

PUBLIC DISCLOSURE

October 28, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security First Bank
Certificate Number: 5415

5505 Red Rock Lane
Lincoln, Nebraska 68516

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREAS.....	2
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
STATE OF NEBRASKA	10
DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEBRASKA	10
SCOPE OF EVALUATION - NEBRASKA	10
CONCLUSIONS ON PERFORMANCE CRITERIA IN NEBRASKA	10
NEBRASKA NONMETROPOLITAN ASSESSMENT AREA – Full-Scope Review	11
LINCOLN METROPOLITAN ASSESSMENT AREA – Full-Scope Review.....	19
STATE OF SOUTH DAKOTA.....	25
DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH DAKOTA	25
SCOPE OF EVALUATION – SOUTH DAKOTA.....	25
CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA	25
RAPID CITY METROPOLITAN ASSESSMENT AREA – Full-Scope Review	26
SOUTH DAKOTA NONMETROPOLITAN ASSESSMENT AREA – Limited-Scope Review	31
APPENDICES	35
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	35
SUMMARY OF RATINGS FOR RATED AREAS	36
GLOSSARY	37

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment areas' credit needs.
- A majority of the small business, small farm, and home mortgage loans reviewed were inside the assessment areas.
- The geographic distribution of loans reflects overall excellent dispersion throughout the assessment areas.
- The distribution by borrowers reflects overall reasonable penetration among businesses and farms of different sizes and individuals of different income levels.
- The institution did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. Therefore, the criterion did not impact the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution demonstrated adequate responsiveness to community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity as well as the need and availability of community development activities inside the assessment areas.

DESCRIPTION OF INSTITUTION

Security First Bank (SFB) is headquartered in Lincoln, Nebraska and is owned by Stockmens Financial Corporation, Rapid City, South Dakota, a one-bank holding company. The bank received a CRA rating of Satisfactory at its previous FDIC Performance Evaluation dated July 6, 2021, where examiners used Interagency Intermediate Small Institution Examination Procedures.

The bank operates 24 offices in Nebraska (21) and South Dakota (3). In October 2022, SFB closed an office in a moderate-income geography in Cozad, Nebraska, and in December 2022, SFB closed an office in a moderate-income geography in Lincoln, Nebraska. Also in December 2022, the bank closed the operation center in a middle-income geography in Rapid City, South Dakota. Lastly, in January 2023, SFB closed an office in an upper-income geography in Rapid City, South Dakota. In

October 2022, SFB opened an office in a moderate-income geography in Cozad, Nebraska. In January 2023, the bank opened an office in an upper-income area in Rapid City, South Dakota.

The bank offers a wide variety of loan products including commercial, agricultural, home mortgage, and consumer loans. In addition, the institution offers multiple deposit products including checking, savings, and certificates of deposit. Alternative banking services include telephone, internet and mobile banking, as well as ATMs.

According to the June 30, 2024 Reports of Condition and Income (Call Report), the institution reported assets of \$1,930,300, total loans of \$1,331,210, and total deposits of \$1,489,268. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	61,608	4.6
Secured by Farmland	165,932	12.5
Secured by 1-4 Family Residential Properties	163,577	12.3
Secured by Multifamily (5 or more) Residential Properties	127,072	9.5
Secured by Nonfarm Nonresidential Properties	323,668	24.3
Total Real Estate Loans	841,857	63.2
Commercial and Industrial Loans	96,080	7.2
Agricultural Production and Other Loans to Farmers	171,901	12.9
Consumer Loans	189,582	14.3
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	31,790	2.4
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	1,331,210	100.0
<i>Source: Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. SFB designated the following four assessment areas in the states of Nebraska and South Dakota: Nebraska Nonmetropolitan, Lincoln Metropolitan, Rapid City Metropolitan, and South Dakota Nonmetropolitan.

The CRA also requires regulatory agencies to assign performance ratings for each state in which the institution operates. As a result, examiners rated SFB’s performance in the states of Nebraska and South Dakota and assigned an overall CRA rating. Examiners based the State of Nebraska rating on SFB’s performance in the Nebraska Nonmetropolitan and Lincoln Metropolitan Assessment Areas.

Similarly, examiners based the institution’s State of South Dakota rating on its performance in the Rapid City Metropolitan and South Dakota Nonmetropolitan Assessment Areas. Descriptions of the rated areas and assessment areas are presented later in the evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 6, 2021, to the current evaluation dated October 28, 2024. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate the bank’s performance. These procedures include the Lending Test and Community Development Test. Refer to the Appendices for information on each Test.

Examiners used full-scope examination procedures to evaluate SFB’s performance in the Nebraska Nonmetropolitan, Lincoln Metropolitan, and Rapid City Metropolitan Assessment Areas based on the bank’s operations in these areas. Examiners used limited-scope examination procedures to evaluate the SFB’s performance in the South Dakota Nonmetropolitan Assessment Area because it has fewer loans and deposits compared to the other South Dakota Assessment Area.

SFB’s performance in Nebraska received more weight when drawing conclusions since the majority of the institution’s loans, deposits, and offices are in Nebraska. The following table provides a breakdown of the bank’s loans, deposits, and offices by assessment area and state.

Assessment Area Breakdown of Loans, Deposits, and Offices						
Assessment Area	Loans*		Deposits**		Offices	
	\$(000s)	%	\$(000s)	%	#	%
Nebraska Nonmetropolitan	734,267	47.1	817,946	54.9	18	75.0
Lincoln Metropolitan	618,000	39.7	274,896	18.5	3	12.5
Nebraska Subtotal	1,352,267	86.8	1,092,842	73.4	21	87.5
Rapid City Metropolitan	169,614	10.9	320,312	21.5	2	8.3
South Dakota Nonmetropolitan	35,639	2.3	76,117	5.1	1	4.2
South Dakota Subtotal	205,253	13.2	396,429	26.6	3	12.5
Total	1,557,520	100.0	1,489,271	100.0	24	100.0

Source: Bank Data. *Original balances of loans originated since last CRA Evaluation in each AA as of 8/30/2024. **FDIC Summary of Deposits (6/30/2024)

Activities Reviewed

Examiners selected small business, small farm, and home mortgage loans to evaluate the bank’s lending performance. Examiners selected these products based on the bank’s business strategy, assessment areas’ credit needs, and number and dollar volume of loans originated during the evaluation period.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed small business and small farm loans originated or extended in 2023 as this period was considered representative of the bank’s performance during the entire evaluation period. Examiners reviewed small business loans

originated in 2023 for each assessment area. Examiners also reviewed small farm loans originated in 2023 for the Nebraska and South Dakota Nonmetropolitan Assessment Areas; however, they did not review small farm lending for the Lincoln Metropolitan and Rapid City Metropolitan Assessment Areas as the bank extends few agricultural loans in these areas. The 2023 D&B data provided a standard of comparison for the bank’s small business and small farm lending performance.

Examiners reviewed all home mortgage loan originations reported on the bank’s 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. Examiners did not assess the bank’s home lending performance in the Rapid City Metropolitan and South Dakota Nonmetropolitan Assessment Areas considering the low demand experienced by the institution for home mortgage products and the related low number of loan originations in these areas. Although examiners reviewed 2021, 2022, and 2023 HMDA data, examiners did not note any material differences between the three years that would materially affect conclusions. Therefore, this evaluation only presents the bank’s 2023 HMDA data, which is the most recent year for which aggregate lending data is available. The 2023 HMDA aggregate data and 2020 U.S Census data provided a standard of comparison for the bank’s home mortgage lending performance in 2023.

Small business, small farm, and home mortgage lending received equal weight when drawing conclusions. Examiners reviewed both the number and dollar volume of loans and presented both figures throughout the evaluation; however, performance by number of loans was emphasized when conducting the Geographic Distribution and Borrower Profile analyses because the number of loans is a better indicator of the businesses, farms, and individuals served. The following table details the loans reviewed.

Loan Products Reviewed						
Loan Category	Assessment Area Concentration		Geographic Distribution		Borrower Profile	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Business	426	42,215	350	31,533	154	17,673
Small Farm	904	84,678	790	74,286	116	10,176
Home Mortgage						
2021	631	159,138	512	112,081	512	112,081
2022	444	143,918	365	94,165	365	94,166
2023	327	64,207	254	46,067	254	46,067
<i>Source: Bank Data</i>						

For the Community Development Test, bank management provided examiners with data on community development loans, qualified investments, and community development services since the prior CRA evaluation. Examiners also considered prior-period qualified investments that were still outstanding.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

SFB demonstrated satisfactory performance under the Lending Test. Reasonable performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria, and excellent performance under the Geographic Distribution criterion support this conclusion. This performance is consistent with overall conclusions in Nebraska and South Dakota.

Loan-to-Deposit Ratio

SFB's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs. The bank's loan-to-deposit ratio, calculated from Call Report data, averaged 81.4 percent over the past 12 quarters from September 30, 2021, to June 30, 2024. The ratio ranged from a high of 88.3 percent on June 30, 2024, to a low of 74.2 percent on December 30, 2022.

Examiners compared SFB's average net loan-to-deposit ratio to four other financial institutions. Examiners selected the comparable institutions based on their asset size, geographic location, and lending focus. As shown in the following table, SFB's average net loan-to-deposit is commensurate to the comparable institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Security First Bank. Lincoln, Nebraska	1,930,300	81.4
Dayspring Bank, Gothenburg, Nebraska	1,089,757	95.9
Cornhusker Bank, Lincoln, Nebraska	971,286	91.3
First State Bank Nebraska, Lincoln, Nebraska	1,010,546	84.4
BankWest, Inc., Pierre, South Dakota	1,756,358	69.7

Source: Call Report Data 9/30/2021 – 6/30/2024

Assessment Area Concentration

A majority of small business, small farm, and home mortgage loans, by number and dollar volume, were located inside the assessment areas. The following table provides details.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	350	82.2	76	17.8	426	31,532	74.7	10,683	25.3	42,215
Small Farm	805	89.0	99	11.0	904	75,404	89.0	9,274	11.0	84,678
Home Mortgage										
2021	512	81.1	119	18.9	631	112,081	70.4	47,057	29.6	159,138
2022	365	82.2	79	17.8	444	94,165	65.4	49,753	34.6	143,918
2023	254	77.7	73	22.3	327	46,067	71.7	18,139	28.3	64,206

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

Geographic Distribution

The geographic distribution of loans reflects excellent performance. For this criterion, examiners focused on the percentage of loans in low- and moderate-income census tracts, as applicable. SFB demonstrated excellent performance in the State of Nebraska and reasonable performance in the State of South Dakota. As previously noted, performance in Nebraska received more weight when drawing conclusions. Refer to the State of Nebraska and State of South Dakota sections for a detailed analysis of the bank’s performance.

Borrower Profile

The distribution of borrowers reflects reasonable performance. For this criterion, examiners focused on the percentage of small business and small farm loans to entities with gross annual revenues of \$1 million or less, as well as the percentage of home mortgage loans to low- and moderate-income borrowers. The bank demonstrated reasonable performance in Nebraska and South Dakota. Refer to the State of Nebraska and State of South Dakota sections for a detailed analysis of the bank’s performance.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

SFB’s performance under the Community Development Test is satisfactory. The institution’s community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the bank’s capacity and the need and availability of such opportunities. Since the bank was responsive to the community development needs of its assessment areas, community development activities benefitting broader statewide or regional areas (BSRA) were also included in the analysis. SFB’s overall community development performance is consistent with the conclusions for the states of Nebraska and South Dakota.

Community Development Loans

The bank originated 59 community development loans totaling \$67.1 million during the evaluation period. This included 4 loans totaling \$6.2 million that were originated in the BSRA. SFB’s volume of community development loans represented 3.5 percent of total assets and 5.1 percent of net loans as of June 30, 2024. Examiners compared the bank’s level of community development lending to four similarly situated institutions. These institutions’ community development loans ranged from 1.7 to 8.6 percent of total assets, and from 2.8 to 12.6 percent of net loans. Lending activity benefitting the broader statewide area is included in the state of Nebraska section of the evaluation.

The following tables illustrate community development loans by rated area, purpose, and year. Additional details on community development lending activities are located in the State of Nebraska and State of South Dakota sections of the evaluation.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
State of Nebraska	9	27,200	2	300	2	2,413	30	18,226	43	48,139
State of South Dakota	4	2,157	0	0	0	0	8	10,630	12	12,787
BSRA	4	6,175	0	0	0	0	0	0	4	6,175
Total	17	35,532	2	300	2	2,413	38	28,856	59	67,101

Source: Bank Data

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	3	4,900	0	0	0	0	5	1,564	8	6,464
2022	6	13,419	0	0	0	0	10	7,426	16	20,845
2023	7	14,213	1	150	1	913	15	16,402	24	31,678
2024 YTD	1	3,000	1	150	1	1,500	8	3,464	11	8,114
Total	17	35,532	2	300	2	2,413	38	28,856	59	67,101

Source: Bank Data

Qualified Investments

SFB purchased, retained, or made 177 qualified investments and donations totaling \$14.1 million during the evaluation period. This included 18 investments totaling \$2.2 million that were made prior to the last evaluation but still outstanding at this evaluation. In addition, this includes 2 investments totaling \$5.2 million that were made in the BSRA. The volume of qualified investments represented 0.7 percent of total assets and 3.5 percent of total securities as of June 30, 2024. Examiners compared SFB’s qualified investment volume to four similarly situated

institutions. The comparable institutions' qualified investments ranged from 0.3 percent to 1.2 percent of total assets, and ranged from 0.9 percent to 5.3 percent of total securities.

The following tables illustrate the bank's qualified investments by rated area, purpose, and year. Additional information on the bank's qualified investment activity is located in the State of Nebraska and State of South Dakota sections of the evaluation.

Community Development Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
State of Nebraska	0	0	47	406	1	5	101	7,687	149	8,098
State of South Dakota	3	780	17	35	0	0	6	36	26	851
BSRA	0	0	2	5,176	0	0	0	0	2	5,176
Total	3	780	66	5,617	1	5	107	7,723	177	14,125

Source: Bank Data

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	18	2,217	18	2,217
2021 (Partial)	0	0	0	0	0	0	20	2,245	20	2,245
2022	2	780	0	0	0	0	7	3,115	9	3,895
2023	0	0	2	5,455	0	0	0	0	2	5,455
2024 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	2	780	2	5,455	0	0	45	7,577	49	13,812
Qualified Grants & Donations	1	<1	64	162	1	5	62	146	128	313
Total	3	780	66	5,617	1	5	107	7,723	177	14,125

Source: Bank Data

Community Development Services

SFB representatives provided 50 instances of financial expertise or technical assistance to various community development-related organizations within its assessment areas during the evaluation period. This included one service that benefited the BSRA. Examiners compared the bank's level of community development services to four similarly situated institutions. These institutions provided between 28 and 118 community development services.

The following tables illustrate the bank's community development service activity by rated area, purpose, and year. Additional information on the bank's community development services is located in the State of Nebraska and State of South Dakota sections.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
State of Nebraska	2	2	7	25	36
State of South Dakota	0	3	3	7	13
BSRA	0	0	1	0	1
Total	2	5	11	32	50
<i>Source: Bank Data</i>					

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	0	0	0	0
2022	1	2	0	12	15
2023	0	1	3	11	15
2024 YTD	1	2	8	9	20
Total	2	5	11	32	50
<i>Source: Bank Data</i>					

In addition to community development services, the bank offers alternative banking services that are readily accessible to assessment area residents, including low- and moderate-income individuals. This includes internet and mobile banking and 30 ATMs, including 22 ATMs that take deposits. The bank also has 1 office in a low-income geography and 3 offices in moderate-income geographies. Lastly, the bank has 9 offices in distressed and/or underserved middle-income geographies.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify evidence of discriminatory or other illegal credit practices.

STATE OF NEBRASKA

CRA RATING FOR NEBRASKA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEBRASKA

SFB maintains the Nebraska Nonmetropolitan and Lincoln Metropolitan Assessment Areas in Nebraska. SFB operates 21 offices and 26 ATMs in its Nebraska assessment areas. Refer to the descriptions of the institution's operations in each assessment area later in the evaluation for more information.

SCOPE OF EVALUATION - NEBRASKA

Examiners reviewed small business, small farm, and home mortgage loans in the Nebraska Nonmetropolitan Assessment Area, and small business and home mortgage loans in the Lincoln Metropolitan Assessment Area. Further, SFB's performance in the Nebraska Nonmetropolitan Assessment Area received more weight than its performance in the Lincoln Metropolitan Assessment Area when drawing conclusions due to its higher lending volume and number of offices. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEBRASKA

LENDING TEST

SFB demonstrated satisfactory performance under the Lending Test in the State of Nebraska. Excellent performance under the Geographic Distribution and reasonable performance under the Borrower Profile criteria supports this conclusion. The bank's lending performance was consistent in both assessment areas.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Nebraska assessment areas. The bank's performance in the Nebraska Nonmetropolitan Assessment Area is excellent and carried more weight in drawing overall conclusions, while its performance in the Lincoln Metropolitan Assessment Area is reasonable.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels throughout the Nebraska assessment areas. This performance is consistent with the bank's reasonable performance in both of the Nebraska assessment areas.

COMMUNITY DEVELOPMENT TEST

SFB's community development performance in the state of Nebraska is satisfactory. The bank demonstrated adequate responsiveness to the community development needs of its Nebraska assessment areas through community development loans, qualified investments, and community development services. The bank's performance in both Nebraska assessment areas is consistent with this conclusion.

Community Development Loans

The bank originated 43 community development loans totaling \$48.1 million in the Nebraska assessment areas. Most of the loans were in the Nebraska Nonmetropolitan Assessment Area and the majority of the loans were to revitalize or stabilize distressed, underserved, or low- or moderate-income geographies.

Qualified Investments

The bank made 149 qualified investments totaling \$8.1 million in the Nebraska assessment areas. The overwhelming majority, by dollar amount, of investments were debt investments to revitalize and stabilize underserved, nonmetropolitan middle-income geographies. The bank's donations and grants provided assistance for community services, economic development, and revitalization/stabilization throughout the Nebraska assessment areas.

Community Development Services

Bank representatives provided 36 instances of financial expertise or technical assistance to various individuals and community development organizations in the Nebraska assessment areas. These services included providing financial expertise to organizations that provide community services to low- and moderate-income individuals, supporting economic development, and facilitating essential services to revitalize and stabilize underserved, nonmetropolitan, middle-income geographies within the Nebraska assessment areas.

NEBRASKA NONMETROPOLITAN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NEBRASKA NONMETROPOLITAN ASSESSMENT AREA

The Nebraska Nonmetropolitan Assessment Area consists of all 29 census tracts in Box Butte, Cherry, Cheyenne, Dawes, Dawson, Gage, Gosper, Sheridan, Sioux, and Thomas counties. These counties form 4 non-contiguous assessment areas throughout the state of Nebraska, each with similar demographic and economic conditions. Examiners analyzed each area separately and noted no anomalies in performance; therefore, the areas were combined for presentation purposes. According to 2020 U.S. Census data, the assessment area consists of 5 moderate-income, 20 middle-income, and 4 upper-income census tracts. The bank currently operates 18 offices and 23 ATMs in this assessment area.

Economic and Demographic Data

The following provides select demographic data for the Nebraska Nonmetropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	0.0	17.2	69.0	13.8	0.0
Population by Geography	88,603	0.0	18.3	67.6	14.1	0.0
Housing Units by Geography	44,235	0.0	16.6	69.6	13.8	0.0
Owner-Occupied Units by Geography	24,663	0.0	16.9	66.5	16.6	0.0
Occupied Rental Units by Geography	12,468	0.0	18.6	72.7	8.7	0.0
Vacant Units by Geography	7,104	0.0	11.7	75.2	13.2	0.0
Businesses by Geography	10,825	0.0	14.2	73.1	12.7	0.0
Farms by Geography	1,930	0.0	10.5	70.4	19.1	0.0
Family Distribution by Income Level	23,592	18.8	21.1	21.7	38.4	0.0
Household Distribution by Income Level	37,131	22.9	18.0	19.5	39.5	0.0
Median Family Income Non-MSAs - NE		\$71,424	Median Housing Value			\$121,189
			Median Gross Rent			\$710
			Families Below Poverty Level			8.3%

Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%.

Four census tracts in Cherry (2), Sheridan (1), and Thomas (1) are distressed, nonmetropolitan, middle-income geographies due to population loss in 2023. Additionally, 11 census tracts in Box Butte (2), Cherry (2), Cheyenne (3), Dawes (2), Sheridan (1), and Thomas (1) are underserved, nonmetropolitan, middle-income geographies due to being remote and rural.

The number of non-farm businesses and farms in the assessment area increased by 45.3 and 33.8 percent, respectively. Overall, farms with gross annual revenues of \$1 million or less represent the vast majority of all farms in the assessment area at 84.9 percent.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion as well as to qualify certain community development activities. The low-, moderate-, middle-, and upper-income categories for the Nebraska Nonmetropolitan Assessment Area are presented in the following table.

Median Family Income Ranges – Nebraska Nonmetropolitan Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (70,000)	<\$35,000	\$35,000 to <\$56,000	\$56,000 to <\$84,000	<u>≥\$84,000</u>
2022 (\$80,900)	<\$40,450	\$40,450 to <\$64,720	\$64,720 to <\$97,080	≥\$97,080
2023 (\$88,400)	<\$44,200	\$44,200 to <\$70,720	\$70,720 to <\$106,080	≥\$106,080
2024 (\$85,800)	<\$42,900	\$42,900 to <\$68,640	\$68,640 to <\$102,960	≥\$102,960
<i>Source: FFIEC</i>				

Competition

The Nebraska Nonmetropolitan Assessment Area is moderately competitive for financial services. According to the FDIC’s June 30, 2023 Deposit Market Share Report, 28 financial institutions operate 79 offices inside the assessment area. Of these institutions, SFB ranked first with a deposit market share of 20.7 percent. The bank competes with these institutions, as well as credit unions, for small business and small farm loans.

The bank also faces significant home mortgage loan competition in the area. The 2023 HMDA aggregate data showed 166 lenders reporting 2,004 home mortgage loans in the assessment area. Of these institutions, SFB ranked fourth with a mortgage market share of 5.5 percent.

Community Contact

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 those needs. It also shows what credit opportunities are available.

Examiners reviewed a community contact with a representative from a development organization in the assessment area. The contact stated that the area has consistently seen population declines in the past 10 years. Agricultural is the primary economic driver in the area, which is very dependent on factors such as commodity prices, weather, and input costs. In the last 12 months, commodity prices are down, and interest rates and input costs are high. The area continues to experience challenges related to housing, as there is a significant shortage in rural and small communities. Affordable housing inventory is low and sells fast. The area also struggles with a lack of qualified workforce and some restaurants have closed due to staffing shortages.

The contact stated that agricultural, small business, and housing loans are all lending needs in the area. The contact also identified affordable housing, revitalization and stabilization of rural communities dealing with population loss, and workforce development as additional needs in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners concluded that small farm, home mortgage, and small business loans represent the assessment area’s primary credit needs. Furthermore, community development needs

include affordable housing, economic development, and revitalizing/stabilizing moderate-income and distressed and/or underserved, middle-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NEBRASKA NONMETROPOLITAN ASSESSMENT AREA

LENDING TEST

SFB demonstrated reasonable performance under the Lending Test in the Nebraska Nonmetropolitan Assessment Area. The bank’s excellent performance under the Geographic Distribution criterion and reasonable performance under the Borrower Profile criterion supports this conclusion.

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent dispersion the Nebraska Nonmetropolitan Assessment Area. The bank’s excellent small business and small farm lending performance, and reasonable home mortgage lending performance in the moderate-income census tracts supports this conclusion. The Nebraska Nonmetropolitan Assessment Area does not include any low-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The bank’s percentage of small business loans in the moderate-income census tracts exceeds the percentage of businesses located in such tracts. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	14.2	49	19.4	2,770	14.1
Middle	73.1	196	77.8	15,272	77.7
Upper	12.7	7	2.8	1,614	8.2
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	252	100.0	19,656	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. The bank’s percentage of small farm loans in the moderate-income census tracts exceeds the percentage of farms located in such tracts. The following table provides details.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	10.5	83	13.8	6,852	10.6
Middle	70.4	461	76.8	50,518	78.4
Upper	19.1	56	9.3	7,035	10.9
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	600	100.0	64,405	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Although the percentage of home mortgage loans in the moderate-income census tracts is less than demographic and aggregate data, the bank’s performance is still reasonable. The following table provides details.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	16.9	20.5	13	11.1	1,652	13.2
Middle	66.5	65.1	97	82.9	9,375	75.1
Upper	16.6	14.4	7	6.0	1,454	11.6
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	117	100.0	12,481	100.0

Source: 2020 U.S. Census, 2023 Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels in the Nonmetropolitan Nebraska Assessment Area. The bank’s reasonable small business, small farm, and home mortgage lending performance supports this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank’s lending performance to businesses with revenues of \$1 million or less is slightly less than the comparable D&B data, but it is still reasonable. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.9	44	78.6	2,941	50.7
>\$1,000,000	3.2	12	21.4	2,855	49.3
Revenue Not Available	11.9	0	0.0	0	0.0
Total	100.0	56	100.0	5,796	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. Although the bank's lending performance to farms with revenues of \$1 million or less is below the comparable D&B data, there are several factors explaining the bank's performance. Specifically, the 2022 Agriculture Census revealed that 48.9 percent of producers in the assessment area counties do not list farming as their primary occupation. Further, the census data revealed that 50.5 percent of the farming operations did not report interest expense. Therefore, there is a large population of farms that do not appear to have credit needs. As a result, the bank's lending performance to farms of all sizes is reasonable. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.7	55	85.9	5,430	75.2
>\$1,000,000	1.3	8	12.5	1,783	24.7
Revenue Not Available	0.9	1	1.6	7	0.1
Total	100.0	64	100.0	7,220	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank's lending performance to low- and moderate-income borrowers is at or above the aggregate performance. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	18.9	13.1	20	17.1	1,351	10.8
Moderate	21.1	19.5	22	18.8	2,051	16.4
Middle	21.7	24.8	28	23.9	2,868	23.0
Upper	38.4	22.9	33	28.2	4,997	40.0
Not Available	0.0	19.8	14	12.0	1,214	9.7
Totals	100.0	100.0	117	100.0	12,481	100.0

Source: 2020 U.S. Census, 2023 Bank Data, 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

SFB demonstrated adequate responsiveness to the community development needs of the Nebraska Nonmetropolitan Assessment Area. The quantity and responsiveness of community development loans and qualified investments primarily supports this conclusion.

Community Development Loans

The bank originated 24 community development loans totaling \$15.2 million in the Nebraska Nonmetropolitan Assessment Area. The loans were particularly responsive to the assessment area's revitalization and stabilization needs. The following table illustrates the community development loans by year and purpose.

Nebraska Nonmetropolitan Assessment Area Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	3	834	3	834
2022	0	0	0	0	0	0	5	1,661	5	1,661
2023	0	0	1	150	0	0	7	9,813	8	9,963
2024 YTD	0	0	1	150	1	1,500	6	1,079	8	2,729
Total	0	0	2	300	1	1,500	21	13,387	24	15,187

Source: Bank Data

A notable example of a community development loan in the Nebraska Nonmetropolitan Assessment Area is a \$1.5 million loan to construct a long-term care facility in an underserved area.

Qualified Investments

The bank purchased or retained 137 qualified investments totaling \$8.0 million in the assessment area since the prior evaluation. This includes 18 investments that were made prior to the last evaluation but remain outstanding. The majority of the equity investments helped to provide

essential services in underserved, middle-income geographies. The bank also made several donations and grants to organizations that provide community services to low- and moderate-income individuals, and facilitate essential services to revitalize and stabilize underserved, middle-income geographies. The following table illustrates the bank’s community development services by year and purpose.

Nebraska Nonmetropolitan Assessment Area Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	18	2,217	18	2,217
2021 (Partial)	0	0	0	0	0	0	20	2,245	20	2,245
2022	0	0	0	0	0	0	7	3,115	7	3,115
2023	0	0	1	280	0	0	0	0	1	280
2024 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	1	280	0	0	45	7,577	46	7,857
Qualified Grants & Donations	0	0	37	45	1	5	53	95	91	145
Total	0	0	38	325	1	5	98	7,672	137	8,002
<i>Source: Bank Data</i>										

Community Development Services

Bank personnel provided 36 instances of financial expertise or technical assistance to community development organizations in the Nebraska Nonmetropolitan Assessment Area. The following table illustrates the bank’s community development services by year and purpose.

Nebraska Nonmetropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	0	0	0	0
2022	1	2	0	12	15
2023	0	0	1	6	7
2024 YTD	1	0	6	7	14
Total	2	2	7	25	36
<i>Source: Bank Data</i>					

In addition, the bank currently operates 2 offices and 2 ATMs in moderate-income census tracts. Lastly, 9 offices and 12 ATMs are located in distressed and/or underserved middle-income census tracts.

LINCOLN METROPOLITAN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LINCOLN METROPOLITAN ASSESSMENT AREA

The Lincoln Metropolitan Assessment Area consists of Lancaster County, which is one of two counties in the Lincoln, Nebraska Metropolitan Statistical Area (MSA). According to 2020 U.S. Census data, Lancaster County consists of 6 low-income census tracts, 17 moderate-income census tracts, 26 middle-income census tracts, 27 upper-income census tracts, and 5 census tracts with no income designation. The bank currently operates 3 offices and 3 ATMs in this assessment area. All offices and ATMs are located in middle- and upper-income census tracts.

Economic and Demographic Data

The following provides select demographic data for the Lincoln Metropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	81	7.4	21.0	32.1	33.3	6.2
Population by Geography	322,608	6.2	20.7	35.9	33.9	3.3
Housing Units by Geography	133,081	8.4	23.2	36.3	31.2	1.0
Owner-Occupied Units by Geography	74,937	2.3	15.6	41.2	40.7	0.1
Occupied Rental Units by Geography	51,729	16.4	33.7	29.0	19.0	1.9
Vacant Units by Geography	6,415	15.9	26.4	37.1	17.7	2.9
Businesses by Geography	35,643	5.7	16.6	31.9	43.1	2.6
Farms by Geography	1,454	3.4	8.5	32.3	55.0	0.7
Family Distribution by Income Level	76,036	19.3	18.7	22.2	39.8	0.0
Household Distribution by Income Level	126,666	22.9	17.1	19.6	40.5	0.0
Median Family Income MSA - 30700 Lincoln, NE MSA		\$82,381	Median Housing Value			\$191,979
			Median Gross Rent			\$879
			Families Below Poverty Level			6.8%

*Source: 2020 U.S. Census and 2023 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.*

The number of non-farm businesses in the assessment area increased by 60.8 percent since the previous evaluation, and non-farm businesses with gross annual revenues of \$1 million or less represent the vast majority at 88.5 percent.

The FFIEC-updated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion as well as to qualify certain community development activities. The low-, moderate-, middle-, and upper-income categories for the Lincoln Metropolitan Assessment Area are presented in the following table.

Median Family Income Ranges – Lincoln Metropolitan Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$83,700)	<\$41,850	\$41,850 to <\$66,960	\$66,960 to <\$100,440	≥\$100,440
2022 (\$91,200)	<\$45,600	\$45,600 to <\$72,960	\$72,960 to <\$109,440	≥\$109,440
2023 (\$101,500)	<\$50,750	\$50,750 to <\$81,200	\$81,200 to <\$121,800	≥\$121,800
2024 (\$102,200)	<\$51,100	\$51,100 to <\$81,760	\$81,760 to <\$122,640	≥\$122,640
<i>Source: FFIEC</i>				

Competition

The Lincoln Metropolitan Assessment Area is highly competitive for financial services. According to the FDIC’s June 30, 2023 Deposit Market Share Report, 29 financial institutions operate 119 offices inside the assessment area. Of these institutions, SFB ranked 8th with a deposit market share of 3.0 percent. The bank competes with these institutions, as well as credit unions, for loans. Additionally, significant competition for home mortgage loans exists as well in the area. The 2023 HMDA aggregate data shows 270 lenders reporting 10,275 home mortgage loans in the assessment area. Of these institutions, SFB ranked 19th with a mortgage market share of 1.5 percent.

Community Contact

Examiners reviewed a community contact interview previously conducted with a representative of a government agency operating in the Lincoln Metropolitan Assessment Area. The contact stated that current economic conditions are strong and there is continued business growth in the area. There is a limited supply of housing that is affordable; however, there are opportunities for financial institutions to work with new construction housing projects that support low- and moderate-income individuals. The contact indicated that the primary credit needs in the community are home mortgage and consumer loans. There are community development opportunities for affordable housing through low-income housing tax credits and other construction projects.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners concluded that home mortgage and small business loans represent the primary credit needs in the Lincoln Metropolitan Assessment Area. Furthermore, community development needs exist related to affordable housing, economic development, and revitalizing/stabilizing low- and moderate-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LINCOLN METROPOLITAN ASSESSMENT AREA

LENDING TEST

SFB demonstrated reasonable performance under the Lending Test in the Lincoln Metropolitan Assessment Area. The bank’s reasonable Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Lincoln Metropolitan Assessment Area. The bank's reasonable small business and excellent home mortgage lending performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small business loans in the area's low-income geographies; however, a limited number of businesses are located in these tracts. The bank's lending in the moderate-income census tracts is comparable to the percentage of businesses located in these tracts. Given the overall lending, the bank's performance is reasonable. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	5.7	0	0.0	0	0.0
Moderate	16.6	6	16.7	2,200	37.0
Middle	31.9	10	27.8	1,447	24.4
Upper	43.1	19	52.8	2,190	36.9
Not Available	2.6	1	2.8	105	1.8
Totals	100.0	36	100.0	5,942	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. While the bank's percentage of home mortgage loans in moderate-income census tracts compares closely to the aggregate performance, the bank's percentage of home mortgage loans in low-income census tracts exceeds the aggregate performance. The following table provides details.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.3	3.6	7	6.2	1,378	5.4
Moderate	15.6	15.6	16	14.2	2,490	9.8
Middle	41.2	39.7	44	38.9	9,143	35.9
Upper	40.7	40.9	45	39.8	12,273	48.1
Not Available	0.1	0.3	1	0.9	213	0.8
Totals	100.0	100.0	113	100.0	25,497	100.0

*Source: 2020 U.S. Census, 2023 Bank Data, 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels in the Lincoln Metropolitan Assessment Area. The bank's reasonable small business and home mortgage lending performance supports this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's small business lending performance to businesses with revenues of \$1 million or less is consistent with the D&B 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	88.5	31	86.1	5,037	84.8
>\$1,000,000	3.3	4	11.1	895	15.1
Revenue Not Available	8.2	1	2.8	10,000	0.2
Total	100.0	36	100.0	5,942	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank's lending performance to low- and moderate-income borrowers is commensurate with aggregate performance. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.3	8.1	9	8.0	1,152	4.5
Moderate	18.7	21.3	15	13.3	2,789	10.9
Middle	22.2	22.4	33	29.2	7,175	28.1
Upper	39.8	30.2	36	31.9	9,859	38.7
Not Available	0.0	18.0	20	17.7	4,521	17.7
Totals	100.0	100.0	113	100.0	25,497	100.0

Source: 2020 U.S. Census, 2023 Bank Data, 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

SFB demonstrated adequate responsiveness to the community development needs in the Lincoln Metropolitan Assessment Area. The quantity and responsiveness of community development loans primarily supports this conclusion.

Community Development Loans

The bank originated 19 community development loans totaling \$33.0 million in the Lincoln Metropolitan Assessment Area. The loans were particularly responsive to the assessment area's affordable housing and revitalization and stabilization needs. The following table illustrates the community development loans by year and purpose.

Lincoln Metropolitan Assessment Area Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	1	700	1	700
2022	2	10,684	0	0	0	0	1	565	3	11,249
2023	6	13,516	0	0	1	914	6	2,188	13	16,618
2024 YTD	1	3,000	0	0	0	0	1	1,385	2	4,385
Total	9	27,200	0	0	1	914	9	4,838	19	32,952

Source: Bank Data

A notable example of a community development loan in the Lincoln Metropolitan Assessment Area is a \$6.3 million loan to construct an apartment complex with below market rents.

Qualified Investments

The bank made 12 qualified donations totaling approximately \$96,000 in the Lincoln Metropolitan Assessment Area. The majority of the investments were donations to nonprofit organizations that provide services to low- and moderate-income individuals. The following table illustrates the qualified investments by year and purpose.

Lincoln Metropolitan Assessment Area Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	0	0	9	81	0	0	3	15	12	96
Total	0	0	9	81	0	0	3	15	12	96
<i>Source: Bank Data</i>										

Community Development Services

No community development services were noted in the Lincoln Metropolitan Assessment Area.

STATE OF SOUTH DAKOTA

CRA RATING FOR SOUTH DAKOTA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

SFB maintains the Rapid City Metropolitan and South Dakota Nonmetropolitan Assessment Areas in South Dakota. SFB operates three offices and four ATMs in its South Dakota assessment areas. Refer to the descriptions of the institution's operations in each assessment area later in the evaluation for more information.

SCOPE OF EVALUATION – SOUTH DAKOTA

Examiners reviewed small business loans in the Rapid City Metropolitan Assessment Area and small business and small farm loans in the South Dakota Nonmetropolitan Assessment Area. The bank's performance in the Rapid City Metropolitan Assessment Area received more weight than its performance in the South Dakota Nonmetropolitan Assessment Area when drawing conclusions due to the higher level of lending and deposit activity in this area. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA

LENDING TEST

Overall, SFB demonstrated satisfactory performance under the Lending Test in South Dakota. The bank's reasonable performance under the Geographic Distribution criterion supports this conclusion. While the bank's performance in the South Dakota Nonmetropolitan Assessment Area exceeded the performance in the Rapid City Metropolitan Assessment Area, it received less weight but supported overall conclusions.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the South Dakota assessment areas. Although the bank's performance in the South Dakota Nonmetropolitan Assessment Area exceeded the reasonable performance in the Rapid City Metropolitan Assessment Area, the bank's Rapid City Metropolitan Assessment Area performance is the driver for this conclusion.

Borrower Profile

Overall, the distribution of borrowers reflects a poor penetration of loans throughout the South Dakota assessment areas. Although the bank's performance in the South Dakota Nonmetropolitan Assessment

Area exceeded the performance in the Rapid City Metropolitan Assessment Area, the bank's Rapid City Metropolitan Assessment Area performance is the driver for this conclusion.

COMMUNITY DEVELOPMENT TEST

SFB's community development performance in the State of South Dakota is satisfactory. The bank demonstrated adequate responsiveness to the community development needs of the state of South Dakota by extending community development loans, making qualified investments, and providing community development services. The bank's performance in both South Dakota assessment areas is consistent with this conclusion.

Community Development Loans

The bank originated 12 community development loans totaling \$12.8 million in the South Dakota assessment areas. Most of the loans were in the Rapid City Metropolitan Assessment Area and the majority of the loans were to revitalize or stabilize distressed, underserved, or low- or moderate-income geographies.

Qualified Investments

The bank made 26 qualified investments totaling approximately \$851,000 in the South Dakota assessment areas. The majority of the investments were donations to nonprofit organizations that provide services to low- and moderate-income individuals.

Community Development Services

Bank representatives provided 13 instances of financial expertise or technical assistance to various individuals and community development organizations in the South Dakota assessment areas. These services included providing financial expertise to organizations that provide community services to low- and moderate-income individuals, supporting economic development, and facilitating essential services to revitalize and stabilize underserved, nonmetropolitan, middle-income geographies within the South Dakota assessment areas.

RAPID CITY METROPOLITAN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RAPID CITY METROPOLITAN ASSESSMENT AREA

The Rapid City Metropolitan Assessment Area consists of all of Pennington County, which is 1 of 2 counties in the Rapid City, South Dakota MSA. According to 2020 U.S. Census data, Pennington County consists of 1 low-income, 7 moderate-income, 12 middle-income, and 5 upper-income census tracts. The bank currently operates 2 offices and 3 ATMs in this assessment area. Additionally, 1 office and 1 ATM are located in a low-income geography in Rapid City.

Economic and Demographic Data

The following provides select demographic data for the Rapid City Metropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	4.0	28.0	48.0	20.0	0.0
Population by Geography	109,222	2.1	23.3	50.7	24.0	0.0
Housing Units by Geography	49,218	1.8	23.3	50.5	24.4	0.0
Owner-Occupied Units by Geography	30,295	0.2	18.0	54.9	26.8	0.0
Occupied Rental Units by Geography	13,652	5.5	32.0	41.7	20.9	0.0
Vacant Units by Geography	5,271	1.2	31.8	47.8	19.2	0.0
Businesses by Geography	18,686	11.6	15.1	49.6	23.7	0.0
Farms by Geography	583	5.5	25.7	45.5	23.3	0.0
Family Distribution by Income Level	26,921	18.6	19.4	22.1	39.9	0.0
Household Distribution by Income Level	43,947	23.1	17.1	19.1	40.6	0.0
Median Family Income MSA - 39660 Rapid City, SD MSA		\$74,413	Median Housing Value			\$202,462
			Median Gross Rent			\$827
			Families Below Poverty Level			8.5%

Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%.

The number of non-farm businesses in the assessment area increased by 71.0 percent since the previous evaluation, and non-farm businesses with gross annual revenues of \$1 million or less represent the vast majority at 84.9 percent.

The FFIEC-updated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion as well as to qualify certain community development activities. The low-, moderate-, middle-, and upper-income categories for the Rapid City Metropolitan Assessment Area are presented in the following table.

Median Family Income Ranges – Rapid City Metropolitan Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$72,100)	<\$36,050	\$36,050 to <\$57,680	\$57,680 to <\$86,520	≥\$86,520
2022 (\$90,200)	<\$45,100	\$45,100 to <\$72,160	\$72,160 to <\$108,240	≥\$108,240
2023 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2024 (\$90,900)	<\$45,450	\$45,450 to <\$72,720	\$72,720 to <\$109,080	≥\$109,080

Source: FFIEC

Competition

The Rapid City Metropolitan Assessment Area is competitive for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 10 financial institutions operate 25 offices inside the assessment area. Of these institutions, SFB ranked 6th with a deposit market share of 7.8 percent. The bank competes with these institutions, as well as credit unions, for loans.

The bank also faces significant home mortgage loan competition in the area. The 2023 HMDA aggregate data showed 183 lenders reporting 3,547 home mortgage loans in the assessment area. Of these institutions, SFB ranked 27th with a mortgage market share of 0.9 percent.

Community Contact

Examiners reviewed a community contact with a representative from a housing and redevelopment organization. The contact indicated since the Coronavirus Disease 2019 pandemic, wages have increased, businesses are expanding, and jobs are available. Pennington County has very low unemployment. Inflation continues to affect the housing and rental markets, and a major need within the community is affordable housing. The contact stated there is a concern about not having enough people to fill available jobs, and not enough workforce housing to accommodate those available jobs. There is limited inventory of single-family homes for low-and moderate-income individuals and families.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic and economic data, examiners concluded that home mortgage and small business loans represent the Rapid City Metropolitan Assessment Area's primary credit needs. Furthermore, community development needs exist related to affordable housing, economic development, and revitalizing/stabilizing low- and moderate-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE RAPID CITY METROPOLITAN ASSESSMENT AREA

LENDING TEST

Overall, SFB demonstrated reasonable performance under the Lending Test in the Rapid City Metropolitan Assessment Area. Although the Borrower Profile performance is poor, the bank's reasonable performance under the Geographic Distribution criterion supports this conclusion.

Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's lending performance in the low- and moderate-income census tracts is slightly less than the D&B data, but it is still reasonable. The following table provides details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	11.6	3	7.7	1,083	21.6
Moderate	15.1	5	12.8	534	10.7
Middle	49.6	20	51.3	1,805	36.0
Upper	23.7	11	28.2	1,593	31.8
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	39	100.0	5,015	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects poor penetration among businesses of different sizes. The demographic data includes all businesses, including those that do not have borrowing needs. Additionally, although the bank’s performance shows it extended a majority of its small business loans to businesses with revenues of \$1 million or less, this performance is well below the percentage of area businesses in this revenue category. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.3	21	53.8	1,660	33.1
>\$1,000,000	2.9	18	46.2	3,355	66.9
Revenue Not Available	6.8	0	0.0	0	0.0
Total	100.0	39	100.0	5,015	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

COMMUNITY DEVELOPMENT TEST

SFB demonstrated adequate responsiveness to the community development needs of the Rapid City Metropolitan Assessment Area. The quantity and responsiveness of community development loans and services primarily supports this conclusion.

Community Development Loans

The bank originated 11 community development loans totaling \$12.8 million in the Rapid City Metropolitan Assessment Area. The loans were particularly responsive to the assessment area’s revitalization and stabilization needs. The following table illustrates the community development loans by year and purpose.

Rapid City Metropolitan Assessment Area Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	3	1,460	0	0	0	0	4	5,200	7	6,660
2023	1	697	0	0	0	0	2	4,400	3	5,097
2024 YTD	0	0	0	0	0	0	1	1,000	1	1,000
Total	4	2,157	0	0	0	0	7	10,600	11	12,757
<i>Source: Bank Data</i>										

A notable example of a community development loan in the Rapid City Metropolitan Assessment Area is a \$3.4 million loan to purchase a vacant lot in a moderate-income geography to be re-developed.

Qualified Investments

The bank made 20 qualified investments and donations totaling approximately \$818,000 in the Rapid City Metropolitan Assessment Area. The majority of the funds were used to promote affordable housing, which is responsive to the assessment area’s needs. The following table illustrates the qualified investments by year and purpose.

Rapid City Metropolitan Assessment Area Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	2	780	0	0	0	0	0	0	2	780
2023	0	0	0	0	0	0	0	0	0	0
2024 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	2	780	0	0	0	0	0	0	2	780
Qualified Grants & Donations	0	0	13	23	0	0	5	15	18	38
Total	2	780	13	23	0	0	5	15	20	818
<i>Source: Bank Data</i>										

A notable example of the bank’s qualified investments in the Rapid City Metropolitan Assessment Area is a \$480,000 investment to assist in developing affordable housing in the area.

Community Development Services

Bank personnel provided six instances of financial expertise or technical assistance to community development organizations in the Rapid City Metropolitan Assessment Area. The following table illustrates the bank’s community development services by year and purpose.

Rapid City Metropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	0	0	0	0
2022	0	0	0	0	0
2023	0	1	1	1	3
2024 YTD	0	1	1	1	3
Total	0	2	2	2	6
<i>Source: Bank Data</i>					

In addition to the services performed, the bank currently operates one office and one ATM in a low-income geography in Rapid City.

SOUTH DAKOTA NONMETROPOLITAN ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SOUTH DAKOTA NONMETROPOLITAN ASSESSMENT AREA

The South Dakota Nonmetropolitan Assessment Area consists of Bennett, Jackson, Mellette, Oglala Lakota, and Todd counties. These counties form one contiguous nonmetropolitan assessment area in southwest South Dakota. According to the 2020 U.S. Census, the assessment area contains four low-income and six moderate-income census tracts. The bank operates one office and one ATM in the City of Martin, which is in a moderate-income census tract. The bank also operates a mobile office in this assessment area.

Economic and Demographic Data

The following table provides select demographic data for the South Dakota Nonmetropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	40.0	60.0	0.0	0.0	0.0
Population by Geography	31,096	54.2	45.8	0.0	0.0	0.0
Housing Units by Geography	10,148	52.6	47.4	0.0	0.0	0.0
Owner-Occupied Units by Geography	4,236	49.1	50.9	0.0	0.0	0.0
Occupied Rental Units by Geography	3,777	59.9	40.1	0.0	0.0	0.0
Vacant Units by Geography	2,135	46.9	53.1	0.0	0.0	0.0
Businesses by Geography	1,320	38.0	62.0	0.0	0.0	0.0
Farms by Geography	209	23.4	76.6	0.0	0.0	0.0
Family Distribution by Income Level	5,959	54.7	17.6	13.2	14.5	0.0
Household Distribution by Income Level	8,013	46.3	18.1	14.6	21.0	0.0
Median Family Income Non-MSAs - SD		\$73,083	Median Housing Value			\$41,163
			Median Gross Rent			\$503
			Families Below Poverty Level			42.7%

Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SOUTH DAKOTA NONMETROPOLITAN ASSESSMENT AREA

LENDING TEST

The institution's Lending Test performance in the South Dakota Nonmetropolitan Assessment Area exceeds the institution's lending performance in the State of South Dakota. Although the performance exceeds, it does not change the State of South Dakota rating due to the size of the bank's operations in this assessment area. The following tables detail the small business and small farm lending performance under the Geographic Distribution and Borrower Profile criteria.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	38.0	10	43.5	390	42.4
Moderate	62.0	13	56.5	530	57.6
Middle	0.0	0	0.0	0	0.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	23	100.0	920	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	23.4	72	37.9	4,993	50.5
Moderate	76.6	118	62.1	4,888	49.5
Middle	0.0	0	0.0	0	0.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	190	100.0	9,881	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	74.6	18	78.3	604	65.7
>\$1,000,000	4.4	5	21.7	316	34.3
Revenue Not Available	21.0	0	0.0	0	0.0
Total	100.0	23	100.0	920	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	100.0	51	98.1	2,656	89.9
>\$1,000,000	0.0	0	0.0	0	0.0
Revenue Not Available	0.0	1	1.9	300	10.1
Total	100.0	52	100.0	2,956	100.0

Source: 2023 D&B Data, 2023 Bank Data. Due to rounding, totals may not equal 100.0%.

COMMUNITY DEVELOPMENT TEST

The institution's Community Development Test performance in the South Dakota Nonmetropolitan Assessment Area is consistent with the institution's lending performance in the State of South Dakota.

The bank made one community development loan totaling \$30,000, and six qualified donations totaling approximately \$33,000 in the South Dakota Nonmetropolitan Assessment Area. The bank also provided seven instances of financial expertise or technical assistance to various community development-related organizations within the South Dakota Nonmetropolitan Assessment Area during the evaluation period. In addition, the bank currently operates one office and one ATM in a moderate-income census tract. Lastly, the bank operates a mobile unit that provides banking services to the area. The mobile unit serves the Pine Ridge Reservation that otherwise has restricted access to banking services. The mobile bank operates on a regular schedule and allows customers to complete most bank functions. This service demonstrates the bank's responsiveness to an essential community development need.

APPENDICES

INTERMEDIATE 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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
NEBRASKA	Satisfactory	Satisfactory	Satisfactory
SOUTH DAKOTA	Satisfactory	Satisfactory	Satisfactory

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A 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.

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.