



PUBLIC DISCLOSURE

JULY 29, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BANK OF BENNINGTON
RSSD# 348159**

**12212 NORTH 156TH STREET
BENNINGTON, NEBRASKA 68007**

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

NOTE: 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'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated: **Satisfactory**

Bank of Bennington (the bank) has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including lending to consumers, businesses, and low- and moderate-income (LMI) geographies and individuals, consistent with its resources and operations.

The bank's average net loan-to-deposit (NLTD) ratio indicates a reasonable effort to extend credit in competitive lending markets, considering the credit needs of the AA, the bank's financial condition, and the NLTD ratios of other similarly situated financial institutions. A majority of the bank's loans are extended within the bank's AA. The bank's lending reflects a reasonable distribution of loans throughout its AA based on the income level of census tracts. In addition, the bank's distribution of loans to individuals of different income levels and businesses of different revenue sizes is reasonable.

SCOPE OF EXAMINATION

The bank's Community Reinvestment Act (CRA) performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions*. The evaluation was performed in the context of information about the bank and its AA, such as asset size, financial condition, economic and demographic characteristics, and competition. Four out of the five criteria used to evaluate a small bank's lending performance under the CRA were relevant to this review, including the following:

- NLTD Ratio
- Lending Inside the AA
- Distribution of Loans by Income Level of Geographies
- Distribution of Loans to Borrowers of Different Income Levels and to Businesses of Different Revenue Sizes

The fifth criterion, the bank's responsiveness to CRA-related complaints, was not evaluated, as neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) has received any CRA-related complaints since the previous evaluation.

The evaluation included a full-scope review of the bank's lending performance in the Omaha Metropolitan AA. The bank's major products were reviewed, including residential real estate and commercial loans. Major product lines were determined through discussions with bank management, a review of the December 31, 2018 Reports of Condition and Income (Call Report), and a review of the numbers of loan originations since the previous CRA evaluation conducted on May 18, 2015.

Conclusions were derived from the universe of 93 home purchase, home refinance, and home improvement loans reported on the bank's Home Mortgage Disclosure Act (HMDA)

loan/application register, all originated between January 1, 2017 and December 31, 2017. In addition, a statistically derived sample of 42 small business loans was selected from a universe of 53 loans, all originated between January 1, 2018 and December 31, 2018. As defined under the CRA, small business loans included those with loan amounts of \$1 million (MM) or less. For the purpose of this review, small business loan products were weighted more in the evaluation.

The bank's average NLTD ratio was calculated based on a 16-quarter average since the previous evaluation and compared to similarly situated financial institutions that operate within the bank's AA. The geographic distribution analysis was based on the bank's lending among the various census tracts of different income levels in the AA, in which geographies were classified based on the 2017 and 2018 FFIEC census tract definitions. The borrower distribution analysis assessed the bank's lending to borrowers of different income levels and to businesses of different revenues sizes. Borrower income levels for the residential real estate products were calculated based on the 2017 FFIEC Estimated Median Family Income (MFI) Reports. Both the number and dollar volume of loans were evaluated for each lending test performance criterion. Additionally, only loans made inside the bank's AA were analyzed with respect to the geographic and borrower distribution analyses.

For evaluative purposes, the bank's lending was compared with area demographic data including the 2011-2015 American Community Survey (ACS) five-year estimate data and 2018 Dun & Bradstreet (D&B) data. The bank's HMDA lending was also compared to 2017 aggregate data reported by all HMDA reporters operating in the bank's AA.

To further augment the evaluation, interviews with members of the communities within the bank's AA were conducted to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. One community member was a representative from a housing and economic development organization. A second member was a representative from a local government. This community member was contacted by the Reserve Bank for a prior evaluation of a financial institution operating in the AA.

DESCRIPTION OF INSTITUTION

The bank is a \$136.1MM institution that is headquartered in Bennington, Nebraska. The bank is owned by a two-tier holding company structure: BBIG Holdings, LLC, Lincoln, Nebraska, and Hilltop Bancshares, Inc., Bennington, Nebraska. In addition to its main office, the bank operates two full-service branches, along with a commercial loan production office (LPO) in Lincoln, Nebraska. One branch is located just south of Bennington in western Omaha, and the other in Ashland, Nebraska. The Ashland Branch was acquired by the bank in April, 2016. The LPO opened in May 2018 and focuses on commercial lending. The bank's main location operates a cash-dispensing only automated teller machine (ATM), while the Omaha Branch operates a full-service ATM. The bank also operates a limited-service mobile branch, which consists of employees visiting a local retirement facility to accept customer deposits.

Based on the December 31, 2018 Call Report, the bank reported total loans of \$105.5MM and total deposits of \$112MM. The bank is primarily a commercial lender; however, it originates a moderate volume of residential real estate loans as well. With the opening of the LPO, the bank's primary strategic focus is on commercial lending. Table 1 illustrates the distribution of the bank's loan portfolio by product type as of December 31, 2018.

TABLE 1 BANK OF BENNINGTON LOAN PORTFOLIO AS OF DECEMBER 31, 2018		
Loan Type	Amount \$(000)	Percent of Total
Commercial	66,861	63.4
Residential Real Estate	29,589	28.1
Consumer	5,954	5.6
Agricultural	2,981	2.8
Other	97	0.1
Gross Loans	105,482	100.0

There are no known legal, financial or other factors impeding the bank's ability to meet the credit needs of the communities it serves.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA¹

The Omaha Metropolitan AA is located in eastern Nebraska, bordered on the Iowa state line. The AA is comprised of Douglas and Saunders Counties in their entirety, which are part of the seven-county Omaha-Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area (MSA). Since the prior CRA evaluation, the AA delineation expanded to include Saunders County upon the acquisition of the branch in Ashland. Previously, the AA delineation included only Douglas County.

The AA is comprised of 161 census tracts, including 27 low-, 38 moderate-, 57 middle-, and 39 upper-income census tracts. The concentration of LMI census tracts is located in east Douglas County. These census tracts are located approximately 30 miles from the bank's headquarters and 20 miles from the Omaha Branch, both of which are located in central Douglas County. Saunders County contains only middle-income census tracts. The main office and the Omaha Branch are both in upper-income census tracts, while the Ashland Branch is in a middle-income census tract.

The AA is highly competitive both for deposits and lending. According to the June 30, 2018 Federal Deposit Insurance Corporation Summary of Deposits, the bank is ranked 19 out of 45 institutions with 0.40 percent of the AA's deposits. Moreover, aggregate HMDA data reflects over 250 HMDA lenders reporting origination activity within the AA.

¹ The following demographic data is based on 2010 U.S. Census, 2011-2015 ACS data, and 2018 D&B data. Additional demographic data was also utilized based on the Bureau of Labor Statistics and Précis® Metro (Moody's Analytics).

Population Characteristics

The AA's population has increased in the five-year period from 2010 to 2015 from 517,110 to 558,568. Main population centers include Omaha, Ashland, Bennington, and Wahoo. The population of Saunders County, where the bank's second branch is located, is 20,913. The median age of residents in Douglas County is 33.5 years and Saunders County is 51.5 years, according to the U.S. Census Bureau.

Housing Characteristics

The numbers of housing units in the area is 234,377, with owner-occupied units representing 57.6 percent and rental units representing 34.8 percent of total housing stock, which is comparable to the state area average of 60.3 percent and 30.7 percent, respectively. However, in the LMI census tracts, rental units represent 53.3 percent and 42.2 percent respectively, of total housing stock, indicating a diminished ability to purchase owner-occupied houses in those areas.

The median housing value is \$146,070. A community representative noted that the local housing market in Saunders County has been strong for the last several years, categorized by low supply of single family homes and a high demand of buyers. The representative noted that the cities of Wahoo and Ashland in Saunders County see a higher demand for housing. Additionally, the rental market in Saunders County has seen increased demand in the last five years, which is attributable to individuals not being able to afford homeownership. A community representative from Douglas County indicated the housing market in the Omaha metropolitan area was also subject to low inventory and rising prices. Specifically, the contact noted there was a shortage of affordable housing for LMI individuals.

Income Characteristics

The MFI in the AA is \$71,101, which is higher than the state at \$67,225. The percentage of LMI families in the AA represents 42.5 percent. Middle- and upper-income families account for 20.0 percent and 39.5 percent of the population. According to the 2015 census data, 37.2 percent of families in the low-income tracts, and 32.7 percent of families in moderate-income tracts fall below the poverty level. In the AA, 13,823 families fall below the poverty level; however, this is comparable to statewide poverty levels.

Economic and Employment Characteristics

The local economy is not dependent on any one sector. A community representative noted that insurance firms, universities, and banking are the prominent industries in the AA. Institutions of higher education include Creighton University, University of Nebraska-Omaha, the University of Nebraska Medical Center, and Metropolitan Community College, amongst others.

According to the Nebraska Department of Labor, the unemployment rate in the AA was 5.56 percent, which is higher than the statewide rate of 2.8 percent. The Omaha MSA has an unemployment rate of 2.9 percent. Douglas and Saunders Counties have unemployment rates of 5.64 and 3.45 percent, respectively.

Additional demographic data is displayed in Table 2 below.

TABLE 2 OMAHA METROPOLITAN AA 2018 DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	27	16.8	15,164	11.3	5,142	33.9	30,566	22.7
Moderate	38	23.6	29,304	21.8	4,521	15.4	24,001	17.8
Middle	57	35.4	50,861	37.8	3,241	6.4	26,944	20.0
Upper	39	24.2	39,338	29.2	919	2.3	53,156	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	161	100.0	134,667	100.0	13,823	10.3	134,667	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	31,350	9,848	7.3	31.4	16,696	53.3	4,806	15.3
Moderate	56,054	28,062	20.8	50.1	23,634	42.2	4,358	7.8
Middle	92,166	54,001	40.0	58.6	31,810	34.5	6,355	6.9
Upper	54,807	43,173	32.0	78.8	9,372	17.1	2,262	4.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	234,377	135,084	100.0	57.6	81,512	34.8	17,781	7.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low	1,995	7.5	1,737	7.4	244	8.7	14	5.3
Moderate	4,666	17.6	4,154	17.7	483	17.2	29	11.0
Middle	12,219	46.0	10,577	45.0	1,496	53.4	146	55.3
Upper	7,676	28.9	7,021	29.9	580	20.7	75	28.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	26,556	100.0	23,489	100.0	2,803	100.0	264	100.0
Percentage of Total Businesses:				88.5		10.6		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low	7	1.4	7	1.4	0	0.0	0	0.0
Moderate	24	4.8	24	4.9	0	0.0	0	0.0
Middle	353	71.0	344	70.9	8	72.7	1	100.0
Upper	113	22.7	110	22.7	3	27.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	497	100.0	485	100.0	11	100.0	1	100.0
Percentage of Total Farms:				97.6		2.2		0.2
Based on 2018 FFIEC census tract definitions, 2015 ACS data, and 2018 D&B data. (NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)								

CONCLUSIONS WITH RESPECT TO 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, and the demographic and economic factors present in the AA. The bank’s NLTD ratio was averaged over a 16-quarter period since the previous CRA evaluation and was compared to the NLTD ratios of three similarly situated financial institutions operating in the AA based on asset size and loan portfolio composition.

The bank’s average NLTD ratio is reasonable. The bank’s NLTD ratio averaged 86.4 percent, which was slightly below that of its similarly situated comparison banks, whose average NLTD ratios ranged from 95.3 percent to 107.1 percent over the same period of time. The bank sells a large portion of its residential real estate loans on the secondary market, which is not reflected in its loan portfolio.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The evaluation analyzes both the number and dollar volume of originations.

The bank originates a majority of loans by number and dollar inside the AA and the concentration of lending reflects a reasonable effort by the bank to serve the credit needs of the communities in which it operates.

TABLE 3 LENDING INSIDE AND OUTSIDE THE BANK’S AA								
Bank Loans	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Home Purchase	35	7,405	76.1	74.8	11	2,501	23.9	25.2
Home Refinance	35	7,768	77.8	74.8	10	2,620	22.2	25.2
Home Improvement	2	120	100.0	100.0	0	0	0.0	0.0
Multifamily	0	0	0.0	0.0	0	0	0.0	0.0
Total HMDA Loans	72	15,293	77.4	74.9	21	5,121	22.6	25.1
Small Business Loans	26	3,329	61.9	61.9	16	2,053	38.1	38.1

The remaining performance criteria consider only those loans originated inside the AA.

Distribution by Income Level of Geographies

This performance criterion evaluates the bank’s distribution of lending among geographies of different income levels. For evaluative purposes, the bank’s HMDA lending was compared to the percent of owner-occupied units in each census tract income category, while the bank’s small business lending was compared to the percent of businesses operating in each census tract income category.

In addition, the bank's HMDA lending was compared to 2017 aggregate data reported by all HMDA reporters operating in the bank's AA. Due to the low volume of home improvement loans, this product was not evaluated individually, as it would not provide for a meaningful analysis.

Overall, the bank's performance with respect to distribution by income level of geographies is reasonable for both products, taking into account the distance between the bank's offices and LMI census tracts and the high level of competition in the area.

Total Home Mortgage Disclosure Act Loans

The geographic distribution of total HMDA lending is reasonable. The bank did not make any loans in low-income census tracts, while demographic data (percentage of owner-occupied units) reflects 7.3 percent of the AA's owner-occupied units are in low-income census tracts. Lending in the moderate-income census tracts by number and dollar volume was also lower than the aggregate lenders and demographic data percentages. The bank's lending in middle-income tracts was on par with aggregate lenders and the demographic percentages. Lending in upper-income census tracts exceeded aggregate lending by both number and dollar volume and was higher than the demographic percentage. This performance is still considered reasonable due to current housing conditions in the AA combined with a highly competitive market. Furthermore, in the LMI tracts, rental units represent 53.3 percent and 42.2 percent, respectively, of all housing units. All LMI tracts are located on the far-east side of the Omaha metropolitan area, a 30 minute commute to the bank's main location, and a 20 minute commute to the Omaha Branch. The Omaha market is very competitive, with the bank ranking 19th out of 45 institutions, yet only holding 0.40 percent of the deposit base in the AA.

A community contact familiar with the housing conditions of the Omaha metropolitan area noted that prices continue to rise as market inventory persists at very low levels. The representative stressed the dire need for affordable housing in LMI parts of the metropolitan area. While there is a significant amount of development occurring in the area, the representative noted that these are high-end developments in more affluent parts of the city.

The dispersion of the bank's HMDA lending throughout the AA is also reasonable. While gaps exist in the dispersion of loans in low-income census tracts, these tracts are a significant distance away from the bank's branches. In addition, the bank's overall volume of loans is low in relation to the large geographic scope of the bank's AA.

As previously mentioned, the AA's LMI census tracts are concentrated in eastern Omaha, the most populous city in the AA. The nearest bank branch is in west Omaha, which is approximately 20 miles from east Omaha. In addition, Omaha is served by 250 financial institutions serving the area. In light of the distance to the LMI census tracts, competition in the AA, and a low representation of owner-occupied homes in low-income census tracts, the bank's performance is reasonable. These same factors also contribute to the assessment of home purchase lending and home refinance lending performance as reasonable, as detailed below.

Home Purchase Loans

The geographic distribution of home purchase lending is reasonable. The bank made no loans in low-income census tracts, which was below aggregate HMDA data as well as the demographic figure. The bank's lending in moderate-income census tracts was below aggregate HMDA data by number, but comparable by dollar. However, the bank's lending in moderate-income census tracts was below the demographic figure by both number and dollar. In contrast, the bank's lending in middle-income census tracts was comparable to aggregate HMDA data by number and dollar; while both were below the demographic figure. The bank's lending in upper-income census tracts significantly exceeded aggregate HMDA data by number, yet was comparable by dollar volume. Lending also significantly exceeded the demographic figure.

Home Refinance Loans

The geographic distribution of home refinance lending is reasonable. The bank made no loans to low-income census tracts, which was below aggregate HMDA data as well as the demographic figure. The bank's lending in moderate-income census tracts was also below aggregate HMDA data by number, but comparable by dollar. The bank's lending by number and dollar was below the demographic figure. In contrast, the bank's lending in middle-income census tracts was comparable to both aggregate HMDA data and demographic data by number and dollar volume. The bank's lending in upper-income census tracts exceeded aggregate HMDA data by number, yet was comparable by dollar volume. Lending also significantly exceeded the demographic data by number and dollar volume.

**TABLE 4
DISTRIBUTION OF 2017 HMDA LOANS
BY INCOME LEVEL OF GEOGRAPHY
OMAHA METROPOLITAN AA**

Census Tract Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Owner- Occupied Units ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	0	0	0.0	0.0	5.4	3.7	7.3
Moderate	10	1,661	13.9	10.9	18.9	12.6	20.8
Middle	27	5,787	37.5	37.8	37.9	37.0	40.0
Upper	35	7,845	48.6	51.3	37.8	46.7	32.0
Unknown³	0	0	0.0	0.0	0.0	0.0	0.0
Home Purchase Loans							
Low	0	0	0.0	0.0	5.1	2.7	7.3
Moderate	5	870	14.3	11.7	18.8	11.7	20.8
Middle	13	2,544	37.1	34.4	37.5	35.3	40.0
Upper	17	3,991	48.6	53.9	38.5	50.4	32.0
Unknown³	0	0	0.0	0.0	0.0	0.0	0.0
Home Refinance Loans							
Low	0	0	0.0	0.0	4.9	2.7	7.3
Moderate	5	791	14.3	10.2	17.9	10.3	20.8
Middle	13	3,138	37.1	40.4	38.7	36.1	40.0
Upper	17	3,839	48.6	49.4	38.5	50.9	32.0
Unknown³	0	0	0.0	0.0	0.0	0.0	0.0
Home Improvement Loans							
Low	0	0	0.0	0.0	7.0	4.0	7.3
Moderate	0	0	0.0	0.0	21.0	13.3	20.8
Middle	1	105	50.0	87.5	39.6	42.0	40.0
Upper	1	15	50.0	12.5	32.4	40.6	32.0
Unknown³	0	0	0.0	0.0	0.1	0.1	0.0
Multifamily Loans							% of Multifamily Units²
Low	0	0	0.0	0.0	28.7	13.1	14.9
Moderate	0	0	0.0	0.0	41.8	25.7	25.0
Middle	0	0	0.0	0.0	24.6	50.7	45.6
Upper	0	0	0.0	0.0	4.9	10.6	14.5
Unknown³	0	0	0.0	0.0	0.0	0.0	0.0

¹ Aggregate loan data reflects all loan originations and purchases in the bank's AA reported by all HMDA filers.

² The percentage of owner-occupied housing and multifamily units by census tract are based on 2017 FFIEC census tract definitions and 2015 ACS data.

³ Includes census tracts where the income level is unknown.

(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

Small Business Loans

The geographic distribution of small business lending is reasonable. The bank’s lending in low-income census tracts by number exceeded the percentage of businesses operating in low-income census tracts, while lending by dollar was comparable to the demographic figure. In contrast, the bank’s lending in moderate-income census tracts was below the demographic figure by both number and dollar. The bank’s lending in middle-income census tracts was comparable to the demographic figure by number, but below by dollar, while lending in upper-income census tracts exceeded the demographic figure by number and dollar.

The bank’s dispersion of small business loans throughout the AA is reasonable. The bank originated loans in tracts of all income levels, although the concentration of loans was higher in the tracts around the bank’s branches.

Although Table 5 reflects a lower lending distribution in moderate-income census tracts, the distance from the census tracts to either of the bank’s offices, in addition to the high competition in the area, provides context to the bank’s performance, therefore rendering it reasonable. Additionally, while the bank is not a CRA reporter, a review of aggregate lending data from 2017 indicates the AA was served by 99 financial institutions. Aggregate lending to small businesses in low-income tracts was below bank performance by number and comparable by dollar volume, at 7.3 percent and 8.7 percent, respectively. Aggregate lending in moderate-income tracts was 15.8 percent by number and 15.3 percent by dollar, which exceeds bank performance and is comparable with demographic data.

Furthermore, a community representative noted that there are several non-profit organizations in the LMI areas of Omaha that support small businesses. These organizations partner with local institutions to support the credit needs of small businesses. With the number of institutions serving the AA, the distance to LMI census tracts, and established programs to support the small business in the area, the bank’s performance is reasonable.

**TABLE 5
DISTRIBUTION OF 2018 SMALL BUSINESS LOANS
BY INCOME LEVEL OF GEOGRAPHY
OMAHA METROPOLITAN AA**

Census Tract Income Level	Small Business Loans				% of Businesses ¹
	#	\$(000)	#%	\$%	
Low	3	218	11.5	6.5	7.5
Moderate	2	230	7.7	6.9	17.6
Middle	12	1,227	46.2	36.9	46.0
Upper	9	1,655	34.6	49.7	28.9
Unknown²	0	0	0.0	0.0	0.0

¹ The percentage of businesses by census tract is based on 2018 FFIEC census tract definitions and 2018 D&B data.

² Includes census tracts where the income level is unknown.

(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

Distribution by Borrower Income and Revenue Size of Businesses

This performance criterion evaluates the bank's lending to borrowers of different income levels, with emphasis placed on lending to LMI individuals, as well as to businesses of different revenue sizes, with emphasis placed on lending to those with gross annual revenues of \$1MM or less. For evaluative purposes, the bank's small business lending was compared to the percent of businesses within the AA by revenue size.

In addition, the bank's HMDA lending was compared to 2017 aggregate data reported by all HMDA reporters operating in the bank's AA. Due to the low volume of home improvement loans, this product was not evaluated individually, as it would not provide for a meaningful analysis.

The bank's performance with respect to distribution by borrower income is considered poor, while performance by revenue size of business is considered reasonable. Greater consideration was given to the bank's commercial lending as the bank's 2018 commercial loan volume was considerably higher than total HMDA loan volume. With the opening of the LPO, the bank currently has a strategic focus of continuing to grow the commercial loan portfolio. In consideration of these factors, the bank's overall performance is considered reasonable.

Total Home Mortgage Disclosure Act Loans

The borrower distribution of total HMDA lending is poor. The bank's lending to low-income borrowers was below aggregate lending data by number and dollar. Both the bank and aggregate lenders were significantly below the percentage of low-income families in the AA. The bank's lending to moderate- and middle-income borrowers was also below aggregate lending data and the respective demographic figure by number and dollar. In contrast, the bank's lending to upper-income borrowers exceeded both aggregate lending data and the demographic figure by number and dollar.

Home Purchase Loans

The borrower distribution of home purchase lending is poor. The bank's lending to low-, moderate-, and middle-income borrowers was below both aggregate lending data and the respective demographic figures by number and dollar. In contrast, the bank's lending to upper-income borrowers significantly exceeded aggregate lending data and the demographic figure.

According to ACS data, 13.7 percent of families in the AA live below the poverty line, potentially having an impact on the demand for mortgage loans among this demographic because of a lack of affordable housing. Additionally, a community representative indicated there is a shortage of affordable housing in the Omaha metropolitan area and that low-income borrowers have difficulty buying homes due to this shortage of affordable homes. Aggregate lending data is well-below the demographic data and is representative of this performance context. However, aggregate lending demonstrates that opportunities exist for lending to LMI borrowers and can be considered a proxy for loan demand in the AA. As the bank's performance was significantly below that of aggregate lenders, the bank's performance is poor.

Home Refinance Loans

The borrower distribution of home refinance lending is poor. The bank's lending to LMI borrowers was below aggregate lending data and the respective demographic figure by number and dollar. By contrast, the bank's lending to middle-income borrowers was comparable to aggregate lending data by number and slightly below the demographic by dollar volume. The bank's lending to upper-income borrowers significantly exceeded aggregate lending data and the demographic figure by number and dollar.

A community contact indicated that while the housing market has been strong, it is characterized by low inventory, rising prices, and a shortage of affordable housing. Low supply and low demand for housing among LMI individuals provides some context for the bank's lending performance. However, this context is not enough to elevate the rating to reasonable.

**TABLE 6
DISTRIBUTION OF 2017 HMDA LOANS
BY BORROWER INCOME LEVEL
OMAHA METROPOLITAN AA**

Borrower Income Level	Bank Loans				Aggregate HMDA Data ¹		% of Families ²
	#	\$(000)	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	3	155	4.2	1.0	7.9	3.9	22.7
Moderate	8	1,054	11.1	6.9	18.1	11.9	17.8
Middle	11	1,415	15.3	9.3	20.3	16.7	20.0
Upper	47	12,388	65.3	81.0	34.5	42.6	39.5
Unknown	3	281	4.2	1.8	19.2	24.9	0.0
Home Purchase Loans							
Low	2	105	5.7	1.4	8.0	4.5	22.7
Moderate	4	607	11.4	8.2	18.8	14.0	17.8
Middle	3	435	8.6	5.9	20.3	19.1	20.0
Upper	23	5,977	65.7	80.7	33.2	45.7	39.5
Unknown	3	281	8.6	3.8	19.8	16.7	0.0
Home Refinance Loans							
Low	1	50	2.9	0.6	7.2	3.8	22.7
Moderate	3	342	8.6	4.4	16.3	10.8	17.8
Middle	7	965	20.0	12.4	19.6	16.5	20.0
Upper	24	6,411	68.6	82.5	37.4	49.4	39.5
Unknown	0	0	0.0	0.0	19.4	19.5	0.0
Home Improvement Loans							
Low	0	0	0.0	0.0	10.1	3.6	22.7
Moderate	1	105	50.0	87.5	20.5	9.0	17.8
Middle	1	15	50.0	12.5	24.6	15.9	20.0
Upper	0	0	0.0	0.0	39.8	47.8	39.5
Unknown	0	0	0.0	0.0	5.0	23.7	0.0
Multifamily Loans							
Low	0	0	0.0	0.0	0.0	0.0	22.7
Moderate	0	0	0.0	0.0	0.0	0.0	17.8
Middle	0	0	0.0	0.0	0.0	0.0	20.0
Upper	0	0	0.0	0.0	0.0	0.0	39.5
Unknown	0	0	0.0	0.0	100.0	100.0	0.0

¹ Aggregate loan data reflects all loan originations and purchases in the bank's AA reported by all HMDA filers.

² The percentage of families is based on 2015 ACS data.

(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

Small Business Loans

The borrower distribution of small business lending is reasonable. The bank's lending to businesses under \$1MM in revenue was below the demographic figure by both number and dollar. However, a review of aggregate lending data from 2017 indicates that the bank's performance is above the lending levels reported by aggregate lenders for that year at 46.5 percent by number and 33.6 percent by volume. Additionally, based on loan size, 88.5 percent of small business loans were originated in loan amounts of \$250,000 or less, indicating the bank's willingness to meet the credit needs of small businesses. Typically, smaller businesses do not have the need or the capacity to borrow large amounts; as such, smaller loan amounts are used as a proxy to estimate the support of small entities.

A community representative indicated that there are nonprofit organizations that partner with local institutions to help provide the credit needs of small businesses. In 2017, there were 99 institutions that served businesses in the AA, creating a heavily saturated market of lenders in the area. Given the low penetration of aggregate lenders, high levels of competition in the area, and the bank's willingness to extend credit in amounts of \$250,000 or less, lending to small businesses is considered reasonable.

**TABLE 7
DISTRIBUTION OF 2018 SMALL BUSINESS LOANS
BY REVENUE SIZE OF BUSINESSES
OMAHA METROPOLITAN AA**

Business Revenue	Small Business Loans				% of Businesses by Revenue ¹
	#	\$(000)	#%	\$%	
\$1MM or less	17	1,506	65.4	45.2	88.5
Over \$1MM	9	1,823	34.6	54.8	10.6
Not Known	0	0	0.0	0.0	1.0

¹ The percentage of businesses by revenue size is based on 2018 D&B data.
(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – DEMOGRAPHIC INFORMATION

**TABLE A-1
OMAHA METROPOLITAN AA 2017 DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	27	16.8	15,164	11.3	5,142	33.9	30,566	22.7
Moderate	38	23.6	29,304	21.8	4,521	15.4	24,001	17.8
Middle	57	35.4	50,861	37.8	3,241	6.4	26,944	20.0
Upper	39	24.2	39,338	29.2	919	2.3	53,156	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	161	100.0	134,667	100.0	13,823	10.3	134,667	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	31,350	9,848	7.3	31.4	16,696	53.3	4,806	15.3
Moderate	56,054	28,062	20.8	50.1	23,634	42.2	4,358	7.8
Middle	92,166	54,001	40.0	58.6	31,810	34.5	6,355	6.9
Upper	54,807	43,173	32.0	78.8	9,372	17.1	2,262	4.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	234,377	135,084	100.0	57.6	81,512	34.8	17,781	7.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low	1,699	7.8	1,434	7.6	255	9.2	10	5.1
Moderate	3,792	17.4	3,277	17.4	494	17.8	21	10.6
Middle	10,168	46.6	8,591	45.6	1,459	52.7	118	59.6
Upper	6,139	28.2	5,528	29.4	562	20.3	49	24.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21,798	100.0	18,830	100.0	2,770	100.0	198	100.0
Percentage of Total Businesses:				86.4	12.7	0.9		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low	6	1.3	6	1.3	0	0.0	0	0.0
Moderate	22	4.8	22	4.8	0	0.0	0	0.0
Middle	343	74.2	338	74.3	5	71.4	0	0.0
Upper	91	19.7	89	19.6	2	28.6	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	462	100.0	455	100.0	7	100.0	0	0.0
Percentage of Total Farms:				98.5	1.5	0.0		

Based on 2017 FFIEC census tract definitions, 2015 ACS data, and 2017 D&B data.
(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)