

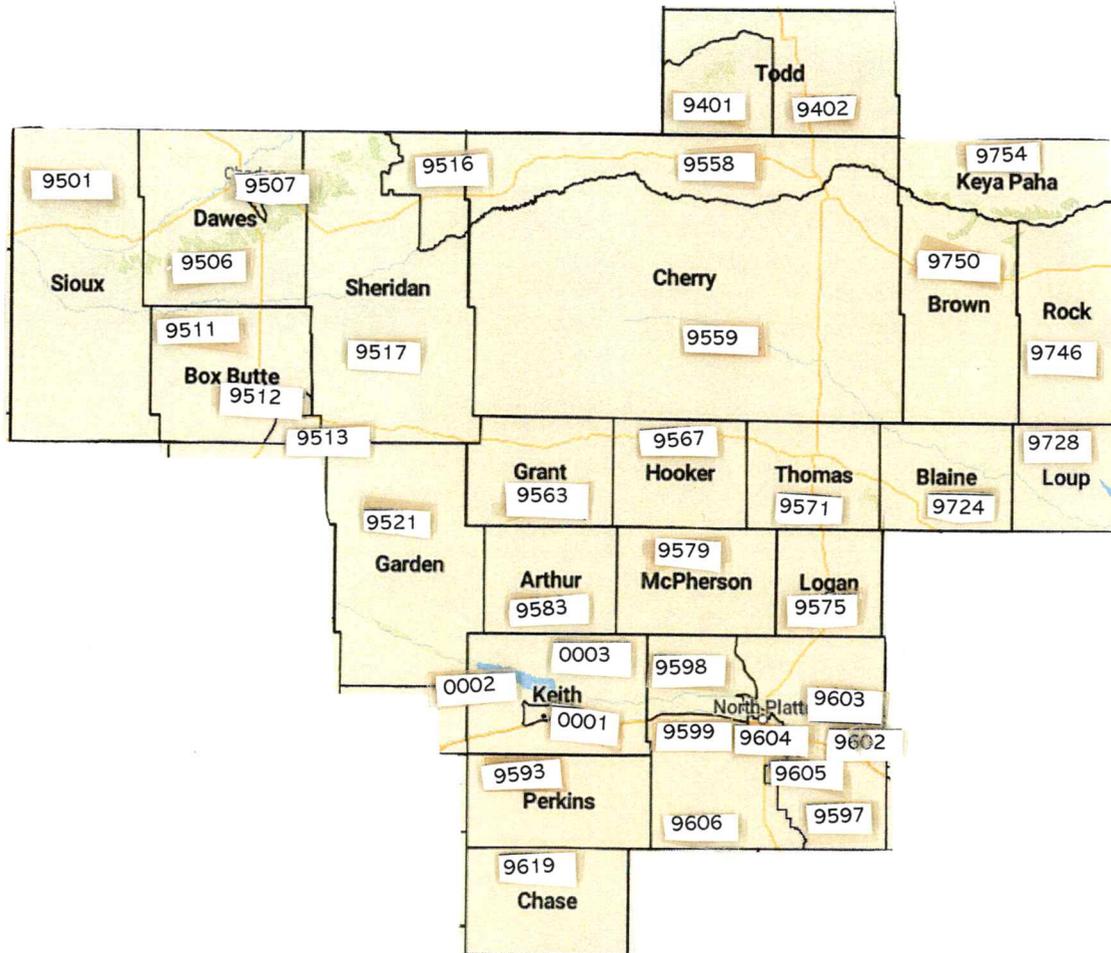
Community Reinvestment Act
Sandhills State Bank - Census Tract Listing
CRA Assessment Area
Updated March 2024

County Name	Tract Income Level	Tract Code	Distressed or Under-served Tract
Arthur	Middle	9583.00	Yes
Box Butte	Middle	9511.00	Yes
Box Butte	Upper	9512.00	No
Box Butte	Middle	9513.00	Yes
Brown	Middle	9750.00	Yes
Chase	Middle	9619.00	Yes
Cherry	Middle	9558.00	Yes
Cherry	Middle	9559.00	Yes
Grant	Middle	9563.00	Yes
Keith	Moderate	0001.00	No
Keith	Middle	0002.00	No
Keith	Middle	0003.00	No
Lincoln	Middle	9597.00	No
Lincoln	Upper	9598.00	No
Lincoln	Moderate	9599.00	No
Lincoln	Middle	9602.00	No
Lincoln	Middle	9603.00	No
Lincoln	Middle	9604.00	No
Lincoln	Middle	9605.00	No
Lincoln	Upper	9606.00	No
Perkins	Middle	9593.00	Yes
Rock	Middle	9746.00	Yes
Sheridan	Moderate	9516.00	No
Sheridan	Middle	9517.00	Yes
Sioux	Moderate	9501.00	No
Dawes	Middle	9506.00	Yes
Dawes	Middle	9507.00	Yes
Keya Paha	Middle	9754.00	Yes
Hooker	Middle	9567.00	Yes
Thomas	Middle	9571.00	Yes
Blaine	Moderate	9724.00	Yes
Loup	Middle	9728.00	Yes
Garden	Moderate	9521.00	No
McPherson	Moderate	9579.00	No
Logan	Middle	9575.00	No
Todd County SD	Low	9401.00	No
Todd County SD	Low	9402.00	No



SANDHILLS

STATE BANK





SANDHILLS

STATE BANK

CRA
Sandhills State Bank Mission Statement

Our Mission

While we will never betray our Sandhills' values, we also won't let technology advantages pass us by. We offer technology when it makes sense, when it makes life easier, and when it is safe and security is assured. Our online and mobile banking products give you a key to the Bank. You have access to your money anytime, anywhere, and any place.

We believe in more than just being a bank, which is why we strive to build lasting relationships not only with our customers but also within the community. It is our mission to build a lasting legacy as a genuine pillar of the Sandhills through local involvement, local decision-making, and local investment.

This is our home. This is your bank.



SANDHILLS STATE BANK

CRA Public File

Branch and ATM Locations

Headquarters:

North Platte, Ne	203 South Dewey Street North Platte, NE 69101	Geography:	CT 9602 Lincoln County
Hours of Operation:	Monday – Friday		
Lobby Hours:	8:00am – 4:00pm		
Drive Thru Hours:	8:00am – 5:00pm		

Branches:

Alliance, NE	420 Box Butte Avenue Alliance, NE 69301	Geography:	CT 9513 Box Butte County
Hours of Operation:	Monday – Friday		
Lobby Hours:	9:00am – 3:00pm MST		

Arthur, NE	302 Fir St Arthur, NE 69121	Geography:	CT 9583 Arthur County
Hours of Operation:	Thursdays		
Lobby Hours	8:00am – 4:30pm MST		

Bassett, NE	202 Clark Street Bassett, NE 98714	Geography:	CT 9746 Rock County
Hours of Operation:	Monday – Friday		
Lobby Hours:	9:00am – 3:00pm CST		
Drive Thru Hours:	8:00am – 4:00pm CST		

Grant, NE	235 Central Ave Grant NE 69140	Geography:	CT 9593 Perkins County
Hours of Operation:	Monday – Friday		
Lobby Hours	9:00am – 3:00pm MST		
Drive Thru Hours	9:00am – 4:00pm MST		

Harrison, NE	201 Main Street Harrison, NE 69346	Geography:	CT 9501 Sioux County
Hours of Operation:	Monday – Friday		
Lobby Hours:	8:00am – 4:00pm MST		

Hyannis, NE 101 S Main St
Hyannis, NE 69350
Geography: CT 9563
Grant County
Hours of Operation: Monday – Friday
Lobby Hours 9:00am – 3:00pm MST

Ogallala, NE 605 East 1st St
Ogallala, NE 69153
Geography: CT 0002
Keith County
Hours of Operation: Monday – Friday
Lobby Hours: 9:00am – 4:00pm MST
Drive Thru Hours: 8:00am – 4:30pm MST

Wauneta, NE 202 N Tecumseh
Wauneta, NE 69045
Geography: CT 9619
Chase County
Hours of Operation: Monday – Friday
Lobby Hours: 9:00am – 3:00pm MST

Valentine, NE 132 North Main Street
Valentine, NE 69201
Geography: CT 9558
Cherry County
Hours of Operation: Monday – Friday
Lobby Hours: 8:00am – 4:00pm

Loan Production Offices

Elsie, NE **107 Perkins Avenue**
Elsie, NE 69134
Phone: 308-352-4353
Hours: By Appointment Only

ATM Machines: 202 Clark Street
Bassett, NE 68714
Available 24 hours
Geography: CT 9746
Rock County

101 S Main St
Hyannis NE 69350
Available 24 hours
Geography: CT 9563
Grant County

235 Central Ave
Grant NE 69140
Available 24 hours
Geography: CT 9593
Perkins County

605 East 1st Street
Ogallala NE 69153
Available 24 hours
Geography: CT 0002
Keith County

203 South Dewey Street
North Platte NE 69103
Available 24 hours
Geography: CT9602
Lincoln County

841 South Tecumseh
Wauneta NE 69045
(Located in Wauneta Crossroads – Hours vary)
Geography: CT 9619
Chase County



SANDHILLS

STATE BANK

<u>ATM</u>	<u>Location</u>	<u>Deposit-Enabled</u>
Bassett	202 Clark Street, Bassett NE 68714	No
Hyannis	101 S Main St, Hyannis NE 69350	No
Grant	235 Central Ave, Grant NE 69140	No
Ogallala	605 East 1 st St, Ogallala NE 69153	No
North Platte	203 South Dewey Street, North Platte 69103	No
Wauneta	841 South Tecumseh, Wauneta NE 69045	No



SANDHILLS
STATE BANK

Sandhills State Bank

List of Opened and Closed Branches Since last CRA evaluation September 20, 2021

No changes since September 20, 2021



SANDHILLS

STATE BANK

CRA Public File
Bank Services

Checking, Money Market, CD & Savings Accounts,

IRA Savings Accounts,

Health Savings Accounts,

Visa Debit Cards,

Credit Cards,

ACH Origination,

Cashier's Checks

Notary Services,

Stop Payments,

US Savings Bond,

Wire Transfers,

Internet Banking,

Mobile Banking,

Safe Deposit Boxes (not available at all locations)

Lending Products: Agriculture Lines of Credit, Agriculture Real Estate Loans, Commercial Real Estate Loans, Commercial Loans, Commercial Lines of Credit, Intermediate Term Loans, Guaranteed Loans and Consumer Loans and Home Mortgage Loans.



SANDHILLS

STATE BANK

CRA Loan Fees

The following is a list of fees that may be assessed with your loan:

Consumer Loan Processing Fee	\$50.00
Consumer Unsecured Line of Credit Processing Fee	\$50.00
Consumer Mortgage Loans	Disclosed on Truth In Lending Disclosure, provided within 3 days of application
Ag and Commercial Line of Credit	\$200.00
Ag and Commercial Term Notes	\$100.00

Filing fees may apply, depending on the number of Titles and/or if a UCC is filed.



SANDHILLS
STATE BANK

CRA Public File
Loan – Deposit Ratios

TTM Loan-Deposit Ratios

Q4- 2023	86.33%
Q3 - 2023	85.89%
Q2 – 2023	86.94%
Q1 – 2023	78.01%



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www.nltaf.org doris@nebarfnd.org

December 01, 2023

Mr. David Gale
Sandhills State Bank
132 N Main St
PO Box 376
Valentine, NE 69201

Dear Mr. Gale,

The Nebraska Lawyers Trust Account Foundation (NLTA F) would like to present you with a Public Service Statement for your CRA file. The participation of Sandhills State Bank in the Interest on Lawyers Trust Account (IOLTA) Program is sincerely appreciated. IOLTA is an indirect "community service" that provides legal assistance to indigent people. One sixth of Nebraska's population meets the federal poverty guidelines and thus are eligible for these services. Your partnership helps meet this growing need for accessible legal services for Nebraska's vulnerable population.

Sandhills State Bank's community service exemplifies your commitment to the public. Again, thank you for your participation in this worthwhile program that helps our fellow Nebraskans. You may wish to visit the NLTA F website www.nltaf.org for additional information about the IOLTA program.

Cordially,

J.D. Sabott



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INTEREST ON LAWYERS TRUST ACCOUNTS PUBLIC SERVICE STATEMENT

Sandhills State Bank participates in the Interest on Lawyers Trust Account (IOLTA) Program. Established in 1984 by the Nebraska Supreme Court, the IOLTA Program is administered by the Nebraska Lawyers Trust Account Foundation. The purpose of the Program is to provide funding for legal services to Nebraska's low-income citizens.

The attorney trust accounts are interest-bearing, and the interest generated is paid to the Foundation. This financially assists in providing the necessary legal services to the poor and vulnerable.

Semi-annual disbursements from the IOLTA fund are awarded to Legal Aid of Nebraska. The disbursements given since 1984 total \$6,766,500. Through this added financial support, Legal Aid has been able to assist, advise, and represent a vast number of indigent Nebraskans statewide on a variety of issues. There are almost 200,000 low-income people in Nebraska who are eligible to receive free legal services.

The availability of these free legal services to low-income people is often directly related to their ability to obtain credit and/or maintain housing. In addition, the funds are used for unemployment matters, wills, landlord/tenant relations, elder law, consumer issues, education issues, as well as family and juvenile law.

The benefits generated by the IOLTA Program are the results of the combined effort of the legal profession and the banking industry working together to help Nebraska's poor. Sandhills State Bank's commitment to this program is to be commended. Thank you for your participation in this valuable Program!

Cordially,

J.D. Sabott

PUBLIC DISCLOSURE

September 20, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sandhills State Bank
Certificate Number: 13892

202 Clark Street
Bassett, Nebraska 68714

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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 RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory performance under the Lending Test is the basis for the rating. The following points summarize the bank's performance.

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area credit needs.
- A majority of the loans reviewed were located inside the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes.
- The institution did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

DESCRIPTION OF INSTITUTION

Sandhills State Bank is a community bank headquartered in Bassett, Nebraska. Sandhills Financial Services, LLC, Bassett, Nebraska, a one-bank holding company, wholly owns the institution. The FDIC rated the institution “Satisfactory” at the November 13, 2018 CRA Performance Evaluation, which used Interagency Small Institution Examination Procedures.

The bank operates ten full-service locations and three loan production offices in Nebraska. The bank closed two full-service locations since the previous evaluation and converted them to loan production offices. Neither office was located in a low- or moderate-income census tract. The bank opened three locations since the previous evaluation when the bank acquired three existing branches from Western States Bank. The following table lists the bank’s branch locations and loan production offices by community.

Description of Bank Locations			
Community	Type of Facility	Open Date (if new since prior evaluation)	Close Date (if closed since prior evaluation)
Alliance	Full-Service	--	--
Arthur	Full-Service	--	--
Bassett	Full-Service	--	--
Grant	Full-Service	1/25/2019	--
Elsie	Loan Production Office (converted from Full-Service)	--	6/15/2021
Harrison	Full-Service	--	--
Hay Springs	Loan Production Office	--	--
Hyannis	Full-Service	--	--
Keystone	Loan Production Office (converted from Full-Service)	--	3/1/2020
North Platte	Full-Service	--	--
Ogallala	Full-Service	1/25/2019	--
Valentine	Full-Service	--	--
Wauneta	Full-Service	1/25/2019	--
<i>Source: Bank Data</i>			

The bank offers traditional credit products including agricultural, commercial, residential real estate, and consumer loans. Agricultural lending continues to be the bank’s primary focus, as it was at the prior CRA evaluation. The bank offers a variety of deposit products including checking, savings, and certificate of deposit accounts. Alternative banking services include internet banking, mobile banking, person-to-person payments, and automated teller machines (ATMs).

As of the June 30, 2021 Consolidated Reports of Condition and Income, the institution reported assets of approximately \$332.4 million, total loans of \$244.5 million, and total deposits of \$295.6 million. The following table reflects the bank’s loan portfolio composition.

Loan Portfolio Distribution as of 6/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0
Secured by Farmland	78,047	31.9
Secured by 1-4 Family Residential Properties	7,124	2.9
Secured by Multifamily (5 or more) Residential Properties	0	0
Secured by Nonfarm Nonresidential Properties	19,493	8.0
Total Real Estate Loans	104,664	42.8
Commercial and Industrial Loans	54,785	22.4
Agricultural Production and Other Loans to Farmers	82,379	33.7
Consumer Loans	2,632	1.1
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	244,460	100
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Sandhills State Bank designated a single assessment area comprised of 22 counties in Nebraska, four counties in South Dakota, and one county in Wyoming. All census tracts within each county are included in the assessment area, except for Jackson County, South Dakota, which excludes one census tract in the northern portion of the county. All of the counties are contiguous and all are located in nonmetropolitan areas.

The only change to the assessment area since the prior evaluation is the addition of Chase County, Nebraska, which was added in conjunction with the Wauneta, Nebraska branch acquisition. The bank has two full-service branches located in moderate-income census tracts (Hyannis in Census Tract 9563, North Platte in Census Tract 9602) and one ATM located in a moderate-income census tract (Hyannis in Census Tract 9563). The following table reflects the bank's assessment area.

Description of Assessment Area	
State	Counties
Nebraska	Arthur, Blaine, Box Butte, Brown, Chase, Cherry, Dawes, Garden, Garfield, Grant, Hooker, Keith, Keya Paha, Lincoln, Logan, Loup, McPherson, Perkins, Rock, Sheridan, Sioux, Thomas
South Dakota	Bennett, Jackson (partial), Todd, Tripp
Wyoming	Niobrara
<i>Source: Bank Data</i>	

Economic and Demographic Data

The following table provides select demographic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	2.3	25.0	70.5	2.3	0.0
Population by Geography	120,874	3.4	23.4	69.8	3.4	0.0
Housing Units by Geography	59,943	2.2	21.1	73.7	3.0	0.0
Owner-Occupied Units by Geography	33,355	1.5	19.0	75.3	4.2	0.0
Occupied Rental Units by Geography	16,724	3.9	26.0	69.2	0.9	0.0
Vacant Units by Geography	9,864	1.6	20.1	75.6	2.6	0.0
Businesses by Geography	10,038	0.6	22.3	74.1	3.0	0.0
Farms by Geography	2,142	0.0	14.5	80.4	5.1	0.0
Family Distribution by Income Level	32,379	22.7	19.3	22.5	35.4	0.0
Household Distribution by Income Level	50,079	26.3	16.6	19.4	37.7	0.0
Median Family Income Nonmetropolitan - NE		\$61,457	Median Housing Value			\$99,200
Median Family Income Nonmetropolitan - SD		\$60,845	Median Gross Rent			\$576
Median Family Income Nonmetropolitan - WY		\$72,833	Families Below Poverty Level			12.7%
<i>Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The assessment area is primarily rural with many small- to mid-size communities serving as hubs for retail, employment, and housing. The larger communities in the assessment area include North Platte (population 24,733), Alliance (population 8,491), and Ogallala (population 4,737).

The assessment area supports a diverse make-up of industries. A majority of the businesses and farms are small with 85.5 percent operating from a single location and 68.5 percent employing four or fewer employees according to 2020 D&B data. A majority of non-farm business have gross annual revenue of \$1 million or less (78.9 percent), demonstrating the opportunities available for small business lending in the assessment area.

Even though agricultural-related businesses account for only 17.6 percent of the business sector by number according to 2020 D&B data, the assessment area's economy is still highly dependent upon

the agricultural industry. According to the 2017 Census of Agriculture, total commodity sales in excess of \$36.7 billion were reported in the assessment area, emphasizing the significant economic role the agricultural industry maintains in the assessment area.

Competition

The assessment area is a relatively competitive market for financial services. Based on 2020 FDIC Deposit Market Share data, 38 financial institutions operate 95 offices within the assessment area. Of these institutions, Sandhills State Bank ranks sixth with a market share of 6.1 percent of total assessment area deposits. Additionally, there is agricultural financing competition from Farm Credit Services, as well as nontraditional creditors and dealers.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area's credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners reviewed a recent community contact interview conducted in May 2021 with a representative from a local municipality. The contact described the rural Nebraska economy as heavily reliant on agriculture, but farming conditions have been good and prices have remained stable. Furthermore, most land is irrigated and therefore farmers can make it through seasons where rainfall is limited. The COVID-19 pandemic did not affect the agricultural economy, but did have a negative impact on the food and retail sectors. The local business economy has largely recovered and there have not been any lasting negative changes. The contact stated that there are plenty of jobs available, particularly for skilled positions such as nursing and other healthcare, but the biggest challenge is finding people to fill the positions. The contact believes that the primary credit need is agricultural lending and that local banks are doing a good job of meeting those needs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural lending represents the assessment area's primary credit need, but business and home mortgage lending are also important credit needs in the communities located within the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 13, 2018, to the current evaluation dated September 20, 2021. Examiners used Interagency Small Institution Examination Procedures to conduct the evaluation, which contains a Lending Test. Refer to the Appendices later in the evaluation for a description of the criteria used to evaluate the bank's performance under this test.

Activities Reviewed

Small farm and small business loans are Sandhill State Bank’s primary business lines. Therefore, examiners selected these products to evaluate the bank’s performance. Other loan products, such as residential real estate and consumer loans, do not represent major product lines. As such, examiners did not review any other loan products, as they would not provide material support for conclusions or the rating.

Examiners selected the calendar year 2020 as the review period. Bank management indicated the review period is an accurate representation of lending activity throughout the evaluation period. Examiners used D&B data from 2020 as a standard of comparison for the small farm and small business loans reviewed.

For the Assessment Area Concentration analysis, examiners reviewed all small farm and small business loans originated and purchased during the review period. For the Geographic Distribution analysis, examiners reviewed all small farm and small business loans originated inside the assessment area. For the Borrower Profile analysis, examiners reviewed a sample of small farm and small business loans originated inside the assessment area. The table below provides details on the universes and samples reviewed.

Loan Products Reviewed						
Loan Category	Assessment Area Concentration		Geographic Distribution		Borrower Profile	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Farm	226	24,059	193	19,995	55	6,483
Small Business	128	15,620	118	13,232	47	5,374
<i>Source: Bank Data</i>						

Small farm loans contributed more weight to overall conclusions than small business loans due to higher lending volume. When conducting the Assessment Area Concentration analysis, examiners placed equal weight on the number and dollar volume of loans. When conducting the Geographic Distribution and Borrower Profile analyses, examiners placed greater weight on the number of loans than the dollar volume of loans. This is because the number of loans is a better indicator of the geographies and borrowers served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Sandhills State Bank demonstrated satisfactory performance under the Lending Test. Reasonable performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria supports this conclusion.

Loan-to-Deposit Ratio

Sandhills State Bank’s average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated

from Consolidated Reports of Condition and Income data, averaged 87.1 percent over the past 11 quarters from December 31, 2018 to June 30, 2021. The current average ratio represents a decrease since the previous evaluation when it was 96.0 percent. The bank’s acquisition of three existing branches from Western States Bank in January 2019 caused the decrease. The bank’s ratio dropped from 101.1 percent to 84.3 percent during the first quarter of the evaluation period, when the bank acquired the branches. After that change, the ratio remained relatively consistent throughout evaluation period, ranging from a low of 78.6 percent to a high of 94.5 percent.

Examiners compared Sandhills State Bank’s average net loan-to-deposit ratio to four other similarly-situated financial institutions to evaluate the bank’s performance. The institutions were selected based on their asset size, geographic location, and lending focus. Sandhills State Bank’s average net loan-to-deposit ratio is reasonable in comparison to those institutions. The following table provides details.

Loan-to-Deposit Ratio (LTD) Comparison		
Bank	Total Assets as of 6/30/2021 \$(000s)	Average Net LTD Ratio (%)
Sandhills State Bank, Bassett, Nebraska	332,353	87.1
Homestead Bank, Cozad, Nebraska	329,808	80.9
The First National Bank of Gordon, Gordon, Nebraska	299,539	56.2
Flatwater Bank, Gothenburg, Nebraska	220,607	78.8
The Tri-County Bank, Stuart, Nebraska	193,603	83.1

Source: Reports of Condition and Income 12/31/18 through 6/30/21

Assessment Area Concentration

A majority of small farm and small business loans are located inside the assessment area. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Farm	193	85.4	33	14.6	226	19,995	83.1	4,064	16.9	24,059
Small Business	118	92.2	10	7.8	128	13,232	84.7	2,388	15.3	15,620
Total	311	87.9	43	12.1	354	33,227	83.7	6,452	16.3	39,679

Source: Bank Data. Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of loans in the assessment area is reasonable. Reasonable small farm and small business lending performance supports this conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Lending in the low- and moderate-income census tracts slightly exceeds the percentage of farms located in these tracts, by both number and dollar amount. The following table provides details.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	1	0.5	95	0.5
Moderate	14.5	35	18.1	3,638	18.2
Middle	80.4	154	79.8	15,682	78.4
Upper	5.1	3	1.6	580	2.9
Not Available	0.0	0	0.0	0	0.0
Total	100.0	193	100.0	19,995	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The percentage of small business loans in the assessment area's low- and moderate-income census tracts is reasonably comparable to the percentage of businesses located in those tracts. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.6	0	0.0	0	0.0
Moderate	22.3	22	18.6	2,784	21.0
Middle	74.1	95	80.5	9,885	74.7
Upper	3.0	1	0.8	563	4.3
Not Available	0.0	0	0.0	0	0.0
Total	100.0	118	100.0	13,232	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. Reasonable small farm and small business lending performance supports this conclusion. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less

Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. The bank's record of lending to farms with gross annual revenues of \$1 million or less is consistent with the demographic data. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.5	53	96.4	5,653	87.2
>\$1,000,000	1.2	2	3.6	830	12.8
Revenue Not Available	1.3	0	0.0	0	0.0
Total	100.0	55	100.0	6,483	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The bank's record of lending to businesses with gross annual revenues of \$1 million or less is comparable to demographic data. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	78.9	38	80.9	3,040	56.6
>\$1,000,000	4.3	9	19.1	2,334	43.4
Revenue Not Available	16.9	0	0.0	0	0.0
Total	100.0	47	100.0	5,374	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, examiners did not evaluate the bank's performance under this criterion.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs was identified.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.