



PUBLIC DISCLOSURE

May 17, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

West Plains Bank
RSSD# 967952

200 North Main Street
Ainsworth, Nebraska 69210

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

West Plains Bank (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.
- An excellent dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among farms of different sizes; however, a meaningful analysis of penetration among individuals of different income levels could not be conducted.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA) related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized 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. Lending performance was assessed within the bank's North Central Nebraska AA. The following data was reviewed:

- The bank's 20-quarter average NLTD ratio,
- A statistical sample of 82 small farm loans from a universe of 137 loans, and 43 motor vehicle secured loans from a universe of 55 loans, all originated between January 1, 2020 and December 31, 2020.

Small farm loans were weighted more heavily as the bank operates in a rural, agricultural-centered community, and agriculture lending is a strategic focus of the bank.

DESCRIPTION OF INSTITUTION

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

- The bank is a wholly owned subsidiary of Commercial Investment Co., Inc.
- The bank has total assets of \$129.9 million (MM) as of December 31, 2020.
- In addition to its main office in Ainsworth, Nebraska, the bank has one additional office located in Springview, Nebraska.
- The bank has one cash-only automated teller machine, which is located at a convenience store in Ainsworth.

- The bank’s primary business focus is agriculture lending, as illustrated in Table 1.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF DECEMBER 31, 2020		
Loan Type	\$(000)	%
Agricultural	49,654	66.6
Commercial	20,235	27.2
Other	2,183	2.9
Consumer	1,961	2.6
Residential Real Estate	492	0.7
Gross Loans	74,525	100.0

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

The bank was rated Satisfactory under the CRA at its May 10, 2016 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 THE ASSESSMENT AREA

The bank’s AA is comprised of Brown, Keya Paha, and Rock Counties in their entireties (see Appendix A for an AA map).

- The AA is comprised of two moderate-income and one middle-income census tracts. This composition is a change from the previous performance evaluation in which the AA was comprised of one moderate-income and two middle-income census tracts. The sole census tract in Brown County changed from a middle- to moderate-income census tract.
- According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks first of five FDIC-insured institutions operating in the AA, with a deposit market share of 43.0 percent.
- One interview with a community member was conducted to ascertain the credit needs of the communities within the bank’s AA, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The contact represented the AA in a civic capacity.

TABLE 2 POPULATION CHANGE			
Area	2010 Population	2015 Population	Percent Change
Brown County	3,145	3,078	(2.1)
Keya Paha County	824	711	(13.7)
Rock County	1,526	1,401	(8.2)
Nebraska Non-MSA	682,247	679,331	(0.4)
State of Nebraska	1,826,341	1,869,365	2.4

*Source: 2010 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey*

- Overall, the bank’s AA experienced a 5.6 percent population decrease from 2010 to 2015, and according to population estimates from the U.S. Census Bureau, the AA’s population continued to decline between 2015 and 2019.
- The AA has a higher proportion of residents 65 years and over at 24.7 percent when compared to statewide nonmetropolitan areas at 18.2 percent. Typically, this demographic has fewer credit needs than other age groups.

**TABLE 3
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Brown County	48,533	45,963	(5.3)
Keya Paha County	43,728	47,639	8.9
Rock County	50,969	60,163	18.0
Nebraska Non-MSA	58,485	61,457	5.1
State of Nebraska	67,393	67,225	(0.3)

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey
Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.

- The highest paying industries in Ainsworth, Nebraska, by median earnings, are manufacturing and the combined agriculture/forestry/fishing/hunting/mining industries.
- A member of the community stated that GJW LLC, a farrow-to-finish hog operation located in Brown County, has been continually expanding in recent years. The company has created many new jobs, including several higher paying positions.
- The bank’s AA has a higher percentage of LMI families at 49.4 percent when compared to statewide nonmetropolitan areas at 37.2 percent.
- The percentage of families in the AA living below poverty at 15.0 percent exceeds the figure for the state of Nebraska and statewide nonmetropolitan areas, at 8.8 percent and 8.3 percent, respectively.

**TABLE 4
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Brown County	56,400	70,500	25.0	440	451	2.5
Keya Paha County	57,500	74,400	29.4	455	609	33.8
Rock County	57,300	70,800	23.6	600	592	(1.3)
Nebraska Non-MSA	89,673	101,530	13.2	547	618	13.0
State of Nebraska	123,900	133,200	7.5	648	726	12.0

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The median housing value within the AA at \$71,277 is below the median housing value for statewide nonmetropolitan areas at \$101,530.

- The AA's affordability ratio¹ at 57.4 percent indicates more affordable housing as compared to the statewide nonmetropolitan area's affordability ratio at 48.0 percent.
- The median age of housing stock in the AA was 61 years compared to the statewide nonmetropolitan areas at 53 years. A community member indicated the area has many small, older homes which deters new residents, and newer housing is one of the biggest needs in the community.

TABLE 5 UNEMPLOYMENT RATES					
Region	2016	2017	2018	2019	2020
Brown County	3.6	3.2	3.5	3.5	2.7
Keya Paha County	2.1	2.5	2.2	2.6	2.0
Rock County	2.6	2.6	2.5	3.1	2.1
Nebraska Non-MSA	3.0	2.9	2.8	2.9	3.5
State of Nebraska	3.1	2.9	2.9	3.1	4.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics
Note: Unemployment Rates are not seasonally adjusted

- Primary industries in the AA include agriculture, health care, educational services, manufacturing, and retail/food services.
- Major employers in the area include Daniels Manufacturing Co., GJW LLC, Brown County Hospital, and Ainsworth Community Schools.
- A community member stated the area has plenty of job openings; however, the rural area has a hard time attracting a workforce to fill available jobs, particularly in healthcare.

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, 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 location, asset size, product offerings, and loan portfolio composition. The bank's NLTD ratio is within the range of ratios of three other similarly situated banks, which is considered reasonable. Additionally, the bank's average NLTD ratio has increased since the previous evaluation, in which the 16-quarter average was 70.2 percent.

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

TABLE 6 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			20-Quarter Average
West Plains Bank	Ainsworth, Nebraska	129,925	90.8
First National Bank of Chadron	Chadron, Nebraska	142,416	73.3
Sandhills State Bank	Basset, Nebraska	322,497	93.9
The Tri-County Bank	Stuart, Nebraska	178,564	85.6

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank’s loans, by number and dollar volume, are originated inside the AA.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Motor Vehicle Secured Loans	34	425	79.1	81.8	9	95	20.9	18.2
Small Farm Loans	64	6,937	78.0	80.3	18	1,707	22.0	19.7
Total Loans	98	7,362	78.4	80.3	27	1,802	21.6	19.7

Note: Percentages may not add to 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. The bank’s geographic distribution of loans reflects excellent dispersion among the different census tracts within the AA.

Small Farm Lending

The geographic distribution of small farm lending is excellent. As noted in Table 8, the bank’s lending to farms located in moderate-income census tracts was above the demographic figure. Loan dispersion was also evaluated, and no significant gaps or lapses were identified.

**TABLE 8
DISTRIBUTION OF 2020 SMALL FARM LENDING
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	54	5,807	84.4	83.7	55.8
Middle	10	1,130	15.6	16.3	44.2
Upper	0	0	0.0	0.0	0.0
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Motor Vehicle Secured Lending

The geographic distribution of motor vehicle secured lending is reasonable. As noted in Table 9, the bank’s lending in moderate-income census tracts was comparable to the demographic figure. Loan dispersion was also evaluated, and no significant gaps or lapses were identified.

**TABLE 9
DISTRIBUTION OF 2020 MOTOR VEHICLE SECURED LENDING
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	30	378	88.2	88.9	72.9
Middle	4	47	11.8	11.1	27.1
Upper	0	0	0.0	0.0	0.0
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

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

This performance criterion evaluates the bank’s lending to borrowers of different income levels and farms of different revenue sizes. The bank’s lending has a reasonable penetration among farms of different revenue sizes. A borrower distribution analysis was not meaningful for motor vehicle secured loans due to the limited availability of consumer income information and the lack of an appropriate proxy.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with gross annual revenues of \$1MM or less was comparable to the percentage of small farms operating in the AA. Additionally, the majority of loans were for amounts of \$100,000 or less, demonstrating the bank's willingness to support smaller credit needs.

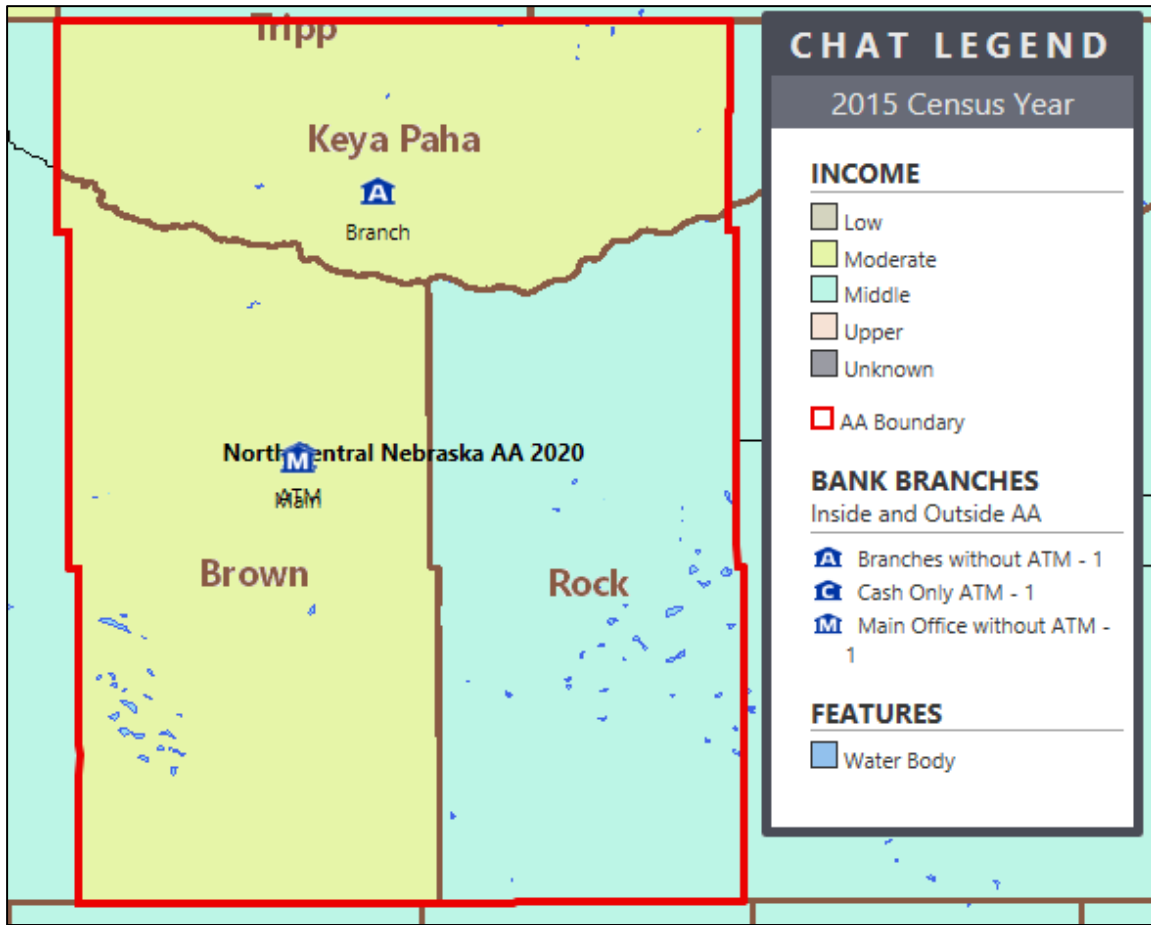
**TABLE 10
DISTRIBUTION OF 2020 SMALL FARM LENDING
BY REVENUE SIZE OF FARMS**

	Bank Loans				Total Farms
	#	\$(000)	#%	%	%
By Revenue					
\$1 Million or Less	63	6,757	98.4	97.4	98.6
Over \$1 Million	1	180	1.6	2.6	1.4
Not Known	0	0	0.0	0.0	0.0
Total	64	6,937	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	43	1,390	67.2	20.0	
\$100,001 – \$250,000	13	2,330	20.3	33.6	
\$250,001 – \$500,000	8	3,218	12.5	46.4	
Total	64	6,937	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	43	1,390	68.3	20.6	
\$100,001 – \$250,000	12	2,150	19.0	31.8	
\$250,001 – \$500,000	8	3,218	12.7	47.6	
Total	63	6,757	100.0	100.0	
<i>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

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 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

TABLE B-1 NORTH CENTRAL NEBRASKA 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	405	25.2
Moderate	2	66.7	1,192	74.1	216	18.1	390	24.2
Middle	1	33.3	417	25.9	25	6.0	338	21.0
Upper	0	0.0	0	0.0	0	0.0	476	29.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	1,609	100.0	241	15.0	1,609	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	2,343	1,290	71.3	55.1	564	24.1	489	20.9
Middle	916	518	28.7	56.6	172	18.8	226	24.7
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	3,259	1,808	100.0	55.5	736	22.6	715	21.9
	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	278	71.1	247	71.0	22	75.9	9	64.3
Middle	113	28.9	101	29.0	7	24.1	5	35.7
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	391	100.0	348	100.0	29	100.0	14	100.0
Percentage of Total Businesses:			89.0		7.4		3.6	
	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	82	55.8	81	55.9	1	50.0	0	0.0
Middle	65	44.2	64	44.1	1	50.0	0	0.0
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	147	100.0	145	100.0	2	100.0	0	0.0
Percentage of Total Farms:			98.6		1.4		0.0	
<p>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

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, home equity 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 refinancing 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.

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.

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 instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland 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.