



CRA PUBLIC FILE

April 1, 2024

Table of Contents

The Community Reinvestment Act Overview	2
Public Information Available for Inspection.....	2
Comments or Questions.....	2
Mission and CRA Philosophy.....	2
Written Comments Received	3
CRA Performance Evaluation	3
Branch Information	3
Distribution of Branches	3
Opened and Closed Branches	3
Products and Services	3
Deposit Services	3
Loan Services.....	3
Other Services	4
Fee Schedule	4
Loan-to-Deposit Ratio	5
Facility-Based Assessment Areas	5

The Community Reinvestment Act Overview

Under the Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates Spur Security Bank's record of helping to meet the credit needs of the communities we serve consistent with safe and sound banking practices. The FDIC takes the Bank's record into consideration when evaluating applications to open, relocate, or close branches, as well as regarding applications for bank mergers or acquisitions.

Public Information Available for Inspection

In compliance with the requirements of the Community Reinvestment Act, the following information must be maintained in a public file, current as of April 1 of each year.

Comments or Questions

Comments or questions about information contained in this file, as well as Spur Security Bank's CRA performance may be addressed to:

Spur Security Bank

Kevin Bass, CEO

P.O. Box 549

Spur, TX 79370

Mission and CRA Philosophy

It is the Bank and the Board of Directors goal to ensure that our CRA objectives are in harmony with the Bank's mission statement:

It is the mission of the Spur Security Bank to provide safety for its depositors, to provide good loans to good people, to insure a reasonable return for its shareholders and to provide the community with needed banking services.

In accordance with this mission, the Bank's CRA philosophy embodies the following principles:

- Spur Security Bank is a responsible lender, and will make all loans, investments, and donations in accordance with safe and sound banking practices.
- Spur Security Bank strives to attract customers and businesses from throughout our assessment areas using customer service and competitively priced deposit and lending products.
- Spur Security Bank recognizes that good customers and credit worthy borrowers come from all areas of the Bank's footprint, including low and moderate income and minority neighborhoods.

Written Comments Received

Spur Security Bank has not received any written comments during the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs.

CRA Performance Evaluation

See Public Disclosure attached.

Branch Information

Distribution of Branches

BRANCH NAME	BRANCH ADDRESS	DRIVE THRU	ATM	BRANCH HOURS	CENSUS & INCOME TRACT
Main Office	120 West Harris Street Spur, TX 79370 Phone: 806-271-3301 Fax: 806-271-3362	Y	N	<u>LOBBY</u> M-F 9:00AM-3:00PM <u>DRIVE-THRU</u> M-F 8:00AM-3:00PM	9503.00 Middle Income Tract

Opened and Closed Branches

No branches opened or closed by the bank during the current year and each of the prior two calendar years.

Products and Services

Deposit Services

- Personal Checking
- Personal Savings
- Business Checking
- Business Savings
- Consumer Money Market Accounts
- Business Money Market Accounts
- Certificates of Deposits (CDs)
- Business Certificate of Deposits (CDs)
- Traditional Individual Retirement Accounts (IRAs)

Loan Services

- Personal Loans
- Commercial Loans
- Agriculture Loans
- Real Estate Loans

Other Services

- Safe Deposit Boxes
- Digital Banking
- Cashier's Checks
- Wire Transfers
- Debit Cards
- Collection Items
- Lock Bags Rental (Commercial Services)

Fee Schedule

TRANSACTION TYPE	FEE
Lock Bags Rental	\$2.00 per bag per month
Night Deposit Key Deposit	\$10.00 per key
Vault Service	\$10.00
Fax Machine Use	\$1.25
Fax	\$1.00 per page
Check printing	Fee depends on style of check ordered
Cashier's Checks (Maximum charge)	\$15.00
\$5,000.01-\$10,000.00	\$10.00
\$1,000.01-\$5,000.00	\$5.00
\$400.01-\$1,000.00	\$4.00
\$100.01-\$400.00	\$3.00
\$10.01-\$100.00	\$2.00
\$.01-\$10.00	\$1.00
Non-sufficient funds (NSF) fee (check/ACH returned)	\$25.00 (per presentation)
Overdraft fee (check/ACH paid overdraft)	\$25.00 (per presentation)
Deposit Items Returned	\$5.00
Overdraft Balances	Daily fee of 15 % interest that applies to end of day overdrawn balance
Account Activity / Statement printout	\$5.00 each statement (1 statement free per month)
Account Research	\$25.00 per hour
Account Research photocopy items	\$0.20 per page
Close account within 90 days of opening	\$10.00
Reprint statements	\$3.00 per statement
Proof Corrections	\$5.00 per correction
Stop Payment order	\$15.00
Incoming wire transfer/customers	\$5.00
Outgoing wire transfer/customers	\$10.00
Incoming wire transfer/non-customers	\$15.00
3x5 Safety Deposit box rental	\$10.00 per year
4x5 Safety Deposit box rental	\$15.00 per year
3x10 Safety Deposit box rental	\$20.00 per year

4x10 Safety Deposit box rental	\$30.00 per year
6x10 Safety Deposit box rental	\$50.00 per year
8x10 Safety Deposit box rental	\$70.00 per year
Drill Safety Deposit Box	\$175 per drill (Rate is subject to change)
Key Deposit with 2 keys	\$6.00
1 Key returned	\$3.00

Loan-to-Deposit Ratio

The table below depicts the bank's Loan-to-Deposit ratio at quarter end for the previous year.

QUARTER END	PERCENTAGE
December 2023	47.98%
September 2023	32.71%
June 2023	28.29%
March 2023	20.17%

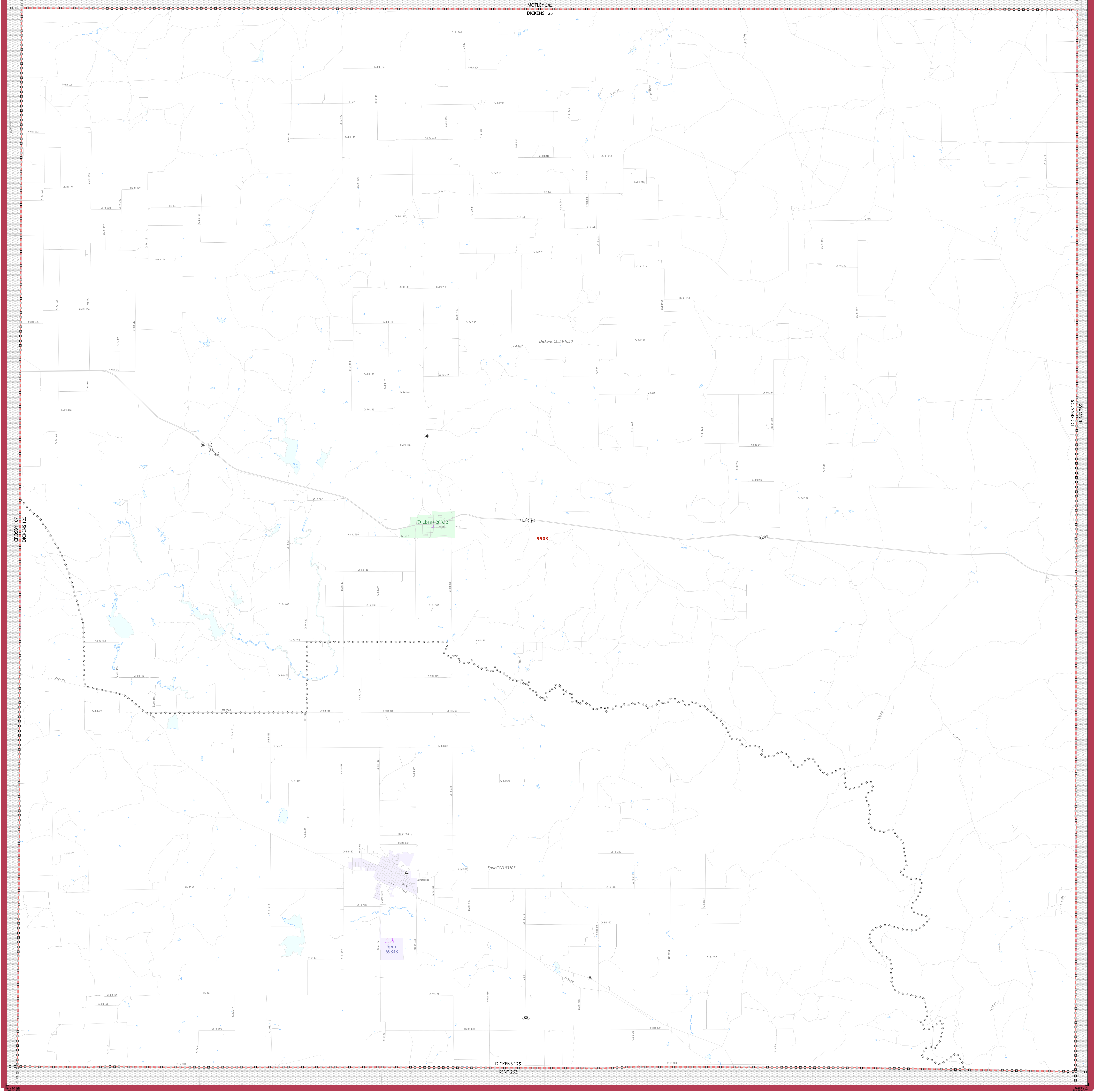
Facility-Based Assessment Areas

See facility-based assessment area map attached.

Spur Security Bank's facility-based assessment area includes all of Dickens County, Texas, which consists of one middle-income census tract that designated as a distressed and underserved middle-income nonmetropolitan tract .

STATE CODE	COUNTY CODE	TRACT CODE	MSA/MD CODE
DICKENS COUNTY, TEXAS			
48	125	9503.00	N/A

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Dickens County, TX



SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE	SYMBOL DESCRIPTION		SYMBOL	LABEL STYLE
International		☆☆☆☆	CANADA	Incorporated Place 1,2		Yellow	Davis 18100
Federal American Indian Reservation		Red Dotted	L'ANSE RESVN 1880	Census Designated Place (CDP) ³		Orange	Incline Village 35100
Oil Reservation Trust Land		Blue Dotted	TI880	Census Tract ³		Red	33.07
State American Indian Reservation		Green Dotted	Tama Resvn 9400	DESCRIPTION		SYMBOL	DESCRIPTION
Alaska Native Regional Corporation		Yellow Dotted	NANA ANRC 52120	Water Body		Blue	Pond/Lake
State (or statistically equivalent) entity		Blue Dotted	NEW YORK 36	College or University		Green	College/Univ
County (or statistically equivalent) entity		Black Dotted	ERIE 029	Minor Civil Division (MCD) ³		Blue	Minor Civ
Minor Civil Division (MCD) ³		Black Dotted	Bristol town 07485	Prison or Juvenile Detention Center		Red	PRDC
Census County Division (CCD), Census Subarea (CSA), or Consolidated Territory (CT)		Black Dotted	Hanna CCD 91650	National or State Park, Forest, or Recreation Area		Green	Yosemite NP
Consolidated City		Black Dotted	MILLFORD 47500	Outside Subject Area		Grey	
				Inset Area		Blue	A1

Where international, state, county, and/or MCD/CD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

1. A "*" following an MCD name denotes a false MCD. A "*" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2. Place label color corresponds to the place fill color.

3. Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
 Data Source: U.S. Census Bureau's MAJ/TIGER database (TAB20)
 Map Created by: Geography Division, January 06, 2021

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic
 Datum: NAD 83
 Spheroid: GRS 80
 1st Standard Parallel: 27 36 51
 2nd Standard Parallel: 34 43 24
 Central Meridian: -100 04 35
 Latitude of Projection Origin: 25 56 13
 False Easting: 0
 False Northing: 0

Sheet 1 of 1 PARENT sheets
 Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Dickens County (125)
 ENTITY TYPE: County or statistically equivalent entity
 ST: Texas (48)

2020 CENSUS TRACT REF MAP (PARENT)
 Sheet ID: 249548125001



PUBLIC DISCLOSURE

June 25, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Spur Security Bank
Certificate Number: 15460

120 West Harris Street
Spur, Texas 79370

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

1601 Bryan Street, Suite 1410
Dallas, Texas 75201

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.

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	4
Description of Assessment Area	6
Conclusions on Performance Criteria	9
Discriminatory or Other Illegal Credit Practices Review	11
Glossary	12

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.

Spur Security Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a majority of its lending within the assessment area.
- Examiners did not analyze the geographic distribution because the institution's assessment area contains only one middle-income census tract, and thus an analysis would not provide any meaningful results. Consequently, this factor did not affect the Lending Test rating.
- The distribution of borrowers reflects excellent penetration of loans among farms of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 29, 2012, to the current evaluation dated June 25, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate Spur Security Bank’s CRA performance. The Lending Test considered the institution’s performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank’s major product lines include small farm and consumer lending. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period.

As illustrated in the following table, agricultural lending (agricultural and secured by farmland) at 67.1 percent by dollar volume and 25.1 percent by number volume represents the bank’s primary lending product. Consumer lending at 24.1 percent by dollar volume and 67.9 percent by number volume also reflects a primary lending focus. Therefore, given the distribution of lending, the bank’s record of originating small farm loans contributed more weight to overall conclusions due to the larger loan volume by dollar amount when compared to consumer lending during the most recent calendar year.

Commercial loans did not represent a major product line at 8.7 percent by dollar volume; therefore, they provided no material support for conclusions or ratings. Spur Security Bank does not originate home mortgages. The following table shows the bank’s originations and purchases over the most recent calendar year by loan type.

Loans Originated or Purchased for 2017				
Loan Category	\$(000s)	%	#	%
Secured by Farmland	506	7.4	6	1.3
Agricultural	4,113	59.7	105	23.8
Commercial and Industrial	599	8.7	30	6.8
Consumer	1,658	24.1	300	67.9
Other Loans	10	0.1	1	0.2
Total Loans	6,886	100.0	442	100.0
<i>Source: Bank Records 01/01/17 through 12/31/17.</i>				

Bank records indicated that the lending focus and product mix remained consistent throughout

the evaluation period. Consequently, examiners selected a sample of small farm loans originated in the period of January 1, 2017, through December 31, 2017. The bank originated 111 agricultural loans totaling \$4.6 million during the evaluation period which all met the definition of small farm. Therefore, examiners sampled 77 loans totaling \$3.3 million. Examiners based the sample on a statistical 90 percent Confidence Interval with at least a 10 percent Precision level. Examiners used 2017 D&B demographic data as the standard for comparison.

In addition, this evaluation considered a sample of consumer loans originated in the period of January 1, 2017, through December 31, 2017. The bank originated 300 consumer loans totaling over \$1.6 million in 2017, of which examiners sampled 39 consumer loans totaling \$218,906. Examiners based the sample on a statistical 90 percent Confidence Interval with a 15 percent Precision level. Examiners used the 2015 American Community Survey (ACS) Census data as the standard for comparison.

For the Lending Test, examiners reviewed the number and dollar volume of small farm and consumer loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

DESCRIPTION OF INSTITUTION

Background

Spur Security Bank, headquartered in Spur, Texas, operates in Dickens County. Espuela Bank Shares, Inc., a one-bank holding company also in Spur, Texas, wholly owns Spur Security Bank. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated May 29, 2012, based on Interagency Small Institution Examination Procedures.

Operations

Spur Security Bank operates one full-service branch in its sole assessment area. Spur Security Bank offers loan products including agricultural, consumer, and commercial loans, primarily focusing on agricultural lending. The institution provides limited deposit services including checking and savings accounts, as well as certificates of deposit. Alternative banking services include internet and telephone banking. The institution does not operate any bank-owned automated teller machines (ATMs). The bank did not open or close any branches nor did they participate in any merger or acquisition activities since the previous evaluation.

Ability and Capacity

The following table presents the complete asset distribution of Spur Security Bank as of the March 31, 2018, Report of Income and Condition. As shown, the institution reported total assets of \$44.7 million as of March 31, 2018, a decrease of 0.8 percent since the 2012 CRA evaluation. Net loans total \$8.5 million and represent 19.2 percent of total assets, while securities account for 70.4 percent of total assets. The bank reports \$39.7 million in average total deposits. Since the previous evaluation, net loans decreased 11.7 percent, while deposits increased 0.1 percent. As of March 31, 2018, the bank reported a Return on Assets of 2.7 percent and a Tier I Leverage Capital of 11.1 percent.

The following table illustrates the complete asset distribution as of the March 31, 2018, Report of Income and Condition.

Asset Distribution		
Asset Category	\$(000s)	%
Cash	3,968	8.9
Securities	31,490	70.4
Net Loans & Leases	8,577	19.2
Premises & Fixed Assets	131	0.3
Other Assets	550	1.2
Total Assets	44,716	100.0

Source: Report of Income and Condition (3/31/2018). Due to rounding, totals may not equal 100.0

As reflected in the following table, the mix of outstanding loans as of March 31, 2018, reflects a loan distribution generally consistent with the loan origination mix discussed under the *Scope of Evaluation*. The bank's combined agricultural loan categories, at 56.2 percent, represent the largest loan category, followed by consumer loans at 22.7 percent.

Loans Outstanding		
Loan Category	\$(000s)	%
Secured by Farmland	2,282	26.4
Secured by 1-4 Family Residential	804	9.3
Secured by Commercial Real Estate	271	3.1
Agricultural Production	2,571	29.8
Commercial and Industrial	737	8.5
Consumer	1,957	22.7
Other Loans	11	0.1
Gross Loans	8,633	100.0
<i>Source: Report of Income and Condition (3/31/2018). Due to rounding, totals may not equal 100.0</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Spur Security Bank designated Dickens County, found within the Texas Non-Metropolitan Statistical Area (Non-MSA), as its sole assessment area. The bank’s assessment area conforms to the CRA regulation. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes the sole census tract that makes up Dickens County. This census tract reflects a middle-income designation according to the 2015 ACS Census. Furthermore, in 2017, the Federal Financial Institutions Examination Council (FFIEC) considered Dickens County distressed because of poverty and population loss, as well as underserved for its remote rural designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	2,281	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,423	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	657	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	221	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	545	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	151	0.0	0.0	100.0	0.0	0.0
Farms by Geography	24	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	560	27.1	15.9	21.1	35.9	0.0
Household Distribution by Income Level	878	29.6	14.4	15.8	40.2	0.0
Median Family Income Non-MSA - TX		\$52,076	Median Housing Value			\$49,600
			Median Gross Rent			\$481
			Families Below Poverty Level			15.7%

Source: 2015 ACS Census; 2017 D&B Data. Due to rounding, totals may not equal 100.0
() The NA category consists of geographies that have not been assigned an income classification.*

Services industries represent the largest portion of business at 28.6 percent; followed by retail trade (18.9 percent); and agriculture, forestry, and fishing (13.7 percent). Dickens County’s largest employer is Dickens County (i.e. courthouse staff, jail, road, and bridge personnel). Other primary employers include South Plains Electric Cooperative-Dickens Division, Cap Rock Telephone Cooperative, Spur Independent School District, and the Dickens County Correctional Center.

The 2017 D&B data stated the assessment area contains 24 farms, of which 95.8 percent of the farms earn gross annual revenues (GAR) of \$1 million or less. GAR for the remaining 4.2 percent of the farms are unknown. Dickens County posted a slightly higher unemployment rate of 4.7 percent compared to the State of Texas rate of 4.0 percent and the U.S. rate of 4.4 percent based on year end 2017 U.S. Census data.

According to the 2015 ACS Census, the median family income for the Dickens County stood at \$52,076, and 15.7 percent of families live below the poverty level. To evaluate performance for consumer lending, examiners calculated borrower income levels using the 2017 FFIEC estimated-median family income for the Texas Non-MSA as indicated in the table below.

Texas Non-MSA Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$54,200)	<\$27,100	\$27,100 to <\$43,360	\$43,360 to <\$65,040	≥\$65,040
<i>Source: FFIEC</i>				

Competition

The assessment area exhibits low competition in the market for financial services. Examiners reviewed the bank’s aggregate market share presence in Dickens County. According to the FDIC Deposit Market Share data as of June 30, 2017, Spur Security Bank, the only financial institution operating within Dickens County, holds 100 percent of the deposit market share. The financial institution’s sole office has the potential to serve approximately 2,281 people.

The bank is not required to collect or report its small farm loan data, and it has not elected to do so. Therefore, the analysis of small farm loans under the Lending Test does not include comparisons against aggregate data. However, the aggregate data reflects the level of demand for small farm loans. Aggregate data for 2016 shows five institutions reported 10 small farm loans in Dickens County, indicating a low degree of competition for this product.

Community Contact

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

Examiners contacted a representative of an educational organization focused on agriculture in the assessment area. The contact described the Dickens County economy as stable, with the population comprised mostly of farmers, teachers, and the citizens residing in Spur, Texas. In addition, oil production greatly increased over the past five years, and a wind farm now resides in the northern portion of the county.

Overall, the contact indicated that the local financial institution has been responsive to the credit and community development needs. Furthermore, the contact mentioned that the local financial institution recently introduced online banking.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm loans represent a primary credit need for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Spur Security Bank demonstrated satisfactory performance under the Lending Test. The reasonable LTD ratio and the majority of loans originated within the assessment area hampered the excellent borrower profile performance to support this conclusion.

Loan-to-Deposit Ratio

Spur Security Bank's average, net LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Report of Income and Condition data, averaged 23.5 percent over the past 24 calendar quarters from June 30, 2012, to March 31, 2018. The ratio ranged from a low of 21.2 percent as of March 31, 2018, to a high of 28.0 percent as of September 30, 2012. Examiners did identify any discernable trend in the bank's LTD ratio, but noted the economic and population detrition in the community has led to a low loan demand. Therefore, low loan demand further supports the reasonableness of Spur Security Bank's LTD.

Spur Security Bank maintained a ratio similar to those of comparable institutions, as shown in the following table. Examiners selected comparable institution based on their asset size, geographic location, and lending focus. As illustrated, the bank's ratio fell between 1.4 and 19.6 percentage points lower than the ratios of the comparable institutions. Consequently, the bank's comparative ratio, also considering performance context, resulted in reasonable performance.

Loan-to-Deposit Ratios for Similarly Situated Banks			
Bank	City	Total Assets (\$000s)	Average, Net LTD Ratio
<i>Spur Security Bank</i>	<i>Spur, Texas</i>	<i>44,716</i>	<i>23.5</i>
Citizens National Bank	Crosbyton, Texas	49,578	43.1
The First National Bank of Tahoka	Tahoka, Texas	56,701	31.9
The Donley County State Bank	Clarendon, Texas	39,048	24.9

Source: Reports of Income and Condition (3/31/18); Reports of Income and Condition (previous 24 quarters)

Assessment Area Concentration

The bank granted a majority of their lending within its assessment area. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the assessment areas' size and economy when arriving at this conclusion.

As illustrated in the table below, the bank originated a majority of their small farm lending, by number and dollar volume, within the assessment area. For consumer lending, the bank originated a majority of their lending by number volume within the assessment area, but a majority outside of the assessment area by dollar volume. Weighting measures equally, the bank originated a majority of their lending within their assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	53	68.8	24	31.2	77	2,340	69.8	1,013	30.2	3,353
Consumer	27	69.2	12	30.8	39	103	47.2	115	52.8	218

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

Geographic Distribution

Examiners did not analyze the geographic distribution performance factor because the institution's assessment area contains only one middle-income census tract, and thus an analysis would not provide any meaningful results. Consequently, this factor did not affect the Lending Test rating.

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms of different sizes and individuals of different income levels in the assessment area. The bank's excellent performance regarding small farm and consumer lending supports this conclusion. Examiners focused on the percentage by number of small farm loans to farms with gross annual revenues of \$1 million or less, and percentage by number of consumer loans to low- and moderate-income households.

Small Farm Loans

The distribution of small farm loans reflects excellent penetration of lending to farms with GAR of \$1 million or less. The following table shows that the bank originated all of the sampled small farm loans to farms reporting GAR of \$1 million or less. In addition, the bank originated the majority of their lending, 67.9 percent by number, to the smallest farms, those reporting GAR of less than \$100,000. Consequently, this level of lending reflects excellent performance.

Distribution of Small Farm Loans by Gross Annual Revenues					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
< \$100,000	50.0	36	67.9	1,036	25.8
\$100,000 - \$249,999	37.5	13	24.5	599	38.2
\$250,000 - \$499,999	4.2	3	5.7	675	23.7
\$500,000 - \$1,000,000	4.2	1	1.9	70	12.3
Subtotal <= \$1,000,000	95.8	52	100.0	2,340	100.0
>\$1,000,000	0.0	0	0.0	0	0.0
Revenue Not Available	4.2	0	0.0	0	0.0
Total	100.0	53	100.0	2,340	100.0

Source: 2017 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0

Consumer Loans

The distribution of consumer loans to individuals of different income levels, including low- and moderate-income borrowers, reflects excellent performance. The bank's level of lending to low-income borrowers at 81.5 percent far exceeds the demographics of the area. Specifically, the bank's level exceeds the demographic figure by 51.9 percentage points, reflective of excellent performance. While lending to moderate-income borrowers falls 7.0 percentage points behind the demographic, reflective of reasonable performance. Given the distribution of households and the bank's level of lending, examiners determined the bank displayed an excellent distribution of consumer loans based on borrower profiles.

Distribution of Consumer Loans by Borrower Income Category					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	29.6	22	81.5	34	33.0
Moderate	14.4	2	7.4	62	60.2
Middle	15.8	3	11.1	7	6.8
Upper	40.2	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	27	100.0	103	100.0

Source: 2015 ACS Census; 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, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.