



PUBLIC DISCLOSURE

May 22, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers and Merchants Bank of Ashland
RSSD# 398051

1051 Silver Street
Ashland, Nebraska 68003

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.

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Farmers and Merchants Bank of Ashland (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the 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.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for 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. In addition, available aggregate data for the most recent three years (2019, 2020, and 2021) was referenced for additional perspective to gauge overall credit demand in the bank's AA. Lending performance was assessed using a full scope review of the bank's single AA. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio,
- A total of 94 home mortgage loans from a universe of 175, 41 small business loans from a universe of 51, and 55 small farm loans from a universe of 75, were evaluated from February 26, 2019, through December 31, 2022.
- An equal weight was placed on each lending category, given the bank's current loan portfolio composition.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Ashland, Nebraska. The bank’s characteristics include:

- The bank is wholly owned by Farmers and Merchants Financial Corporation located in Ashland, Nebraska.
- The bank has total assets of \$114.7 million as of December 31, 2022.
- In addition to the main office, the bank operates one limited-service facility, also located in Ashland, Nebraska.
- The bank operates two cash-only automated teller machines (ATMs), one at its main branch and another at an off-site location in Ashland, Nebraska.
- As shown in Table 1, the bank’s primary business focus is residential real estate, commercial, and agricultural lending.

Table 1

Composition of Loan Portfolio as of December 31, 2022		
Loan Type	\$(000)	%
Construction and Land Development	7,361	7.9
Farmland	14,724	15.9
1- to 4-Family Residential Real Estate	38,207	41.2
Multifamily Residential Real Estate	2,110	2.3
Nonfarm Nonresidential Real Estate	11,329	12.2
Agricultural	9,349	10.1
Commercial and Industrial	7,334	7.9
Consumer	1,751	1.9
Other	486	0.5
Gross Loans	92,651	100.0

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

The bank was rated Satisfactory under the CRA at its February 25, 2019, 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 Eastern Nebraska Metropolitan AA consists of Cass and Saunders Counties in their entirety, which are part of the eight county Omaha-Council Bluffs Nebraska-Iowa Metropolitan Statistical Area (MSA) (see Appendix A for an AA map and Appendix B for additional demographic data).

- The bank’s AA delineation has not changed since the previous evaluation.

- The AA is comprised of 11 census tracts, including one moderate-, nine middle-, and one upper-income tract. At the previous evaluation, the AA was comprised of 11 middle-income census tracts.
- According to the June 30, 2022, FDIC Market Share Reports, the bank's deposit market share was 7.1 percent for the Eastern Nebraska MSA AA, which ranks third out of the 22 FDIC-insured institutions operating in the AA.
- An interview with a community member within the bank's AA was conducted to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and for perspective on local economic conditions. The community member represents an economic development organization.

Table 2

Population Change			
Assessment Area: Eastern Nebraska Metropolitan			
Area	2015 Population	2020 Population	Percent Change
Eastern Nebraska Metropolitan	46,273	48,876	5.6
Cass County, NE	25,360	26,598	4.9
Saunders County, NE	20,913	22,278	6.5
Omaha-Council Bluffs, NE-IA MSA	895,919	967,604	8.0
Nebraska	1,869,365	1,961,504	4.9
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- According to the 2020 U.S. Census, residents between 18 to 24 years account for 7.1 percent of the population in the AA, compared to the statewide figure of 9.6 percent and the Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area (Omaha MSA) figure at 8.5 percent.
- At 17.4 percent, the proportion of the AA population age 65 and older is greater than the statewide figure of 15.4 percent and the Omaha MSA figure at 13.4 percent.

Table 3

Median Family Income Change			
Assessment Area: Eastern Nebraska Metropolitan			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Eastern Nebraska Metropolitan	83,189	85,634	2.9
Cass County, NE	84,927	87,091	2.5
Saunders County, NE	79,875	86,836	8.7
Omaha-Council Bluffs, NE-IA MSA	80,449	87,733	9.1
Nebraska	73,448	80,125	9.1
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The percentage of families living below poverty level in the AA, at 3.6 percent, is below both the statewide figure of 6.6 percent and the Omaha MSA figure at 6.1 percent.

Table 4

Housing Cost Burden						
Assessment Area: Eastern Nebraska Metropolitan						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Eastern Nebraska Metropolitan	62.4	8.5	30.3	61.2	27.2	17.0
Cass County, NE	74.0	8.5	35.3	67.6	27.4	18.0
Saunders County, NE	51.8	8.5	25.4	52.0	27.0	15.9
Omaha-Council Bluffs, NE-IA MSA	74.6	28.6	39.5	64.7	32.0	17.0
Nebraska	71.0	23.4	36.8	58.9	26.4	15.8

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

- The median housing value in the AA at \$180,939 is above the statewide figure of \$164,000 but comparable to the Omaha MSA figure of \$181,177.
- Owner-occupied units in the AA, at 70.2 percent, are above the statewide figure of 60.1 percent and the Omaha MSA figure at 61.4 percent.
- Rental units in the AA, at 16.7 percent, are below the statewide figure of 30.7 percent and the Omaha MSA figure at 32.0 percent.
- The median gross rent in the AA, at \$805, is below the statewide figure of \$857 and the Omaha MSA figure at \$951.
- The AA’s affordability ratio¹ of 39.7 percent is comparable to the statewide figure of 38.4 percent and the Omaha MSA figure of 38.3 percent.

Table 5

Unemployment Rates					
Assessment Area: Eastern Nebraska Metropolitan					
Area	2017	2018	2019	2020	2021
Eastern Nebraska Metropolitan	3.0	3.0	3.1	3.9	2.5
Cass County, NE	3.2	3.1	3.4	4.3	2.7
Saunders County, NE	2.8	2.8	2.8	3.6	2.2
Omaha-Council Bluffs, NE-IA MSA	3.1	3.0	3.1	4.7	3.0
Nebraska	3.0	2.9	3.0	4.1	2.5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

¹ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

- A community member indicated the major industries operating in the area include farming, trucking, and manufacturing. In addition, the community member added that the largest employers operating in the area are Vireo Resources (creatine manufacturer), Schmidt's Trucking, Hy-Vee (grocery store chain), and New Age Manufacturing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending test performance is Satisfactory. Lending performance for all three products was assessed over a four-year period from 2019 to 2022 due to the overall small universe of loans. However, lending was assessed for two separate time periods for the geographic and borrower analyses due to the 2022 release of 2016-2020 American Community Survey five-year estimate data (ACS data).

As a result, loan data for 2019-2021 data was combined and evaluated aggregately as there were no significant demographic changes during the three-year period. Loan data for 2022 was compared to 2022 demographic data. In addition, a geographic distribution analysis for lending between 2019-2021 was not considered meaningful as the AA consisted only of middle-income tracts.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending considering performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, compared to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on their loan portfolio composition, market share, and location within or in close proximity to the bank's AA. The bank's NLTD ratio is reasonable. The bank's 18-quarter NLTD ratio at 78.9 percent is comparable to two similarly situated institutions and above three others ranging from 58.2 percent to 75.0 percent.

Table 6

Comparative NLTD Ratios September 30, 2018 – December 31, 2022			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			18 Quarter Average
Farmers and Merchants Bank of Ashland	Ashland, Nebraska	114,696	78.9
Similarly Situated Institutions			
Cerescobank	Ceresco, Nebraska	68,935	66.5
Bank of Mead	Mead, Nebraska	34,745	58.2
Wahoo State Bank	Wahoo, Nebraska	120,125	74.9
Bank of Prague	Prague, Nebraska	37,377	75.0
American Exchange Bank	Elmwood, Nebraska	72,263	68.5

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. As illustrated in Table 7, the bank originated a majority of loans, by number and dollar, inside the delineated AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Residential Loans	55	58.5	13,326	59.4	39	41.5	9,096	40.6
Small Business	17	41.5	2,187	33.6	24	58.5	4,322	66.4
Small Farm	38	69.1	7,929	69.0	17	30.9	3,554	31.0
Total Loans	110	57.9	23,442	58.0	80	42.1	16,972	42.0

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 AA. The bank’s geographic distribution of loans reflects a reasonable distribution among the different census tracts and dispersion throughout the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. As displayed in Table 8, the bank did not originate any home mortgage loans in the AA’s one moderate-income census tract, which was below the demographic figure representing the percentage of owner-occupied housing units by income level present in the AA.

Additionally, an evaluation of the bank’s dispersion of home mortgage lending revealed some gaps in lending, however gaps were sufficiently explained by performance context. The sole moderate-income census tract, located in Cass County, is within the city limits of Plattsmouth, Nebraska and is approximately 30 miles away from the bank’s main location. In addition, the city of Plattsmouth contains four financial institutions, operating out of seven facilities near the census tract.

Table 8

Distribution of 2022 Residential Lending By Income Level of Geography					
Assessment Area: Eastern Nebraska Metropolitan					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	8.1
Middle	6	100.0	2,061	100.0	80.6
Upper	0	0.0	0	0.0	11.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	6	100.0	2,061	100.0	100.0

*Source: 2022 FFIEC Census Data
2016-2020 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 in the moderate-income census tract is below the total percentage of businesses operating within the moderate-income tract, as the bank did not originate any small business loans in this geography. An evaluation of the bank’s dispersion of small business lending revealed some gaps in lending however, gaps were sufficiently explained by performance context.

Information obtained from a community member acknowledged that the one moderate-income census tract located south of the City of Plattsmouth is primarily farmland and owned by approximately ten individual farmers, with the remaining land owned by other private owners.

Table 9

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Eastern Nebraska Metropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	6.2
Middle	9	100.0	1,268	100.0	84.2
Upper	0	0.0	0	0.0	9.6
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	9	100.0	1,268	100.0	100.0

*Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 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, the bank's 2022 performance in the one moderate-income census tract is comparable to the total percentage of farms operating within this geography. An evaluation of the bank's spersion of small farm lending revealed no material gaps or lapses in lending throughout the AA.

Table 10

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: Eastern Nebraska Metropolitan					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	1.0
Middle	25	100.0	5,309	100.0	87.9
Upper	0	0.0	0	0.0	11.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	25	100.0	5,309	100.0	100.0

*Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 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. 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. As illustrated in Table 11, the bank did not originate any home mortgage loans to low-income borrowers in 2022, which was below the percentage of low-income families in the AA, while lending to moderate-income borrowers was above the percentage of moderate-income families.

Demand for home mortgage loans by low-income borrowers is limited in the AA, as 62.4 percent of low-income renters are considered cost burdened. Cost burdened individuals often have challenges in accumulating sufficient funds for a mortgage loan down payment. In addition, a three-year analysis of aggregate lending trend data from 2019 to 2021 and filed by all HMDA data reporters in the AA, was utilized to gauge credit demand to LMI borrowers. While aggregate HMDA data is not a direct comparator in evaluating the bank's performance, the data reflects overall limited demand, with only 9.0 percent of loans by number (4.5 percent by dollar volume) to low-income borrowers and 19.6 percent of loans by number (14.0 percent by dollar volume) to moderate-income borrowers, which further supports the bank's reasonable home mortgage lending performance. Based on this additional context, the bank's home mortgage lending performance is considered reasonable.

The bank's home mortgage lending performance for 2019 through 2021 is consistent with 2022 performance levels.

Table 11

Distribution of 2022 Residential Lending By Borrower Income Level					
Assessment Area: Eastern Nebraska Metropolitan					
Borrower Income Level	Bank Loans				Families by Family
	#	#%	\$(000)	\$%	Income %
Low	0	0.0	0	0.0	16.3
Moderate	2	33.3	297	14.4	21.0
Middle	1	16.7	318	15.4	24.2
Upper	3	50.0	1,446	70.2	38.4
Unknown	0	0.0	0	0.0	0.0
Total	6	100.0	2,061	100.0	100.0

*Source: 2022 FFIEC Census Data
2016-2020 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 at 88.9 percent to businesses with gross annual revenues of \$1MM or less is comparable to the percentage of total small businesses by revenue operating in the AA at 92.0 percent.

The bank’s small business lending performance for 2019 through 2021 is consistent with 2022 performance levels.

Table 12

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Eastern Nebraska Metropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	8	88.9	968	76.3	92.0
Over \$1 Million	1	11.1	300	23.7	5.5
Revenue Unknown	0	0.0	0	0.0	2.5
Total	9	100.0	1,268	100.0	100.0
By Loan Size					
\$100,000 or Less	5	55.6	175	13.8	
\$100,001 - \$250,000	2	22.2	268	21.1	
\$250,001 - \$1 Million	2	22.2	825	65.1	
Total	9	100.0	1,268	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	5	62.5	175	18.1	
\$100,001 - \$250,000	2	25.0	268	27.7	
\$250,001 - \$1 Million	1	12.5	525	54.2	
Total	8	100.0	968	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 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. As shown in Table 13, the bank’s lending at 88.0 percent to small farms with gross annual revenues of \$1MM or less is comparable to the percentage of total small farms by revenue operating in the AA at 99.0 percent.

The bank’s small farm lending performance for 2019 through 2021 is consistent with 2022 performance levels.

Table 13

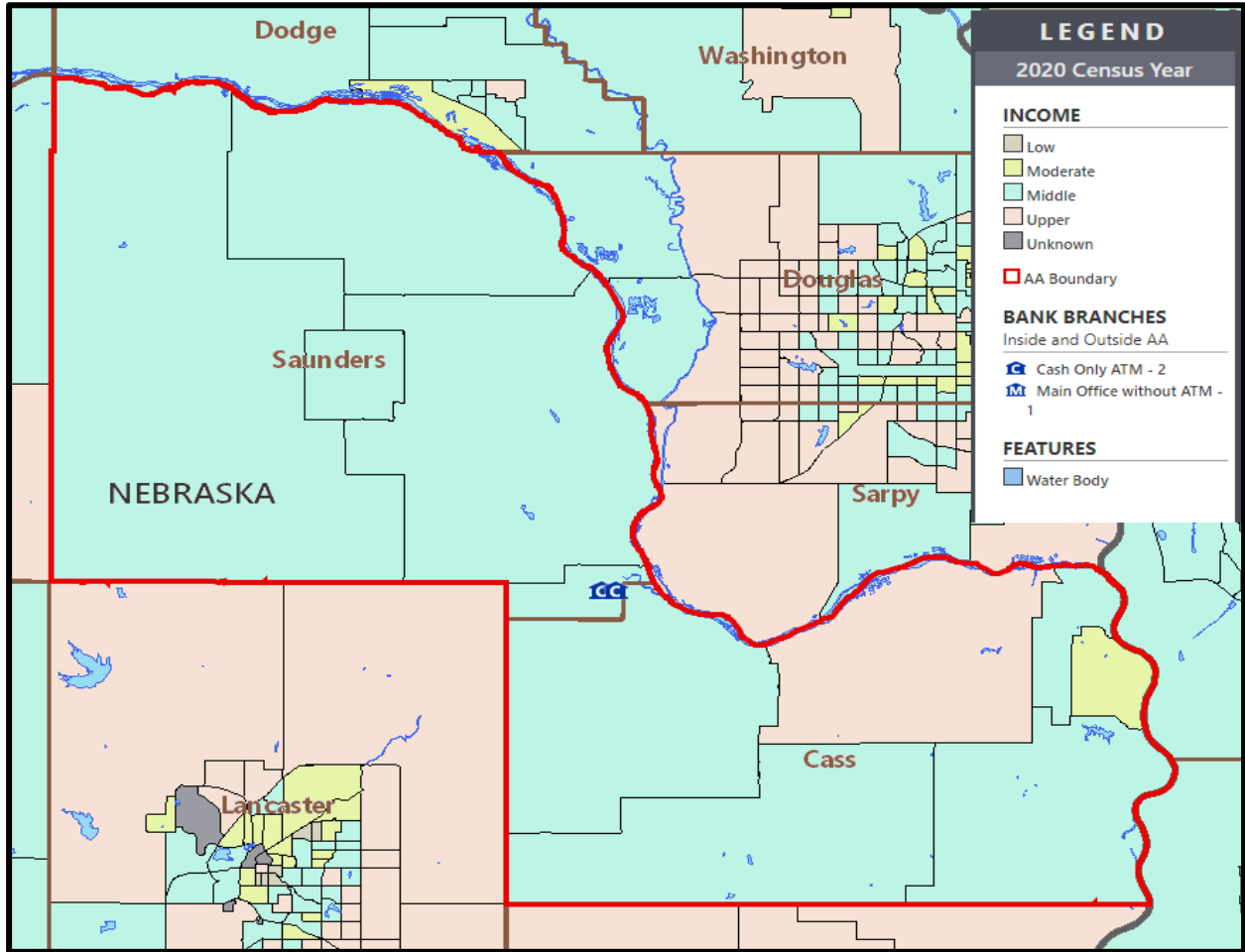
Distribution of 2022 Small Farm Lending By Revenue Size of Farms Assessment Area: Eastern Nebraska Metropolitan					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	22	88.0	4,480	84.4	99.0
Over \$1 Million	3	12.0	830	15.6	0.8
Revenue Unknown	0	0.0	0	0.0	0.3
Total	25	100.0	5,309	100.0	100.0
By Loan Size					
\$100,000 or Less	9	36.0	372	7.0	
\$100,001 - \$250,000	6	24.0	1,243	23.4	
\$250,001 - \$500,000	10	40.0	3,695	69.6	
Total	25	100.0	5,309	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	8	36.4	292	6.5	
\$100,001 - \$250,000	6	27.3	1,243	27.7	
\$250,001 - \$500,000	8	36.4	2,945	65.7	
Total	22	100.0	4,480	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

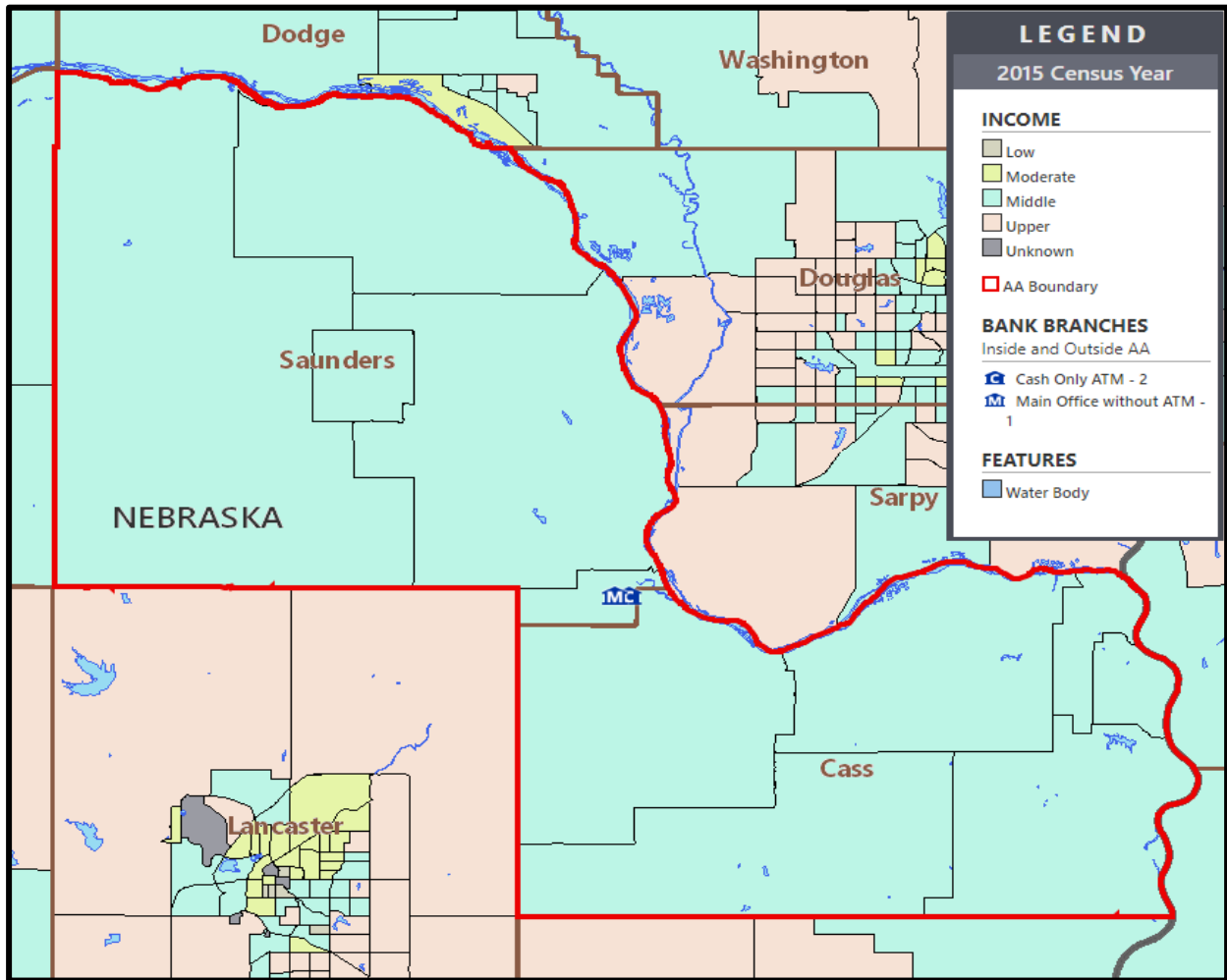
Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited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

APPENDIX A – MAP OF THE ASSESSMENT AREA

Map A-1
2020 Census Year



Map A-2
2015 Census Year



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2022 Eastern Nebraska Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,117	16.3
Moderate	1	9.1	1,098	8.5	93	8.5	2,734	21.0
Middle	9	81.8	10,350	79.7	324	3.1	3,147	24.2
Upper	1	9.1	1,543	11.9	48	3.1	4,993	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	12,991	100.0	465	3.6	12,991	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,942	1,211	8.1	62.4	589	30.3	142	7.3
Middle	17,155	12,122	80.6	70.7	2,672	15.6	2,361	13.8
Upper	2,322	1,710	11.4	73.6	311	13.4	301	13.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	21,419	15,043	100.0	70.2	3,572	16.7	2,804	13.1
	Total Businesses by Tract	Businesses 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	143	6.2	136	6.4	7	5.5	0	0.0
Middle	1,947	84.2	1,777	83.6	115	89.8	55	94.8
Upper	221	9.6	212	10.0	6	4.7	3	5.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,311	100.0	2,125	100.0	128	100.0	58	100.0
Percentage of Total Businesses:				92.0		5.5		2.5
	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	4	1.0	4	1.0	0	0.0	0	0.0
Middle	341	87.9	337	87.8	3	100.0	1	100.0
Upper	43	11.1	43	11.2	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	388	100.0	384	100.0	3	100.0	1	100.0
Percentage of Total Farms:				99.0		0.8		0.3
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

FARMERS AND MERCHANTS BANK OF ASHLAND CRA Performance Evaluation
ASHLAND, NEBRASKA **May 22, 2023**

Table B-2

2021 Eastern Nebraska Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,908	15.1
Moderate	0	0.0	0	0.0	0	0.0	2,267	18.0
Middle	11	100.0	12,629	100.0	671	5.3	3,308	26.2
Upper	0	0.0	0	0.0	0	0.0	5,146	40.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	12,629	100.0	671	5.3	12,629	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	20,556	14,183	100.0	69.0	3,628	17.6	2,745	13.4
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	20,556	14,183	100.0	69.0	3,628	17.6	2,745	13.4
	Total Businesses by Tract	Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	2,295	100.0	2,109	100.0	127	100.0	59	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,295	100.0	2,109	100.0	127	100.0	59	100.0
Percentage of Total Businesses:				91.9		5.5		2.6
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	383	100.0	379	100.0	3	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	383	100.0	379	100.0	3	100.0	1	100.0
Percentage of Total Farms:				99.0		0.8		0.3
<i>Source: 2021 FFIEC Census Data 2021 Dun & 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>								

FARMERS AND MERCHANTS BANK OF ASHLAND CRA Performance Evaluation
ASHLAND, NEBRASKA **May 22, 2023**

Table B-3

2020 Eastern Nebraska Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,908	15.1
Moderate	0	0.0	0	0.0	0	0.0	2,267	18.0
Middle	11	100.0	12,629	100.0	671	5.3	3,308	26.2
Upper	0	0.0	0	0.0	0	0.0	5,146	40.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	12,629	100.0	671	5.3	12,629	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	20,556	14,183	100.0	69.0	3,628	17.6	2,745	13.4
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	20,556	14,183	100.0	69.0	3,628	17.6	2,745	13.4
	Total Businesses by Tract	Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	2,319	100.0	2,127	100.0	133	100.0	59	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,319	100.0	2,127	100.0	133	100.0	59	100.0
Percentage of Total Businesses:				91.7		5.7		2.5
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	397	100.0	393	100.0	3	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	397	100.0	393	100.0	3	100.0	1	100.0
Percentage of Total Farms:				99.0		0.8		0.3
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.								

FARMERS AND MERCHANTS BANK OF ASHLAND CRA Performance Evaluation
ASHLAND, NEBRASKA **May 22, 2023**

Table B-4

2019 Eastern Nebraska Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,908	15.1
Moderate	0	0.0	0	0.0	0	0.0	2,267	18.0
Middle	11	100.0	12,629	100.0	671	5.3	3,308	26.2
Upper	0	0.0	0	0.0	0	0.0	5,146	40.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	12,629	100.0	671	5.3	12,629	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	20,556	14,183	100.0	69.0	3,628	17.6	2,745	13.4
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	20,556	14,183	100.0	69.0	3,628	17.6	2,745	13.4
	Total Businesses by Tract	Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	2,313	100.0	2,115	100.0	140	100.0	58	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,313	100.0	2,115	100.0	140	100.0	58	100.0
Percentage of Total Businesses:				91.4		6.1		2.5
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	400	100.0	395	100.0	4	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	400	100.0	395	100.0	4	100.0	1	100.0
Percentage of Total Farms:				98.8		1.0		0.3
<i>Source: 2019 FFIEC Census Data 2019 Dun & 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>								

APPENDIX C – ADDITIONAL LENDING TABLES

Table C-1

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Eastern Nebraska Metropolitan									
	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	3	75.0	170	41.5	2	50.0	245	48.1	91.9
Over \$1 Million	1	25.0	240	58.5	2	50.0	264	51.9	5.5
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	2.6
Total	4	100.0	410	100.0	4	100.0	509	100.0	100.0
By Loan Size									
\$100,000 or Less	3	75.0	170	41.5	1	25.0	100	19.6	
\$100,001 - \$250,000	1	25.0	240	58.5	3	75.0	409	80.4	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	4	100.0	410	100.0	4	100.0	509	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	3	100.0	170	100.0	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	2	100.0	245	100.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	3	100.0	170	100.0	2	100.0	245	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & 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>									

Table C-2

Distribution of 2020 and 2021 Small Farm Lending By Revenue Size of Farms									
Assessment Area: Eastern Nebraska Metropolitan									
	Bank Loans By Year								Total Farms %
	2020				2021				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	4	100.0	560	100.0	3	75.0	575	61.6	99.0
Over \$1 Million	0	0.0	0	0.0	1	25.0	358	38.4	0.8
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.3
Total	4	100.0	560	100.0	4	100.0	933	100.0	100.0
By Loan Size									
\$100,000 or Less	1	25.0	80	14.3	1	25.0	70	7.5	
\$100,001 - \$250,000	3	75.0	480	85.7	1	25.0	200	21.4	
\$250,001 - \$500,000	0	0.0	0	0.0	2	50.0	663	71.1	
Total	4	100.0	560	100.0	4	100.0	933	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	1	25.0	80	14.3	1	33.3	70	12.2	
\$100,001 - \$250,000	3	75.0	480	85.7	1	33.3	200	34.8	
\$250,001 - \$500,000	0	0.0	0	0.0	1	33.3	305	53.0	
Total	4	100.0	560	100.0	3	100.0	575	100.0	
<p>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>									

APPENDIX D – 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.