



## **PUBLIC DISCLOSURE**

March 7, 2022

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Platte Valley Bank  
RSSD# 2465881

1212 Circle Drive  
Scottsbluff, Nebraska 69361

Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

**TABLE OF CONTENTS**

Institution’s Community Reinvestment Act Rating ..... 2  
Scope of Examination ..... 2  
Description of Institution ..... 3  
Description of Assessment Area ..... 4  
Conclusions With Respect to Performance Tests ..... 8  
Fair Lending or Other Illegal Credit Practices Review ..... 16  
Appendix A – Map of the Assessment Area ..... 17  
Appendix B – Demographic Information ..... 18  
Appendix C – Glossary ..... 19

### **INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING**

This institution is rated: ***Outstanding***  
The Lending Test is rated: ***Satisfactory***  
The Community Development Test is rated: ***Outstanding***

Platte Valley Bank (the bank) is rated **Outstanding**. This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests.

- The bank's net loan-to-deposit (NLTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside its AA.
- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.
- Community development (CD) activity reflects excellent responsiveness to the CD needs of the bank's AA.

### **SCOPE OF EXAMINATION**

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics, and credit needs. The bank's CRA performance was assessed within its only AA. Examiners reviewed the following data:

- The bank's 16-quarter average NLTD ratio.
- A statistical sample of 168 small business loans selected from a universe of 967 loans, 138 small farm loans selected from a universe of 436 loans, and 152 home mortgage loans selected from a universe of 605 loans, all originated between January 1, 2020 and December 31, 2020.
- CD loans, qualified investments, and CD services from May 14, 2018 to July 1, 2021.

For this evaluation, more weight was placed on commercial (small business) lending, while agricultural (small farm) and home mortgage lending received less weight. Product weighting was largely determined by loan volume and the bank's business strategy.

## **DESCRIPTION OF INSTITUTION**

The bank is a community bank headquartered in Scottsbluff, Nebraska. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Platte Valley Financial Service Companies, Inc. located in Scottsbluff, Nebraska.
- The bank had total assets of \$920.4 million (MM) as of September 30, 2021.
- In addition to its main office in Scottsbluff, the bank operates seven additional branches in Nebraska, including full-service branches in the towns of Bridgeport, Gering, Morrill, Scottsbluff (two locations), and Sidney, as well as a limited-service branch located in Sidney.
- Since the prior CRA evaluation, the bank closed one full-service branch in Minatare, Nebraska, in August 2019. The bank also opened two loan production offices (LPOs) in February 2021 in the towns of Alliance and Chadron, Nebraska, and later converted both LPOs to full-service branches in August 2021. (NOTE: The new branches in Alliance and Chadron were opened outside of the lending test review period for this evaluation.)
- The bank maintains nine deposit-taking automated teller machines (ATMs) across its main office and branch locations in Alliance, Bridgeport, Chadron, Gering, Morrill, Scottsbluff (two locations), and Sidney. Two additional standalone, deposit-taking ATMs are available in Minatare and Lyman, Nebraska. The bank also operates three cash dispensing-only ATMs, all of which are standalone units, located in Gering and Scottsbluff (two locations). (NOTE: The ATMs in Alliance and Chadron were opened outside of the lending test review period for this evaluation.)
- As shown in the table below, the bank's primary business focus is agricultural, commercial, and residential real estate lending.

**Table 1**

<b>Composition of Loan Portfolio as of September 30, 2021</b>		
<b>Loan Type</b>	<b>\$(000)</b>	<b>%</b>
Construction and Land Development	9,246	1.4
Farmland	71,445	10.8
1-4 Family Residential Real Estate	159,589	24.1
Multifamily Residential Real Estate	5,856	0.9
Non-Farm Non-Residential Real Estate	108,432	16.4
Agricultural	113,574	17.2
Commercial and Industrial	131,312	19.9
Consumer	59,689	9.0
Other	1,967	0.3
<b>Gross Loans</b>	<b>661,110</b>	<b>100.0</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Outstanding under the CRA at its May 14, 2018 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

**DESCRIPTION OF ASSESSMENT AREA**

The bank's Western Nebraska AA consists of Banner, Cheyenne, Kimball, Morrill, Scotts Bluff, and Sioux Counties in their entirety. Refer to Appendix A for a map of the AA and Appendix B for additional demographic data.

- The AA is comprised of 1 low-, 2 moderate-, 13 middle, and 2 upper-income census tracts. Both Cheyenne and Kimball Counties were added to the bank's AA since the previous CRA evaluation.
- The newly opened branches in Alliance and Chadron in August 2021 resulted in the bank also adding the entirety of Box Butte and Dawes Counties to its AA. However, this change to the bank's AA occurred outside of the review period for this evaluation.
- According to the FFIEC's List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies, Cheyenne, Kimball, and Morrill Counties are considered underserved, except for one upper-income census tract that encompasses a portion of the town of Sidney in Cheyenne County. Additionally, Banner and Sioux Counties are considered distressed.

- According to the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, the bank ranked 1<sup>st</sup> out of 18 FDIC-insured depository institutions operating in the AA, with a total deposit market share of 37.9 percent.
- To further augment the CRA performance evaluation, two interviews were conducted with community members within the AA to help ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community contacts represented a housing organization focused on serving LMI individuals and families and an economic development organization.

**Table 2**

<b>Population Change</b>			
<b>Assessment Area: Western Nebraska</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2015 Population</b>	<b>Percent Change</b>
Western Nebraska AA	57,832	57,424	(0.7)
Banner County, NE	690	820	18.8
Cheyenne County, NE	9,998	10,077	0.8
Kimball County, NE	3,821	3,720	(2.6)
Morrill County, NE	5,042	4,874	(3.3)
Scotts Bluff County, NE	36,970	36,684	(0.8)
Sioux County, NE	1,311	1,249	(4.7)
NonMSA Nebraska	682,247	679,331	(0.4)
Nebraska	1,826,341	1,869,365	2.4

*Source: 2010 U.S. Census Bureau: Decennial Census  
2010 - 2015 U.S. Census Bureau: American Community Survey*

- The AA's 2015 population comprised 3.1 percent of the statewide population, with a majority of the AA's residents (63.9 percent) located in Scotts Bluff County.
- The largest town in the AA is Scottsbluff, Nebraska, which reported a population of 14,955 based on 2015 American Community Survey (ACS) data.

**Table 3**

<b>Median Family Income Change Assessment Area: Western Nebraska</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Western Nebraska AA	57,381	57,387	0.0
Banner County, NE	57,283	61,667	7.7
Cheyenne County, NE	69,462	71,406	2.8
Kimball County, NE	56,334	53,992	(4.2)
Morrill County, NE	50,857	54,893	7.9
Scotts Bluff County, NE	56,385	54,511	(3.3)
Sioux County, NE	57,442	52,232	(9.1)
NonMSA Nebraska	58,485	61,457	5.1
Nebraska	67,393	67,225	(0.2)
<i>Source: 2006 - 2010 U.S. Census Bureau: American Community Survey 2011 - 2015 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- Overall, statewide rural areas in Nebraska experienced growth in median family income (MFI), as compared to a decline in MFI in the state’s metropolitan areas.
- According to 2015 ACS data, 41.3 percent of AA families were LMI, which is above the reported figures for statewide rural areas and the state of Nebraska at 37.2 percent and 37.5 percent, respectively.
- The percentage of AA families living below the poverty level, at 9.4 percent, is slightly above the reported figures for statewide rural areas and the state of Nebraska at 8.3 percent and 8.8 percent, respectively.

**Table 4**

<b>Housing Cost Burden</b>						
<b>Assessment Area: Western Nebraska</b>						
<b>Area</b>	<b>Cost Burden - Renters</b>			<b>Cost Burden - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
Western Nebraska AA	65.0	20.4	33.2	60.1	28.2	19.3
Banner County, NE	66.7	0.0	22.2	34.3	20.0	11.7
Cheyenne County, NE	68.6	3.4	28.0	55.1	24.2	14.0
Kimball County, NE	65.0	7.0	27.3	67.4	24.5	21.8
Morrill County, NE	51.2	12.1	21.7	54.0	26.7	16.4
Scotts Bluff County, NE	66.3	28.0	37.8	61.7	29.6	20.9
Sioux County, NE	26.7	0.0	8.6	66.7	38.9	28.3
NonMSA Nebraska	61.8	15.9	29.5	54.9	21.3	15.4
Nebraska	71.1	23.8	37.2	60.6	28.5	16.5

*Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy*  
*Note: Cost Burden is housing cost that equals 30 percent or more of household income.*

- The AA’s housing affordability ratio<sup>1</sup> of 45.2 percent is lower than the reported ratio for statewide rural areas (48.0 percent) but above the state of Nebraska at 39.8 percent. Within the AA, housing affordability ratios range from 40.1 percent in Banner County to 57.0 percent in Morrill County. Scotts Bluff County, where a majority of the AA’s owner-occupied housing is located (62.5 percent), has a housing affordability ratio of 42.7 percent.
- A community member noted that housing in the AA is in short supply, although financing is readily available for qualified buyers. The community member also noted that available homes sell quickly, except for those in poor condition.
- Housing cost burden in the AA is elevated, especially for low-income renters and LMI homeowners. The short supply of homes for sale, coupled with an elevated housing cost burden, may reveal a need for more affordable housing throughout the AA.

<sup>1</sup> The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio is generally indicative of less affordable housing.



**Table 5**

Unemployment Rates Assessment Area: Western Nebraska					
Area	2016	2017	2018	2019	2020
Western Nebraska AA	3.4	3.2	3.1	3.4	4.0
Banner County, NE	3.6	3.6	3.4	3.7	2.6
Cheyenne County, NE	2.8	2.9	2.8	3.5	4.4
Kimball County, NE	4.0	2.8	2.7	2.9	3.5
Morrill County, NE	3.2	2.9	2.7	2.8	3.6
Scotts Bluff County, NE	3.5	3.4	3.3	3.6	4.2
Sioux County, NE	2.7	2.9	2.6	2.7	2.3
NonMSA Nebraska	2.9	2.8	2.7	2.9	3.4
Nebraska	3.1	2.9	2.9	3.0	4.2

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

- Recent unemployment figures indicate a highly stable economy, not only within the AA, but also throughout statewide rural areas and the state of Nebraska.
- In addition to a significant agricultural economy, the largest employers in the AA include Regional West Medical Center, Scottsbluff Public Schools, Wal-Mart, and Gering Public Schools.
- A community member indicated the Corona Virus Disease Pandemic of 2019 did not significantly impact the local economy, with very few businesses shutting down.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TEST**

The bank’s performance under the lending test is satisfactory. In determining the overall lending test rating, greater weight was given to the geographic and borrower distribution performance criteria.

**Net Loan-to-Deposit Ratio**

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and location. Overall, the bank’s NLTD ratio is more than reasonable, as it falls

within the range of NLTD ratios reported by three similarly situated institutions, all with more than reasonable NLTD ratios.

**Table 6**

Comparative NLTD Ratios December 31, 2017 – September 30, 2021			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			16-Quarter Average
Platte Valley Bank	Scottsbluff, Nebraska	920,367	95.1
<b>Similarly Situated Institutions</b>			
Adams Bank & Trust	Ogallala, Nebraska	1,124,302	96.1
Exchange Bank	Kearney, Nebraska	1,183,031	96.0
FirsTier Bank	Kimball, Nebraska	662,909	92.0
NebraskaLand Bank	North Platte, Nebraska	886,777	77.6

**Assessment Area Concentration**

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. Overall, the bank originated a majority of loans, by number and dollar, inside its AA.

**Table 7**

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Residential Loans	136	89.5	17,431	85.0	16	10.5	3,068	15.0
<b>Total Non-HMDA Residential related</b>	<b>136</b>	<b>89.5</b>	<b>17,431</b>	<b>85.0</b>	<b>16</b>	<b>10.5</b>	<b>3,068</b>	<b>15.0</b>
Small Business	147	87.5	10,263	82.5	21	12.5	2,175	17.5
<b>Total Small Business related</b>	<b>147</b>	<b>87.5</b>	<b>10,263</b>	<b>82.5</b>	<b>21</b>	<b>12.5</b>	<b>2,175</b>	<b>17.5</b>
Small Farm	121	87.7	11,287	89.4	17	12.3	1,336	10.6
<b>Total Small Farm related</b>	<b>121</b>	<b>87.7</b>	<b>11,287</b>	<b>89.4</b>	<b>17</b>	<b>12.3</b>	<b>1,336</b>	<b>10.6</b>
<b>Total Loans</b>	<b>404</b>	<b>88.2</b>	<b>38,982</b>	<b>85.6</b>	<b>54</b>	<b>11.8</b>	<b>6,578</b>	<b>14.4</b>

*Note: Percentages may not total 100.0 percent due to rounding.*

**Geographic Distribution of Loans**

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the bank’s AA. Overall, the bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout its AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is excellent. The bank’s lending performance in the AA’s LMI census tracts is above the respective demographic figures, which represent the percentage of owner-occupied housing units by income level of census tract. In addition, an evaluation of the dispersion of home mortgage loans revealed no significant lending gaps or lapses throughout the AA.

**Table 8**

<b>Distribution of 2020 Home Mortgage Lending By Income Level of Geography</b>					
<b>Assessment Area: Western Nebraska AA</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Owner Occupied Units %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	8	5.9	495	2.8	4.7
<b>Moderate</b>	16	11.8	1,853	10.6	9.0
<b>Middle</b>	92	67.6	11,613	66.6	72.4
<b>Upper</b>	20	14.7	3,471	19.9	13.9
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0	0.0	
<b>Total</b>	136	100.0	17,431	100.0	100.0

*Source: 2020 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey*

*Note: Percentages may not total 100.0 percent due to rounding.*

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank’s lending performance in the AA’s LMI census tracts is comparable to the respective demographic figures, which represent the percentage of businesses located in each census tract category. In addition, an evaluation of the bank’s dispersion of small business loans revealed no significant lending gaps or lapses throughout the AA.

**Table 9**

Distribution of 2020 Small Business Lending By Income Level of Geography						
Assessment Area: Western Nebraska AA						
Geographic Income Level	Bank Loans				Total	
	#	#%	\$(000)	\$%	Businesses	%
<b>Low</b>	9	6.1	559	5.4		5.8
<b>Moderate</b>	22	15.0	1,349	13.1		14.8
<b>Middle</b>	106	72.1	7,983	77.8		64.2
<b>Upper</b>	10	6.8	373	3.6		15.2
<b>Unknown</b>	0	0.0	0	0.0		0.0
<b>Tract-Unk</b>	0	0.0	0	0.0		
<b>Total</b>	147	100.0	10,263	100.0		100.0

Source: 2020 FFIEC Census Data  
2020 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

**Small Farm Lending**

The geographic distribution of small farm lending is reasonable. As illustrated in Table 10, there are no small farms located in the AA’s low-income census tract, and a review of demographic data indicates a low number of farms located in the AA’s two moderate-income census tracts. Additionally, the moderate-income census tracts are located within the city of Scottsbluff, which correlates to limited farming operations. Therefore, while the bank did not originate any small farm loans within the AA’s moderate-income census tracts, the bank’s performance is comparable to the demographic figure.

When evaluating loan dispersion, some lending gaps were identified within the AA’s moderate-income census tracts. However, as discussed above, these lending gaps occurred within the city of Scottsbluff where lending opportunities to farm operations are limited. Therefore, these lending gaps did not impact the overall conclusion.

**Table 10**

Distribution of 2020 Small Farm Lending By Income Level of Geography					
Assessment Area: Western Nebraska AA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	1.2
Middle	114	94.2	10,212	90.5	93.3
Upper	7	5.8	1,075	9.5	5.6
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>121</b>	<b>100.0</b>	<b>11,287</b>	<b>100.0</b>	<b>100.0</b>

Source: 2020 FFIEC Census Data  
2020 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

**Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes**

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses and farms of different revenue sizes. Overall, the bank’s lending has a reasonable distribution among individuals of different income levels and businesses and farms of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. The bank’s lending to low-income borrowers is below the demographic figure, while lending to moderate-income borrowers is comparable to the demographic figure. A review of 2020 Home Mortgage Disclosure Act (HMDA) aggregate data, which combines the home mortgage lending volume of all financial institutions required to report HMDA data, revealed that other financial institutions operating in the AA had a home mortgage lending distribution to low-income borrowers of 5.7 percent by number and 3.2 percent by dollar volume. While aggregate HMDA data is not a direct comparison as the bank is not a HMDA reporter, aggregate lending volumes are reflective of the overall limited demand for home mortgage loans by low-income borrowers within the AA. In addition, LMI borrowers experience increased constraints in qualifying for mortgage loans due to down payment and debt-to-income requirements, making it difficult for banks to originate loans in equal percentages to demographic figures. Based on this additional performance context, the bank’s home mortgage lending performance is considered reasonable.

**Table 11**

Distribution of 2020 Home Mortgage Lending By Borrower Income Level Assessment Area: Western Nebraska AA					
Borrower Income Level	Bank Loans				Families by Family
	#	#%	\$(000)	\$%	Income %
Low	17	12.5	1,615	9.3	20.9
Moderate	34	25.0	3,148	18.1	20.4
Middle	45	33.1	5,453	31.3	22.1
Upper	40	29.4	7,216	41.4	36.6
Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	136	100.0	17,431	100.0	100.0

Source: 2020 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with revenues of \$1MM or less is comparable to the demographic figure. As reflected in Table 12, the bank also originated 24 loans to businesses with unknown revenues, of which, 20 were originated through the U.S. Small Business Administration’s Paycheck Protection Program (PPP). When evaluating these loans with unknown revenues, all 24 were originated in amounts of \$250,000 or less, which are amounts generally requested by smaller business entities and further illustrates the bank’s responsiveness in meeting the smaller credit needs of AA businesses. Additionally, a review of aggregate lending data submitted by CRA reporters in the bank’s AA noted an aggregate distribution of 46.5 percent of loans by number and 29.1 percent by dollar to small businesses.

**Table 12**

<b>Distribution of 2020 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Western Nebraska AA</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	98	66.7	4,205	41.0	89.8
<b>Over \$1 Million</b>	25	17.0	4,817	46.9	8.2
<b>Revenue Unknown</b>	24	16.3	1,241	12.1	2.0
<b>Total</b>	147	100.0	10,263	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	119	81.0	3,599	35.1	
<b>\$100,001 - \$250,000</b>	21	14.3	3,197	31.2	
<b>\$250,001 - \$1 Million</b>	7	4.8	3,467	33.8	
<b>Total</b>	147	100.0	10,263	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	90	91.8	2,293	54.5	
<b>\$100,001 - \$250,000</b>	7	7.1	1,112	26.4	
<b>\$250,001 - \$1 Million</b>	1	1.0	800	19.0	
<b>Total</b>	98	100.0	4,205	100.0	
<i>Source: 2020 FFIEC Census Data</i>					
<i>2020 Dun &amp; Bradstreet Data</i>					
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

**Small Farm Lending**

The borrower distribution of small farm lending is reasonable. The bank’s lending to farms with revenues of \$1MM or less is comparable to the demographic figure. For the review period, the bank also originated five loans to farms with unknown revenues. When evaluating these loans with unknown revenues, all five were originated in amounts of \$250,000 or less, which are amounts generally requested by smaller farming operations and further illustrates the bank’s responsiveness in meeting the smaller credit needs of AA farms. Additionally, a review of aggregate lending data submitted by CRA reporters in the bank’s AA noted an aggregate distribution of 55.2 percent of loans by number and 81.0 percent by dollar to small farms.

**Table 13**

<b>Distribution of 2020 Small Farm Lending By Revenue Size of Farms</b>					
<b>Assessment Area: Western Nebraska AA</b>					
	<b>Bank Loans</b>				<b>Total Farms</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	<b>%</b>
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	103	85.1	8,836	78.3	98.3
<b>Over \$1 Million</b>	13	10.7	2,297	20.4	1.7
<b>Revenue Unknown</b>	5	4.1	155	1.4	0.0
<b>Total</b>	121	100.0	11,287	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	83	68.6	2,675	23.7	
<b>\$100,001 - \$250,000</b>	26	21.5	4,289	38.0	
<b>\$250,001 - \$500,000</b>	12	9.9	4,323	38.3	
<b>Total</b>	121	100.0	11,287	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	73	70.9	2,359	26.7	
<b>\$100,001 - \$250,000</b>	21	20.4	3,488	39.5	
<b>\$250,001 - \$500,000</b>	9	8.7	2,989	33.8	
<b>Total</b>	103	100.0	8,836	100.0	
<i>Source: 2020 FFIEC Census Data 2020 Dun &amp; Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

**COMMUNITY DEVELOPMENT TEST**

The CD test evaluates the bank’s responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services, considering the bank’s capacity and the need and availability of such opportunities in the bank’s AA. Overall, the bank’s CD performance demonstrates excellent responsiveness. For this evaluation, the bank’s performance is highlighted by its significant number of affordable housing CD loans, as well as the number of loans originated to area businesses and farms through the PPP. These loans supported the revitalization and stabilization of distressed and/or underserved areas or LMI census tracts within the bank’s AA.

The bank also maintains a relationship with an organization that provides assistance in budgeting and debt counseling that targets LMI individuals. Bank staff are trained and able to refer customers to this organization for financial counseling, housing services, credit report review, student loan debt counseling, online education, and budgeting software at no cost to the bank’s customers. The bank currently has 15 customers receiving assistance from this organization.



**Table 14**

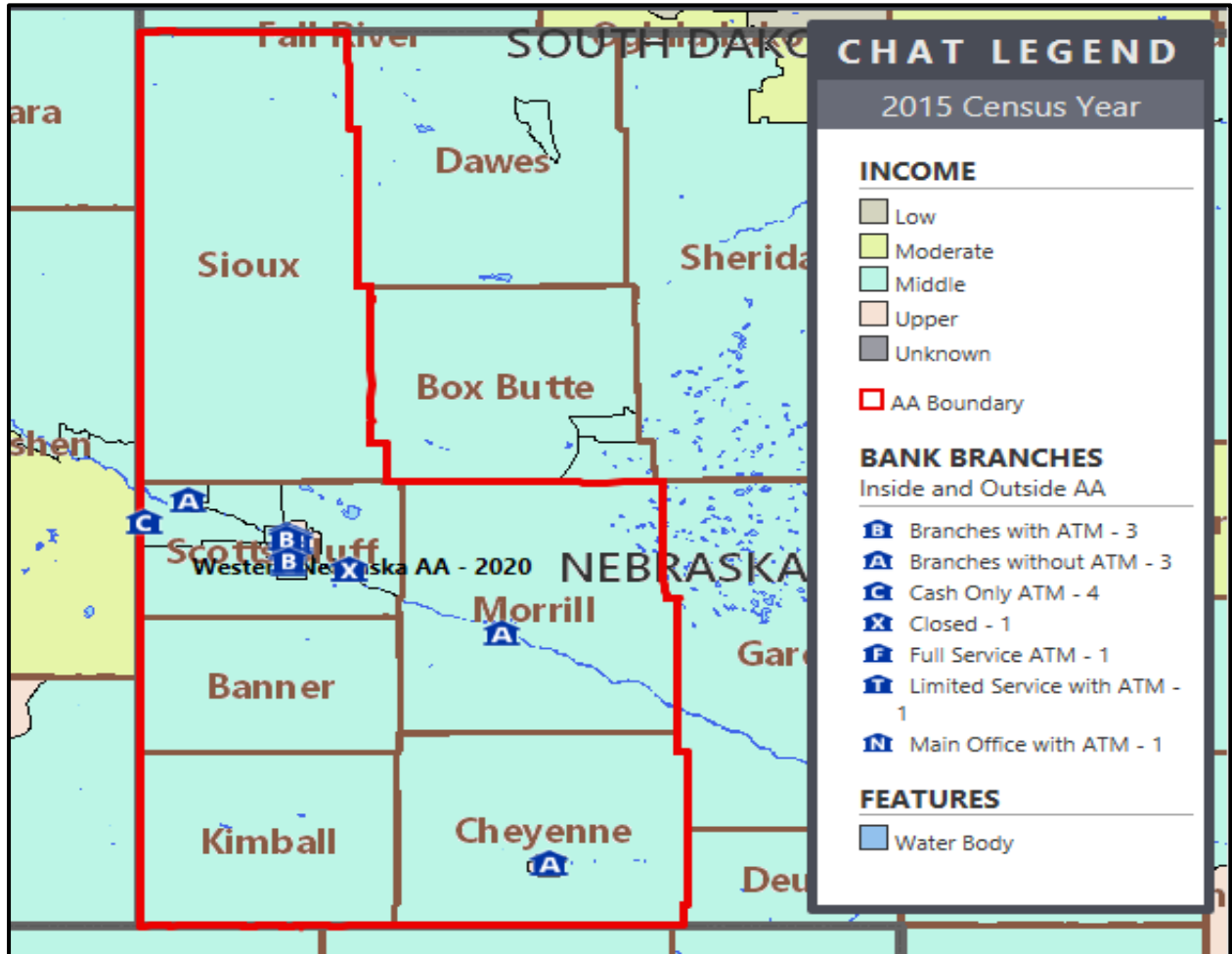
<b>Community Development Activity</b>									
<b>Assessment Area: Western Nebraska AA</b>									
<b>Community Development Purpose</b>	<b>Community Development Loans</b>		<b>Qualified Investments</b>						<b>Community Development Services</b>
			<b>Investments</b>		<b>Donations</b>		<b>Total Investments</b>		
	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>
<b>Affordable Housing</b>	262	25,051	1	150	0	0	1	150	0
<b>Community Services</b>	1	46	9	1,709	13	64	22	1,773	55
<b>Economic Development</b>	64	2,587	0	0	0	0	0	0	0
<b>Revitalization and Stabilization</b>	127	8,516	8	2,130	4	196	12	2,326	0
<b>Totals</b>	<b>454</b>	<b>36,200</b>	<b>18</b>	<b>3,989</b>	<b>17</b>	<b>260</b>	<b>35</b>	<b>4,249</b>	<b>55</b>

In addition, based on the bank meeting the CD needs of its AA, consideration also was given to the bank’s CD activities that took place outside of its AA, but within the broader statewide/regional area. These activities are not included in the above table but received favorable consideration for this performance evaluation. The activities included nine affordable housing loans for \$1.1MM, eight loans to revitalize and stabilize distressed and/or underserved middle-income census tracts for \$1.8MM, and four donations for revitalization and stabilization purposes totaling \$25,500.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



**APPENDIX B – DEMOGRAPHIC INFORMATION**

2020 Western Nebraska AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	5.6	942	6.2	238	25.3	3,206	20.9
Moderate	2	11.1	1,379	9.0	225	16.3	3,120	20.4
Middle	13	72.2	11,016	72.0	866	7.9	3,381	22.1
Upper	2	11.1	1,970	12.9	112	5.7	5,600	36.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>18</b>	<b>100.0</b>	<b>15,307</b>	<b>100.0</b>	<b>1,441</b>	<b>9.4</b>	<b>15,307</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,773	759	4.7	42.8	776	43.8	238	13.4
Moderate	2,714	1,461	9.0	53.8	1,059	39.0	194	7.1
Middle	18,937	11,707	72.4	61.8	4,680	24.7	2,550	13.5
Upper	3,407	2,240	13.9	65.7	909	26.7	258	7.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>26,831</b>	<b>16,167</b>	<b>100.0</b>	<b>60.3</b>	<b>7,424</b>	<b>27.7</b>	<b>3,240</b>	<b>12.1</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	163	5.8	135	5.3	27	11.7	1	1.7
Moderate	419	14.8	375	14.8	43	18.6	1	1.7
Middle	1,818	64.2	1,643	64.6	124	53.7	51	87.9
Upper	431	15.2	389	15.3	37	16.0	5	8.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,831</b>	<b>100.0</b>	<b>2,542</b>	<b>100.0</b>	<b>231</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>					<b>89.8</b>		<b>8.2</b>	<b>2.0</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	1.2	6	1.2	0	0.0	0	0.0
Middle	485	93.3	477	93.3	8	88.9	0	0.0
Upper	29	5.6	28	5.5	1	11.1	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>520</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>					<b>98.3</b>		<b>1.7</b>	<b>0.0</b>
Source: 2020 FFIEC Census Data								
2020 Dun & Bradstreet Data								
2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

## **APPENDIX C – 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.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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, other secured consumer loans, and other unsecured consumer loans.

**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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan area (NonMSA):** Any area that is not located within an MSA.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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