MSA. The contact stated that the area's economy is stable, but high interest rates have resulted in a decline in building permits. In addition, many industries have been affected by labor shortage and supply chain issues. The contact noted that there is a very high level of competition between area financial institutions and that the financial institutions are meeting the area's credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial and home mortgage lending represent the primary credit needs of the MSA. Community development needs are primarily related to affordable housing and economic development.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BISMARCK, ND MSA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance in the Bismarck, ND MSA. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion in the MSA. The bank's reasonable small business and home mortgage lending performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the MSA. As indicated in the following table, the bank's lending performance in moderate-income census tracts is below, but still generally comparable to D&B data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	10.8	3	6.3	170	2.1
Middle	79.4	37	77.1	6,567	81.6
Upper	9.9	8	16.7	1,315	16.3
Table	100.0	48	100.0	8,052	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The following table reflects reasonable dispersion of home mortgage loans in moderate-income geographies, as the bank's lending performance is comparable to aggregate data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate	7.5	5.8	1	4.8	95	1.9
Middle	80.5	79.5	19	90.5	4,899	96.3
Upper	12.0	14.6	1	4.8	91	1.8
Total	100.0	100.0	21	100.0	5,085	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels. This conclusion is supported by the bank's reasonable small business and home mortgage lending performance.

Small Business Loans

The distribution of small business loans in the Bismarck, ND MSA reflects reasonable penetration to businesses with revenues of \$1 million or less. Although the bank's performance is lower than demographic data, D&B data is only used as a general indicator of business demographics within the assessment area. Further, although the bank is not required to collect or report its small business loan data and has not elected to do so, aggregate data can be used to provide context about the size of businesses to which other banks are lending. Aggregate data for 2022 and 2023 shows that an average of 55.7 percent of small business loans in the MSA were to businesses with gross annual revenues of \$1 million or less. Given this additional information, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	86.2	14	66.7	2,348	62.8
> \$1,000,000	3.3	7	33.3	1,389	37.2
Revenue Not Available	10.6	0	0.0	0	0.0
Total	100.0	21	100.0	3,737	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's performance of originating home mortgage loans to borrowers of different income levels is reasonable. The bank's level of lending to low- and moderate-income borrowers was lower than aggregate data; however, a significant portion of the bank's home mortgage lending is for commercial properties, such as rental properties. This skews the lending performance to all borrower income levels, including low- and moderate-income borrowers. Furthermore, home mortgage lending is not a primary focus of the bank and there is a high level of competition for these loans. Given this information, the bank's performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	18.0	8.2	0	0.0	0	0.0
Moderate	18.1	20.2	3	14.3	380	7.5
Middle	25.4	23.6	5	23.8	419	8.2
Upper	38.5	32.0	7	33.3	1,795	35.3
NA	0.0	16.0	6	28.6	2,491	49.0
Total	100.0	100.0	21	100.0	5,085	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated adequate responsiveness to the community development needs in the Bismarck, ND MSA through community development loans and qualified investments. While the bank's community development activity was somewhat limited, the bank only operates one branch in the assessment area, in which there is significant competition for community development opportunities.

Community Development Loans

The bank originated 4 community development loans totaling \$2,055,000 in the MSA during the evaluation period. Details regarding the community development lending activity within the MSA are provided under the overall bank community development section.

Qualified Investments

The bank made 12 qualified investments totaling \$21,000 in the MSA since the previous evaluation. Details regarding the qualified investment activity within the MSA are provided in the overall community development section.

Community Development Services

No instances of community development services were provided within the Bismarck, ND MSA during the evaluation period.

DICKINSON ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DICKINSON ASSESSMENT AREA

This nonmetropolitan assessment area includes all of Stark County in North Dakota. According to 2020 U.S. Census data, it consists of six middle- and three upper-income census tracts. None of the census tracts have been designated underserved and/or distressed during the evaluation period. The bank operates one branch (Dickinson) and one ATM in an upper-income census tract within the assessment area.

Economic and Demographic Data

The following table provides select demographic data for the Dickinson Assessment Area.

Demographic Information of the Dickinson Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	9	0.0	0.0	66.7	33.3	0.0
Population by Geography	33,646	0.0	0.0	60.9	39.1	0.0
Housing Units by Geography	14,796	0.0	0.0	63.6	36.4	0.0
Owner-Occupied Units by Geography	8,006	0.0	0.0	57.5	42.5	0.0
Occupied Rental Units by Geography	4,629	0.0	0.0	69.7	30.3	0.0
Vacant Units by Geography	2,161	0.0	0.0	73.5	26.5	0.0
Businesses by Geography	4,030	0.0	0.0	56.2	43.9	0.0
Farms by Geography	180	0.0	0.0	57.2	42.8	0.0
Family Distribution by Income Level	7,631	15.8	14.7	19.9	49.6	0.0
Household Distribution by Income Level	12,635	22.0	12.1	20.5	45.4	0.0
North Dakota Nonmetropolitan Median Family Income		\$81,182	Median Housing Value			\$ 243,042
			Median Gross Rent			\$923
			Families Below Poverty Level			6.7%
Source: 2020 Census and 2024 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%.						

Competition

The Dickinson Assessment Area is moderately competitive for financial services. According to 2025 FDIC Summary of Deposit data, 10 FDIC-insured financial institutions operate 16 offices within the assessment area. Of these institutions, Cornerstone Bank ranked 7th with a deposit market share of 4.3 percent.

Additionally, there is a moderate level of competition for home mortgage loans amongst banks. In 2024, 93 lenders reported 753 home mortgage loans originated or purchased within the assessment area. Cornerstone Bank ranked 20th of the 93 lenders, with a market share of 1.2 percent by number of loans. While this data only reflects lending data for financial institutions required to report HMDA data, it does illustrate the level of demand and competition for home mortgage loans.

Finally, there is a moderate level of demand and competition for small business loans in the assessment area, as evidenced by 2023 aggregate CRA data, which is the most recent year available. Cornerstone Bank is not required to collect or report its small farm and small business loan data and has elected not to do so. As such, the analysis of small business loans does not include comparisons against aggregate data. However, the aggregate data is included to illustrate the level of demand and competition for small business loans. In 2023, 47 lenders reported 745 small business loans.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that commercial and home mortgage loans represent the primary credit needs in the assessment area. Additionally, affordable housing and economic development are community development needs within the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DICKINSON ASSESSMENT AREA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance under the Lending Test in the Dickinson Assessment Area. The bank's reasonable borrower profile performance supports this conclusion.

Geographic Distribution

The geographic distribution criterion was not evaluated for the Dickinson Assessment Area as it does not include any low- or moderate-income census tracts, and a review of this criterion would not result in meaningful conclusions.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels. This conclusion is supported by the bank's reasonable small business and home mortgage lending performance.

Small Business Loans

The distribution of small business loans in the Dickinson Assessment Area reflects reasonable penetration to businesses with revenues of \$1 million or less. Although the bank's performance is lower than demographic data, D&B data is only used as a general indicator of business demographics within the assessment area. Further, although the bank is not required to collect or report its small business loan data and has not elected to do so, aggregate data can be used to provide context about the size of businesses to which other banks are lending. Aggregate data for 2022 and 2023 shows that an average of 56.6 percent of small business loans in the assessment area were to businesses with gross annual revenues of \$1 million or less. Given this additional information, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	86.9	14	70.0	3,321	80.9
> \$1,000,000	3.4	6	30.0	784	19.1
Revenue Not Available	9.8	0	0.0	0	0.0
Total	100.0	20	100.0	4,105	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's performance of originating home mortgage loans to borrowers of different income levels is reasonable. The bank did not make any loans to low-income borrowers; however, aggregate data indicates a relatively low demand for loans from that income group. Further, lending to moderate-income individuals exceeds aggregate lending data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	15.8	4.3	0	0.0	0	0.0
Moderate	14.7	17.4	2	22.2	145	12.0
Middle	19.9	24.6	1	11.1	45	3.7
Upper	49.6	32.9	4	44.4	398	32.9
NA	0.0	20.9	2	22.2	621	51.4
Total	100.0	100.0	9	100.0	1,209	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated adequate responsiveness to the community development needs in the Dickinson Assessment Area through community development loans, qualified investments, and community services.

Community Development Loans

The bank originated 5 community development loans totaling \$1.7 million in the assessment area during the evaluation period. Details regarding the community development lending activity within the assessment area are provided under the overall bank community development section.

Qualified Investments

The bank made 4 qualified investments totaling \$2,000 in the assessment area since the previous evaluation. Details regarding the qualified investment activity within the assessment area are provided in the overall community development section.

Community Development Services

During the evaluation period, bank representatives provided 3 instances of financial expertise to community development organizations in the assessment area. Details regarding this activity are provided under the overall bank community development section.

MINOT ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MINOT ASSESSMENT AREA

The Minot Assessment Area is comprised of McHenry and Ward counties in North Dakota, which are part of the new Minot, ND MSA beginning in 2023. Ward County was previously included in the Northwest North Dakota Assessment Area until it became part of the Minot, ND MSA. According to the 2020 U.S. Census, this assessment area consists of 1 moderate-, 16 middle-, and 1 upper-income census tract. The bank currently operates 1 branch in a middle-income census tract in Minot, which was opened in 2022. In addition, a branch in a middle-income census tract in Makoti was closed in 2022. Furthermore, the bank operates 1 ATM in a middle-income census tract.

Economic and Demographic Data

The following table provides select demographic data for the Minot Assessment Area.

Demographic Information of the Minot Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	18	0.0	5.6	88.9	5.6	0.0
Population by Geography	75,264	0.0	4.2	88.0	7.9	0.0
Housing Units by Geography	36,246	0.0	4.1	88.3	7.6	0.0
Owner-Occupied Units by Geography	18,970	0.0	3.7	89.0	7.3	0.0
Occupied Rental Units by Geography	12,024	0.0	5.3	87.1	7.6	0.0
Vacant Units by Geography	5,252	0.0	2.7	88.6	8.7	0.0
Businesses by Geography	7,196	0.0	2.8	93.4	3.8	0.0
Farms by Geography	513	0.0	0.4	97.7	2.0	0.0
Family Distribution by Income Level	18,465	15.9	18.5	26.9	38.7	0.0
Household Distribution by Income Level	30,994	22.2	16.5	20.2	41.0	0.0
Median Family Income Minot, ND MSA		\$85,182	Median Housing Value			\$ 193,944
			Median Gross Rent			\$931
			Families Below Poverty Level			4.6%
Source: 2020 Census and 2024 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%.						

The following table illustrates the 2024 median family income ranges for the Minot, ND MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$106,800)	<\$53,400	\$53,400 To <\$85,440	\$85,440 To <\$128,160	≥\$128,160
<i>Source: FFIEC</i>				

Competition

The Minot Assessment Area is highly competitive for financial services. According to 2025 FDIC Summary of Deposit data, 13 FDIC-insured financial institutions operate 28 offices within the MSA. Of these institutions, Cornerstone Bank ranked 9th with a deposit market share of 3.2 percent. Additionally, there is a significant level of competition for home mortgage loans amongst banks. In 2024, 91 lenders reported 1,551 home mortgage loans originated or purchased within the assessment area. Cornerstone Bank ranked 31st of the 91 lenders, with a market share of 0.3 percent by number of loans.

Finally, there is a moderate level of demand and competition for small farm loans in the assessment area, as evidenced by 2023 aggregate CRA data, which is the most recent year available. Cornerstone Bank is not required to collect or report its small farm loan data and has elected not to do so. As such, the analysis of small farm loans does not include comparisons against aggregate data. However, the aggregate data is included to illustrate the level of demand and competition for small farm and small business loans. In 2023, 17 lenders reported 418 small farm loans. Bank management also indicated there is also competition from non-FDIC insured entities such as AgCountry Farm Credit Services.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that commercial, home mortgage, and agricultural lending all represent credit needs in the assessment area. The assessment area's community development needs primarily involve affordable housing, economic development, and community services targeted to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MINOT ASSESSMENT AREA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance in the Minot Assessment Area. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion in the assessment area. The bank's reasonable small farm and home mortgage lending performance supports this conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. While none of the 45 small farm loans made in the Minot Assessment Area were in the sole moderate-income census tract, the bank's lending performance is comparable to D&B data which reflects only 0.4 percent of farms are in this geography.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. None of the 5 home mortgage loans made in the Minot Assessment Area were in the sole moderate-income census tract; however, the bank's performance is comparable to aggregate data which reflects only 2.6 percent of lending was in this geography.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes and individuals of different income levels. This conclusion is supported by the bank's reasonable small farm and home mortgage lending performance.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's performance is lower than D&B data; however, it is reasonable when considering 2022 Census of Agriculture data. The 2022 Census of Agriculture reveals that 45.5 percent of producers in the assessment area did not report farming as their primary occupation, and 47.2 percent of farm operations in the assessment area did not report interest expense, indicating these farms did not rely on credit to continue operations. See the following table for details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000	98.6	13	56.5	3,036	50.2
> \$1,000,000	0.2	10	43.5	3,015	49.8
Revenue Not Available	1.2	0	0.0	0	0.0
Total	100.0	23	100.0	6,051	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's performance of originating home mortgage loans to borrowers of different income levels is reasonable. A significant portion of the bank's home mortgage lending in this assessment area is for commercial properties, such as rental properties, which report incomes in the NA category. This amount greatly exceeds that of the aggregate data group can skew the analysis of the lending performance. Only two loans were made in this assessment area to borrowers with available income information, and one of those was to a moderate-income borrower. Given this information, the bank's performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	15.9	8.6	0	0.0	0	0.0
Moderate	18.5	23.5	1	20.0	24	3.4
Middle	26.9	22.6	0	0.0	0	0.0
Upper	38.7	23.7	1	20.0	276	38.5
NA	0.0	21.7	3	60.0	417	58.2
Total	100.0	100.0	5	100.0	717	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated adequate responsiveness to the community development needs in the Minot Assessment Area through community development qualified investments, and community services.

Community Development Loans

While no community development loans were made during the evaluation period in this assessment area, this was a new assessment area since the prior evaluation. Furthermore, the bank's community development lending included loans that benefited a broader statewide area within North Dakota, including the Minot Assessment Area.

Qualified Investments

The bank made 10 qualified investments totaling \$14,000 in the assessment area since the previous evaluation. Details regarding the qualified investment activity within the assessment area are provided in the overall community development section.

Community Development Services

During the evaluation period, bank representatives provided 3 instances of financial expertise to community development organizations in the assessment area. Details regarding this activity are provided under the overall bank community development section.

NORTH CENTRAL NORTH DAKOTA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NORTH CENTRAL NORTH DAKOTA ASSESSMENT AREA

This nonmetropolitan assessment area includes all of Benson, Pierce, Rolette, Towner, and Wells counties in North Dakota. The assessment area is new with the Rugby branch opening in 2022. According to 2020 U.S. Census data, the assessment area consists of 12 census tracts, 6 of which are moderate- and 6 middle-income census tracts. Several of the census tracts were designated underserved and/or distressed during the evaluation period. The bank operates 1 branch and 1 ATM in a middle-income census tract in the assessment area. In 2025, the Rugby branch relocated; however, it is located within the same census tract. It should be noted that prior to 2024, the assessment area consisted of 7 moderate- and 5 middle-income census tracts.

Economic and Demographic Data

The following table provides select demographic data for the North Central North Dakota Assessment Area.

Demographic Information of the North Central North Dakota Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	12	0.0	50.0	50.0	0.0	0.0
Population by Geography	28,285	0.0	57.3	42.7	0.0	0.0
Housing Units by Geography	14,881	0.0	51.1	48.9	0.0	0.0
Owner-Occupied Units by Geography	8,456	0.0	49.4	50.7	0.0	0.0
Occupied Rental Units by Geography	3,099	0.0	52.8	47.2	0.0	0.0
Vacant Units by Geography	3,326	0.0	53.8	46.2	0.0	0.0
Businesses by Geography	2,164	0.0	34.8	65.3	0.0	0.0
Farms by Geography	505	0.0	21.8	78.2	0.0	0.0
Family Distribution by Income Level	7,449	30.9	19.5	19.8	29.8	0.0
Household Distribution by Income Level	11,555	34.1	15.1	17.9	32.8	0.0
North Dakota Non-MSA Median Family Income		\$81,182	Median Housing Value			\$ 94,024
			Median Gross Rent			\$514
			Families Below Poverty Level			16.2%
Source: 2020 Census and 2024 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%.						

Competition

The North Central North Dakota Assessment Area is highly competitive for financial services. 2025 FDIC Summary of Deposit data indicates that 14 FDIC-insured financial institutions operate 23 offices within the assessment area. Of these institutions, Cornerstone Bank ranked 14th with a deposit market

share of 1.0 percent. This data does not include competition from credit unions as they are not included in the report. Additionally, there is a moderate level of competition for home mortgage loans amongst banks. In 2024, 50 lenders reported 161 home mortgage loans originated or purchased within the assessment area. Cornerstone Bank ranked 21st of the 50 lenders, with a market share of 1.2 percent by number of loans.

Finally, there is a moderate level of demand and competition for small farm loans in the assessment area, as evidenced by 2023 aggregate CRA data, which is the most recent year available. Cornerstone Bank is not required to collect or report its small farm loan data and has elected not to do so. As such, the analysis of small farm loans does not include comparisons against aggregate data. However, the aggregate data is included to illustrate the level of demand and competition for small farm loans. In 2023, 20 lenders reported 589 small farm loans. Bank management indicated there is also competition for small farm loans from non-FDIC insured entities, such as AgCountry Farm Credit Services.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that commercial, home mortgage, and agricultural lending all represent credit needs in the assessment area. The assessment area's community development needs primarily involve revitalization/stabilization, economic development, and community services targeted to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NORTH CENTRAL NORTH DAKOTA ASSESSMENT AREA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance in the North Central North Dakota Assessment Area. The bank's Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

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

Small Farm Loans

The distribution of small farm loans in the North Central North Dakota Assessment Area reflects reasonable penetration to small farms. Although the bank's level of lending in the moderate-income census tracts is lower than D&B data, this demographic data is only used as a general indicator of farm demographics in the assessment area. It should be noted that the majority of the moderate-income geographies are located a significant distance from the bank's sole branch in Rugby. Finally, as previously mentioned, there is a high level of competition for loans in the assessment area, and there are several financial institutions located in closer proximity to the moderate-income census tracts. Given this additional information, the bank's performance is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income	% of Farms	#	%	\$(000s)	%
Moderate	21.8	12	13.2	2,395	12.6
Middle	78.2	79	86.8	16,546	87.4
Total	100.0	91	100.0	18,941	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes. This conclusion is supported by the bank's reasonable small farm lending performance.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the bank's performance is lower than D&B data; however, it is reasonable when considering 2022 Census of Agricultural data. The 2022 Census of Agriculture reveals that 42.6 percent of producers in the assessment area did not report farming as their primary occupation, and 49.1 percent of farm operations in the assessment area did not report interest expense, indicating these farms did not rely on credit to continue operations.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000	98.8	15	51.7	2,395	45.5
> \$1,000,000	0.8	14	48.3	2,869	54.5
Revenue Not Available	0.4	0	0.0	0	0.0
Total	100.0	29	100.0	5,264	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated an adequate level of responsiveness to the community development needs of the North Central North Dakota Assessment Area through qualified investments and community development services. While the bank's community development activity was somewhat limited, this was a new assessment area since the previous evaluation. Furthermore, the bank only operates one branch in the assessment area, in which there is significant competition.

Community Development Loans

While no community development loans were made during the evaluation period in this assessment area, this was a new assessment area since the prior evaluation. Furthermore, the bank's community development lending included loans that benefited a broader statewide area within North Dakota, including the North Central North Dakota Assessment Area.

Qualified Investments

The bank made 3 qualified investments totaling \$1,000 in the assessment area since the previous evaluation. Details regarding the qualified investment activity within the assessment area are provided in the overall community development section.

Community Development Services

During the evaluation period, bank representatives provided 2 instances of financial expertise to community development organizations in the assessment area. Details regarding this activity are provided under the overall bank community development section.

SOUTH DAKOTA – Full-Scope Review

CRA RATING FOR SOUTH DAKOTA: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH DAKOTA

Cornerstone Bank designated one assessment area in South Dakota. The Sioux Falls Assessment Area is comprised of Lincoln, McCook, Minnehaha, and Turner counties. It previously comprised the entire Sioux Falls, SD MSA; however, with 2023 MSA boundary changes, Rock County, Minnesota was added to the multi-state MSA (Sioux Falls, SD-MN MSA). The bank does not include Rock County in its assessment area. Based on 2020 U.S. Census data, the assessment area includes 2 low-, 16 moderate, 33 middle-, and 12 upper-income census tracts, as well as 1 census tract with no income designation. The bank operates 1 branch (Sioux Falls) and 1 ATM in a middle-income census tract within the assessment area.

Economic and Demographic Data

The following table provides select demographic data for the Sioux Falls Assessment Area.

Demographic Information of the Sioux Falls Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	64	3.1	25.0	51.6	18.8	1.6
Population by Geography	276,730	1.8	22.9	54.2	20.7	0.5
Housing Units by Geography	111,182	2.8	25.8	52.8	17.6	1.0
Owner-Occupied Units by Geography	69,174	1.0	19.1	56.9	23.0	0.0
Occupied Rental Units by Geography	35,356	6.1	35.5	46.0	9.2	3.1
Vacant Units by Geography	6,652	4.0	44.5	46.1	5.4	0.0
Businesses by Geography	25,261	6.1	31.1	47.3	14.4	1.1
Farms by Geography	1,177	0.6	14.4	76.7	8.3	0.0
Family Distribution by Income Level	66,662	18.1	17.8	24.8	39.3	0.0
Household Distribution by Income Level	104,530	22.1	16.9	19.6	41.5	0.0
Median Family Income Sioux Falls, SD-MN MSA		\$83,517	Median Housing Value			\$ 203,781
			Median Gross Rent			\$829
			Families Below Poverty Level			5.3%
Source: 2020 Census and 2024 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%.						

The following table illustrates the 2024 median family income ranges for the Sioux Falls, SD-MN MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$102,400)	<\$51,200	\$51,200 To <\$81,920	\$81,920 To <\$122,880	≥\$122,880
<i>Source: FFIEC</i>				

Competition

The Sioux Falls Assessment Area is highly competitive for financial services. The 2025 FDIC Summary of Deposit data reveals that 40 FDIC-insured financial institutions operate 133 offices within the assessment area. Of these institutions, Cornerstone Bank ranked 33rd with a deposit market share of less than 0.1 percent. This data does not include competition from credit unions as they are not included in the report. Additionally, there is a significant level of competition for home mortgage loans amongst banks. In 2024, 194 lenders reported 7,853 home mortgage loans originated or purchased within the assessment area. Cornerstone Bank ranked 54th of the 194 lenders, with a market share of 0.2 percent by number of loans.

Finally, there is a high level of demand and competition for small business loans within the assessment area. Specifically, 2023 aggregate CRA data reveals that 87 lenders reported 6,233 small business loans originated or purchased within the assessment area. As previously noted, Cornerstone Bank is not required to collect or report its small business loan data and has chosen not to do so. However, the aggregate data is included to demonstrate the level of demand for small business loans.

Community Contact

Examiners reviewed a recent community contact interview with an individual familiar with the general market and community needs in the Sioux Falls Assessment Area. The contact stated that the general economy of the area is strong overall. However, the contact believes that the current housing market is difficult for buyers, especially first-time homebuyers, largely due to the current interest rate climate. The contact stated that small businesses seem to have difficulty getting started but the overall commercial market is strong. The contact stated that there are many opportunities for financial institutions to participate in community development activities. Overall, the contact believes local institutions have good participation within the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial and home mortgage loans represent the primary credit needs in the assessment area. Community development needs are primarily related to affordable housing, economic development, and community services targeted to low- and moderate-income individuals.

SCOPE OF EVALUATION - SOUTH DAKOTA

Examiners reviewed the bank's small business and home mortgage lending in the Sioux Falls Assessment Area. Small business lending received greater weight when drawing conclusions as commercial lending is the bank's primary lending focus. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA

LENDING TEST

Cornerstone Bank demonstrated reasonable performance under the Lending Test in the Sioux Falls Assessment Area. The bank's reasonable Geographic Distribution performance supports this conclusion. While the bank's Borrower Profile performance is poor, considerations of all factors related to the Lending Test rating resulted in the overall conclusion noted.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business and home mortgage lending performance support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. As indicated in the following table, the bank's small business lending performance in the low- and moderate-income census tracts is generally comparable to D&B data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.1	1	2.7	150	1.7
Moderate	31.1	9	24.3	2,229	25.1
Middle	47.3	10	27.0	1,542	17.4
Upper	14.4	17	46.0	4,950	55.8
NA	1.1	0	0.0	0	0.0
Total	100.0	37	100.0	8,871	100.0
Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The distribution of home mortgage loans throughout this assessment area is reasonable. While the bank did not originate or purchase any loans in the low-income census tracts in 2024, the performance is comparable to aggregate data, that shows less than 1 percent of reported loans were in that geography. The bank's lending in the moderate-income census tracts is also lower than aggregate data; however, there is significant competition for home mortgage loans in the Sioux Falls Assessment Area, and the bank's sole branch is in a middle-income census tract. Furthermore, the bank's lending in 2023 was very similar to 2024; however, in 2022, the bank's lending in low- and moderate-income geographies exceeded aggregate data. Specifically, the bank made 9.5 percent and 38.1 percent of home mortgage loans in low- and moderate-income census tracts, respectively. The 2022 aggregate data showed that 1.0 percent and 16.7 percent of lending was in the low- and moderate-income geographies, respectively. Given this information, the performance is reasonable. See the following table for details.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	1.0	0.8	0	0.0	0	0.0
Moderate	19.1	15.4	1	5.6	150	0.4
Middle	56.9	60.3	12	66.7	24,859	67.8
Upper	23.0	23.4	5	27.8	11,642	31.8
Total	100.0	100.0	18	100.0	36,651	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

Overall, the distribution of borrowers reflects poor penetration among businesses of different revenue sizes and individuals of different income levels. This conclusion is primarily supported by the bank's poor small business lending performance, which was given the greatest weight in the assessment area. However, the bank's home mortgage lending performance was reasonable.

Small Business Loans

The distribution of small business loans reflects poor penetration to businesses with revenues of \$1 million or less. As shown in the following table, the bank's performance of lending to businesses with revenues of \$1 million or less is significantly less than demographic data. Since demographic data is from a voluntary survey request to businesses, it is only used as a general indicator of business demographics within the assessment area. In addition, the Sioux Falls Assessment Area is highly competitive for small business loans. Nonetheless, aggregate data for 2022 and 2023 shows that an average of 53.3 percent of small business loans in the assessment area were to businesses with gross annual revenues of \$1 million or less. Furthermore, the bank's performance is similar to the prior evaluation, which also reflected poor performance. At the previous evaluation, 37.5 percent of the bank's lending was to businesses with revenues of \$1 million or less compared to demographic data of 87.0 percent for the same revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	88.4	11	40.7	1,646	23.2
> \$1,000,000	2.4	16	59.3	5,459	76.8
Revenue Not Available	9.3	0	0.0	0	0.0
Total	100.0	27	100.0	7,105	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's performance of originating home mortgage loans to borrowers of different income levels is reasonable. The bank's level of lending to low-income borrowers exceeded aggregate data; however, lending to moderate-income borrowers was lower than aggregate data. Furthermore, in 2022, the bank's lending was comparable to 2024 but in 2023 its lending to both low- and moderate-income borrowers was lower than aggregate. However, a significant portion of the bank's home mortgage lending is for commercial properties, such as rental properties, which report in the NA income category and can skew the analysis. The bank's percentage of income NA loans greatly exceeded the percentage in the aggregate lending group.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	18.1	6.1	2	11.1	158	0.4
Moderate	17.8	20.6	1	5.6	393	1.1
Middle	24.8	23.2	2	11.1	350	1.0
Upper	39.3	33.5	5	27.8	1,596	4.4
NA	0.0	16.6	8	44.4	34,154	93.2
Total	100.0	100.0	18	100.0	36,651	100.0
<i>Source: 2020 Census; Bank Data; 2024 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

COMMUNITY DEVELOPMENT TEST

Cornerstone Bank demonstrated adequate responsiveness to the community development needs in the Sioux Falls Assessment Area through community development loans, qualified investments, and community services.

Community Development Loans

The institution originated 8 community development loans totaling \$13.1 million in the Sioux Falls Assessment Area. This represents 14.2 percent of the bank's community development lending by dollar volume. Details regarding the community development lending activity within South Dakota are provided under the overall bank community development section.

Qualified Investments

The bank made 32 qualified investments totaling \$11.5 million in South Dakota comprised of 30 qualified investments totaling \$9.5 million in the assessment area and 2 qualified investments totaling \$2.0 million that benefited South Dakota statewide. The level of qualified investments in South Dakota represents 30.1 percent of Cornerstone Bank's total qualified investments by dollar volume. Details regarding the qualified investment activity are provided under the overall bank community development section.

Community Development Services

Bank representatives provided 13 instances of financial expertise or technical assistance to community development organizations in the Sioux Falls Assessment Area. This reflects 21.3 percent of all community development services provided by the institution during the evaluation period. Details regarding the community development services within South Dakota are provided under the overall bank community development section.

APPENDICES

INTERMEDIATE 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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
NORTH DAKOTA	Satisfactory	Satisfactory	Satisfactory
SOUTH DAKOTA	Satisfactory	Satisfactory	Satisfactory

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types

of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always

equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten

consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.