



PUBLIC DISCLOSURE

February 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Elgin
RSSD# 485054

101 North 2nd Street
Elgin, Nebraska 68636

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.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Bank of Elgin (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.
- Geographic distribution was not evaluated as the bank's delineated AA contains only middle-income census tracts.
- Lending reflects a reasonable distribution among 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 credit demand within the bank's AA. Lending performance was assessed within the bank's only AA. Examiners reviewed the following data:

- The bank's 19-quarter average NLTD ratio,
- A statistical sample of 76 small farm loans from a universe of 121 loans originated between January 1, 2021, and December 31, 2021.

DESCRIPTION OF INSTITUTION

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

- The bank is a wholly owned subsidiary of Antelope Bancshares, Inc.
- The bank has total assets of \$72.8 million as of September 30, 2022.
- The bank operates one location located in Elgin, Nebraska.
- The bank operates two cash-only automated teller machines; one is located at the bank and the other is located at a local convenience store.
- As shown in Table 1, the bank's primary business focus is agricultural lending.

Table 1

Composition of Loan Portfolio as of September 30, 2022		
Loan Type	\$(000)	%
Construction and Land Development	521	1.3
Farmland	15,404	39.0
1- to 4-Family Residential Real Estate	205	0.5
Multifamily Residential Real Estate	0	0.0
Nonfarm Nonresidential Real Estate	1,173	3.0
Agricultural	18,627	47.1
Commercial and Industrial	2,162	5.5
Consumer	926	2.3
Other	500	1.3
Gross Loans	39,518	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its July 23, 2018 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s Northeast Nebraska AA consists of Wheeler County in its entirety, the southern portion of Antelope County, and one tract of Boone County (see Appendix A for an AA map and Appendix B for additional demographic data).

- There have been no changes to the AA delineation since the prior CRA evaluation.
- The AA is comprised of three middle-income census tracts, which is unchanged since the prior evaluation.
- According to the June 30, 2022 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank has a market share of 7.6 percent, which ranked 7th out of 12 FDIC-insured depository institutions operating in the AA.
- To further augment the CRA performance evaluation, one previously conducted interview with a member of the community in which the bank operates was referenced during the evaluation. The community member represented an agricultural organization within the AA.

Table 2

Population Change			
Assessment Area: Northeast Nebraska			
Area	2010 Population	2015 Population	Percent Change
Northeast Nebraska AA	13,008	12,706	(2.3)
Antelope County, NE	6,685	6,486	(3.0)
Boone County, NE	5,505	5,373	(2.4)
Wheeler County, NE	818	847	3.5
NonMSA Nebraska	682,247	679,331	(0.4)
Nebraska	1,826,341	1,869,365	2.4
<i>Source: 2010 U.S. Census Bureau: Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			
<i>Note: All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.</i>			

- According to the 2020 U.S. Census Bureau data, the combined population of Antelope, Boone, and Wheeler Counties is 12,448, reflecting relative stability in the population.
- The bank is located in Elgin, Nebraska, which had a population of 717 during the 2020 U.S. Census.

Table 3

Median Family Income Change			
Assessment Area: Northeast Nebraska			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Northeast Nebraska AA	53,700	59,050	10.0
Antelope County, NE	51,685	56,304	8.9
Boone County, NE	56,605	63,569	12.3
Wheeler County, NE	54,538	53,611	(1.7)
NonMSA Nebraska	58,485	61,457	5.1
Nebraska	67,393	67,225	(0.2)
<i>Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars. All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.</i>			

- According to the 2015 American Community Survey, the percentage of low- and moderate-income (LMI) families in the AA is 41.5 percent, which is above the statewide figure of 37.5 percent.
- The percentage of families living below the poverty line in the AA, at 7.5 percent, is below the statewide figure of 8.8 percent.

Table 4

Housing Cost Burden						
Assessment Area: Northeast Nebraska						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Northeast Nebraska AA	61.2	1.6	25.3	51.2	16.1	13.1
Antelope County, NE	56.3	0.0	27.7	46.7	11.6	12.9
Boone County, NE	70.6	3.1	24.6	52.1	19.0	11.5
Wheeler County, NE	56.0	0.0	14.0	84.4	38.0	26.0
NonMSA Nebraska	63.8	18.0	30.2	55.5	22.5	15.2
Nebraska	72.0	26.8	36.8	61.0	29.5	16.2

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy
Note: All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- As illustrated in Table 4, the housing cost burden among LMI renters and homeowners in the three-county area reflects greater affordability when compared to statewide figures.
- The percentage of owner-occupied units in the AA, at 64.7 percent, is above the statewide figure of 60.3 percent.
- The median housing value in the AA of \$79,523 is below the statewide figure of \$133,200.

Table 5

Unemployment Rates					
Assessment Area: Northeast Nebraska					
Area	2017	2018	2019	2020	2021
Northeast Nebraska AA	2.5	2.4	2.6	2.2	1.6
Antelope County, NE	2.5	2.5	2.5	2.2	1.7
Boone County, NE	2.5	2.3	2.7	2.4	1.6
Wheeler County, NE	2.2	2.4	2.6	1.8	1.2
NonMSA Nebraska	2.9	2.8	3.0	3.4	2.1
Nebraska	3.0	2.9	3.0	4.1	2.5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics
Note: All data presented is at the county level and some values may be different than expected for this AA which includes a partial county.

- A member of the community noted that agriculture-related businesses provide a significant amount of employment opportunities in the area. In addition, there are also several manufacturing companies, as well as health care facilities and educational institutions that provide additional employment opportunities for area residents.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending test performance is Satisfactory. All applicable performance criteria were equally weighted in the evaluation.

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 their asset size, market share, product offerings, and location in surrounding counties. The bank’s NLTD ratio is reasonable. The bank’s 19-quarter average NLTD ratio, at 83.6 percent, is within the range of the four similarly situated institutions.

Table 6

Comparative NLTD Ratios March 31, 2018 – September 30, 2022			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			19 Quarter Average
Bank of Elgin	Elgin, Nebraska	72,826	83.6
Similarly Situated Institutions			
First Bank and Trust of Fullerton	Fullerton, Nebraska	100,182	99.6
Genoa Community Bank	Genoa, Nebraska	66,571	81.3
First National Bank in Ord	Ord, Nebraska	153,455	51.6
State Bank of Scotia	Scotia, Nebraska	60,873	93.9

Assessment Area Concentration

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

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Small Farm	65	85.5	9,481	84.4	11	14.5	1,749	15.6
Total Loans	65	85.5	9,481	84.4	11	14.5	1,749	15.6

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. However, since the bank's AA consists of only three middle-income census tracts, a meaningful analysis of geographic distribution cannot be conducted, as there are no low-, moderate-, or upper-income census tracts in the AA for comparative purposes.

Lending to Farms of Different Sizes

This performance criterion evaluates the bank's lending to farms of different revenue sizes. The bank's lending has a reasonable distribution among farms of different sizes.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with revenues of \$1 million or less is comparable to the percentage of farms operating in the AA. In addition, a three-year analysis of aggregate lending data submitted by CRA reporters noted an average aggregate lending of 67.0 percent by number and 77.7 percent by dollar volume to farms with revenues of \$1 million or less. This further supports the bank's efforts to serve small farms.

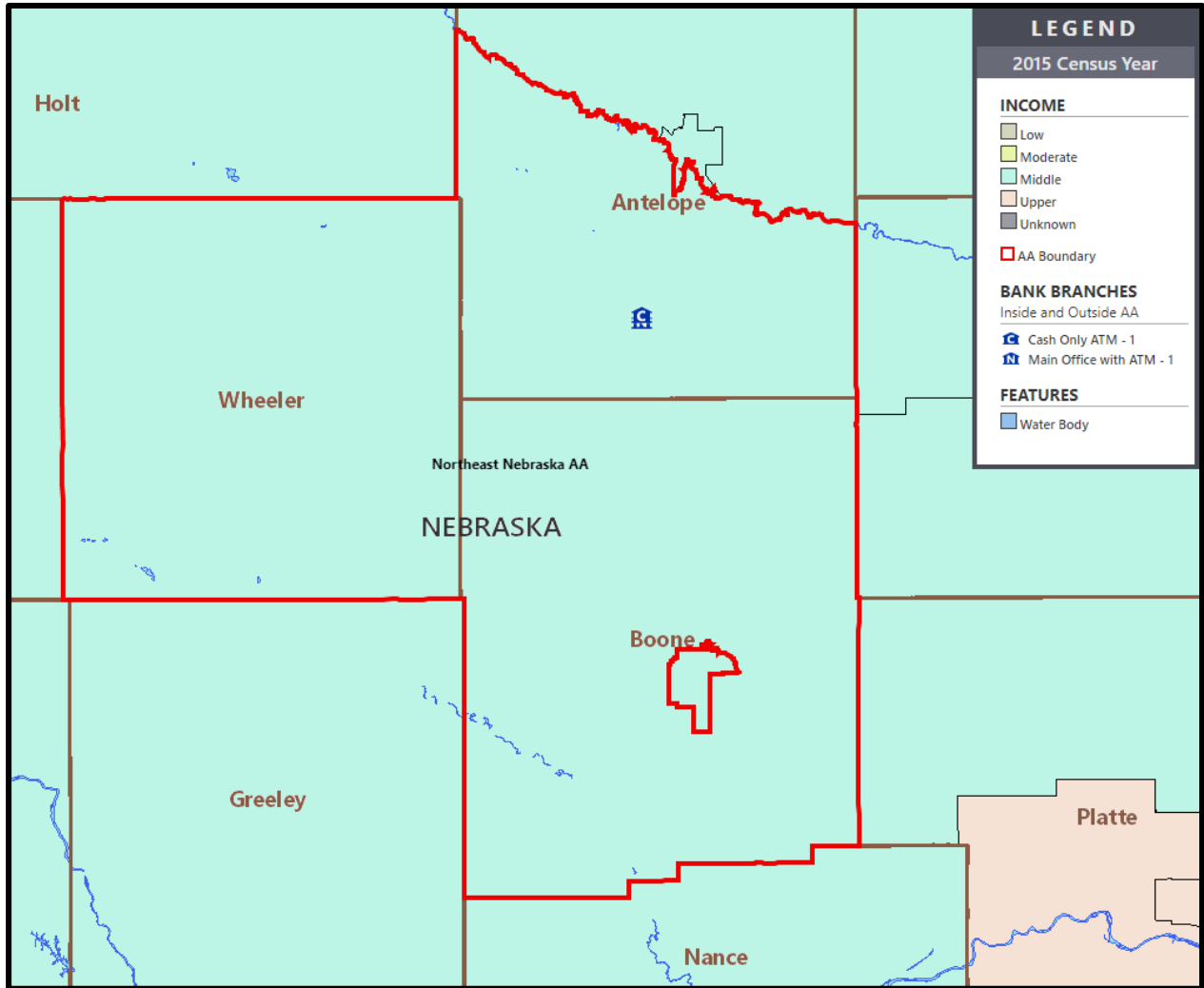
Table 8

Distribution of 2021 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Northeast Nebraska					
	Bank Loans				Total Farms
	#	%	\$(000)	%	%
By Revenue					
\$1 Million or Less	51	78.5	7,189	75.8	98.0
Over \$1 Million	11	16.9	2,214	23.4	2.0
Revenue Unknown	3	4.6	79	0.8	0.0
Total	65	100.0	9,481	100.0	100.0
By Loan Size					
\$100,000 or Less	37	56.9	1,344	14.2	
\$100,001 - \$250,000	13	20.0	2,552	26.9	
\$250,001 - \$500,000	15	23.1	5,585	58.9	
Total	65	100.0	9,481	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	29	56.9	979	13.6	
\$100,001 - \$250,000	10	19.6	1,875	26.1	
\$250,001 - \$500,000	12	23.5	4,335	60.3	
Total	51	100.0	7,189	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>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2021 Northeast Nebraska 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	416	19.2
Moderate	0	0.0	0	0.0	0	0.0	484	22.3
Middle	3	100.0	2,170	100.0	163	7.5	531	24.5
Upper	0	0.0	0	0.0	0	0.0	739	34.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	2,170	100.0	163	7.5	2,170	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	3,667	2,374	100.0	64.7	675	18.4	618	16.9
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	3,667	2,374	100.0	64.7	675	18.4	618	16.9
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	404	100.0	358	100.0	25	100.0	21	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	404	100.0	358	100.0	25	100.0	21	100.0
Percentage of Total Businesses:				88.6		6.2		5.2
	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	299	100.0	293	100.0	6	100.0	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	299	100.0	293	100.0	6	100.0	0	0.0
Percentage of Total Farms:				98.0		2.0		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

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

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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

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

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