



## PUBLIC DISCLOSURE

April 17, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NebraskaLand National Bank  
Charter Number 23645

1400 South Dewey Street, North Platte, NE 69101

Office of the Comptroller of the Currency

13710 FNB Parkway, Suite 110, Omaha, NE 68154-5298

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

<b>INSTITUTION'S CRA RATING</b> .....	<b>2</b>
<b>Definitions and Common Abbreviations</b> .....	<b>3</b>
<b>Description of Institution</b> .....	<b>7</b>
<b>Scope of Evaluation</b> .....	<b>7</b>
<b>Selection of Areas for Full Scope Review</b> .....	<b>8</b>
<b>Ratings</b> .....	<b>8</b>
<b>Fair Lending or Other Illegal Credit Practices Review</b> .....	<b>9</b>
<b>Loan-to-Deposit Ratio</b> .....	<b>10</b>
<b>State Rating</b> .....	<b>11</b>
STATE OF NEBRASKA.....	11
<b>State Rating</b> .....	<b>15</b>
STATE OF WYOMING.....	15
<b>Appendix A: Scope of Examination</b> .....	<b>A-1</b>
<b>Appendix B: Summary of Multistate Metropolitan Area and State Ratings</b> .....	<b>B-1</b>

## **General Information and Overall CRA Rating**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of NebraskaLand National Bank (NLNB) issued by the OCC, the institution's primary supervisory agency, for the evaluation period starting January 1, 2014 and ending April 17, 2017. The agency rates the performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

### **Overall CRA Rating: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

- NLNB's loan-to-deposit ratio is reasonable when considering the bank's size, financial condition, and the credit needs of its assessment areas (AAs).
- Management originates and purchases a majority of its loans to customers located in the bank's AAs.
- The income distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration of AA demographics.
- Community development (CD) activities represent excellent responsiveness to AA needs and opportunities.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

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

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 percent and less than 120 percent, in the case of a geography

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

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

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

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

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

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and

typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

NLNB is an interstate financial institution headquartered in North Platte, Nebraska. NLNB had total assets of \$682 million and tier one capital of \$74 million as of December 31, 2016. NLNB is wholly-owned by NebraskaLand Financial Services, Inc. (NFS), a one-bank holding company located in North Platte, Nebraska. As of December 31, 2016, NFS had total assets of \$77 million.

NLNB maintains operations in North Platte and Kearney, Nebraska and Rock Springs, Wyoming and the surrounding areas. NLNB operates four full service branches, including its main branch, five deposit-taking automatic teller machines (ATMs), and one cash-dispensing ATM in North Platte, Nebraska. NLNB operates one full service branch and one deposit-taking ATM in Kearney, Nebraska and one full service branch and one cash-dispensing ATM in Rock Springs, Wyoming.

NLNB did not merge with or acquire any banking institutions during the evaluation period. Management relocated their Wal-Mart branch in North Platte into a new building at 1400 South Dewey Street on December 16, 2013. This location now serves as the bank's main branch. Management closed NLNB's south branch following the relocation due to its close proximity to the new location. Management opened a new branch location at 1801 West A Street in North Platte on June 23, 2014 and relocated the Kearney branch one block on August 1, 2015. NLNB sold the assets and liabilities associated with their Mullen branch to another bank on November 14, 2014.

NLNB's primary business focus is consistent with the traditional community bank model. NLNB offers a full range of credit products within its AAs, including agricultural, commercial, consumer, and residential real estate loans. As of December 31, 2016, net loans totaled \$486 million and represented 71 percent of total assets. As of December 31, 2016, NLNB's primary loan concentrations include commercial real estate, agricultural, and construction and development loans.

In addition to lending products, NLNB also offers a wide range of retail deposit products to its customers including free checking accounts with no minimum balances and free savings accounts with low opening and minimum balance requirements.

There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs of its AAs. NLNB received a Satisfactory rating in its last Performance Evaluation dated November 4, 2013.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

NLNB was evaluated under the Intermediate Small Bank examination procedures, which include a Lending Test and a CD Test for the State of Nebraska and the State of Wyoming. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through



its lending activities. The CD Test evaluates the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The Lending Test covers NLNB's performance from January 1, 2014 to December 31, 2016. The Lending Test evaluated commercial and residential real estate loans originated by management during the evaluation period, as these loan types were determined to be the primary loan products in NLNB's individual AAs. Refer to Appendix A for a list of primary products identified in each AA.

To evaluate lending performance, we selected a random sample of loans originated and purchased during the evaluation period of each primary loan type in each AA. Examiners initially sampled 20 loans per primary product type in each AA and used that information in the lending analysis. The residential real estate sample in the Lincoln-Buffalo County AA and the commercial sample in the Sweetwater County AA were expanded to 60 loans because the initial analysis did not result in satisfactory findings. Loan data was compared to 2010 U.S. Census data.

The CD Test covers NLNB's performance from August 5, 2013 to April 17, 2017. We reviewed all CD loans, investments, donations, and services submitted by NLNB management to ensure they met the regulation definition of CD. We excluded from this evaluation some items submitted for consideration because they did not meet the definition or purpose of CD.

### **Selection of Areas for Full-Scope Review**

We completed a full scope review of each AA, as management operates in only one AA in each state they have operations.

### **Ratings**

The bank's overall rating is a blend of the two state ratings. The rating for the State of Nebraska was weighted more heavily than the State of Wyoming rating because this state accounts for the largest portion of NLNB's branch locations, deposit activity, and loan volume.

### **Other**

We completed two community contacts in conjunction with this examination. The first contact is the Vice President of an economic development organization in the Lincoln-Buffalo County AA. The contact noted the economy in Lincoln County is stable and that the primary credit needs in the AA include commercial loans and residential real estate loans. The second contact is the Chief Executive Officer of an economic development organization in the Sweetwater County AA. The contact stated the economy in Sweetwater County is stable and that primary credit needs in the AA residential real estate and consumer loans. The contact noted opportunities for CD participation in the Sweetwater County AA are limited.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) and 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Criteria

NLNB's performance under the Lending Test is satisfactory. NLNB's loan-to-deposit ratio is reasonable. A majority of NLNB's loans are originated to or purchased for borrowers located inside the bank's AAs.

The average loan-to-deposit ratio and the in/out ratio are calculated on a bank-wide basis rather than on an AA basis.

### Loan-to-Deposit Ratio

NLNB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the AA's credit needs. NLNB's average loan-to-deposit ratio was 88 percent for the 13 quarters from December 31, 2013 to December 31, 2016. The ratio ranged from a quarterly low of 82 percent and a quarterly high of 93 percent.

NLNB's average loan-to-deposit ratio is comparable to the average loan-to-deposit ratio of other community banks operating in NLNB's AA. The average quarterly loan-to-deposit ratio for competitor banks was 85 percent for the 13 quarters from December 31, 2013 to December 31, 2016. The ratio ranged from an average quarterly low of 24 percent to an average quarterly high of 102 percent.

### Lending in Assessment Area

NLNB originates and purchases a majority of its loans to customers within its AAs. We reviewed 40 commercial loans and 40 residential real estate loans originated between January 1, 2014 and December 31, 2016 to assess performance with this criterion. Management originated 83 percent of their loans by number and 55 percent of their loans by dollar to borrowers within the bank's AA.

Table 1 details lending within the bank's AAs by number and dollar amount of loans.

Table 1 - Credit Extended Inside and Outside the Assessment Area							
	\$ Inside	\$ Outside	\$ Total		# Inside	# Outside	# Total
Commercial Loans	12,862,194	15,439,515	28,301,709		31	9	40
Residential Real Estate Loans	6,917,130	798,250	7,715,380		35	5	40
Total	19,779,324	16,237,765	36,017,089		66	14	80
In/Out Percentages	55%	45%	100%		83%	17%	100%

Source: Loan sample

## State Rating

### State of Nebraska

**CRA rating for the State of Nebraska: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The CD Test is rated: Outstanding.**

NLNB's performance in the State of Nebraska meets the standards for satisfactory performance.

- The distribution of loans to businesses of different sizes and families of different income levels reflects reasonable penetration of AA demographics.
- NLNB's CD activities demonstrated excellent responsiveness to the CD needs and opportunities in the AA.

### Description of Institution's Operations in State of Nebraska

NLNB operates two AAs in the State of Nebraska. For purposes of this examination, we combined the Lincoln County AA and the Buffalo County AA into the Lincoln-Buffalo County AA because the location, business strategy, and AA demographics are similar between the two counties.

The Lincoln-Buffalo County AA includes all of Lincoln and Buffalo counties in Nebraska. NLNB operates five branches, six deposit-taking ATMs, and one cash-dispensing ATM in the Lincoln-Buffalo County AA. This AA represents NLNB's major market and includes the bank's main branch, which is home to NLNB's senior management team. NLNB reported \$438 million of deposits in the Lincoln-Buffalo County AA as of June 30, 2016. This represents 78 percent of NLNB's total deposits as of that date. According to FDIC market share information as of June 30, 2016, NLNB ranked second in deposit market share in the AA with a market share of 18 percent. Management originated \$713 million in loans in the Lincoln-Buffalo County AA during the evaluation period. This represents 83 percent of NLNB's loan originations by dollar during the evaluation period.

The Lincoln-Buffalo County AA included 19 census tracts (CTs) in 2016. One CT is moderate-income, 11 are middle-income, and seven are upper-income. The Lincoln-Buffalo County AA had a population of 82,390 according to the 2010 U.S. Census. The population included 21 thousand families and 32 thousand households. Of the families, 17 percent were low-income, 16 percent were moderate-income, 21 percent were middle-income, and 46 percent were upper-income. The weighted-average of median family income was \$63,051 in 2016. Of the households, 21 percent were low-income, 17 percent were moderate-income, 17 percent were middle-income, and 45 percent were upper-income. Twelve percent of households lived below the poverty level. The weighted-average of median household income was \$48,052 in 2016.

There were 35 thousand housing units in the Lincoln-Buffalo County AA in 2016. Sixty-one percent of the total housing units are owner-occupied and 30 percent are renter-occupied. The

median age of housing units in the AA is 46 years and the weighted-average of median housing costs is \$119 thousand. The weighted-average of monthly gross rent is \$607.

The Lincoln-Buffalo County AA included six thousand businesses in 2016. Eighty-eight percent of the businesses are non-farm businesses. Eighty percent of businesses reported gross annual revenue (GAR) of \$1 million or less in 2016 and 71 percent employed fewer than five people.

The economy in the Lincoln-Buffalo County AA was favorable during the evaluation period. According to the Nebraska Department of Labor, the unemployment rate in the North Platte area improved from 3.4 percent in March 2016 to 3.1 percent in March 2017 and the unemployment rate in the Kearney area improved from 2.5 percent in March 2016 to 2.2 percent in March 2017. The unemployment rate in each area compares favorably to the unemployment rate in the State of Nebraska of 3.2 percent in March 2017 and the national unemployment rate of 4.5 percent in March 2017.

Competition in the Lincoln-Buffalo County AA is moderate. As of June 30, 2016, there were 24 institutions operating 54 banking branches in the AA. Competition in the AA primarily includes a large regional institution and smaller community banks.

## **Scope of Evaluation in State of Nebraska**

NLNB operates one AA in the State of Nebraska. The rating for the State of Nebraska is based solely on a full-scope review of this area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATE OF NEBRASKA**

NLNB's performance under the Lending Test and the CD Test in the State of Nebraska is rated Satisfactory. The distribution of loans to businesses of different sizes and families of different income levels reflects reasonable penetration of AA demographics. The volume of CD loans, investments, donations, and services reflects excellent responsiveness to CD needs and opportunities in the bank's AAs.

### **LENDING TEST**

NLNB's performance under the Lending Test in the State of Nebraska is rated Satisfactory.

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The distribution of loans to businesses of different sizes and families of different income levels reflects reasonable penetration of AA demographics.

#### **Commercial Loans**

The distribution of commercial loans to businesses of different sizes is satisfactory. Seventy-eight percent of AA businesses reported GAR of \$1 million or less in 2016. Seventy-five

percent of NLNB's commercial loans by number and 34% of NLNB's loans by dollar were to businesses with GAR of \$1 million or less.

Table 2 includes the data used to evaluate the borrower distribution of commercial loans in the Lincoln-Buffalo County AA.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	78	6	16	100
% of Bank Loans in AA by #	75	25	0	100
% of Bank Loans in AA by \$	34	66	0	100

Source: 2010 U.S. Census data, Loan Sample

### Residential Real Estate Loans

The distribution of residential real estate loans to families of different income levels is satisfactory. Seventeen percent of AA families are low-income and 16 percent are moderate-income. Seven percent of NLNB's mortgage loans were originated to low-income families and five percent were originated to moderate-income families during the evaluation period.

Table 3 includes the data used to evaluate the borrower distribution of residential real estate loans in the Lincoln-Buffalo County AA.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	17	7	16	5	21	8	46	80

Source: 2010 U.S. Census data, Loan Sample

### **Geographic Distribution of Loans**

There are no low-income CTs and only one moderate-income CT in the Lincoln-Buffalo County AA. A geographic analysis of this AA would not be meaningful.

### **Responses to Complaints**

Neither the OCC nor the bank received any complaints related to NLNB's CRA performance in the Lincoln-Buffalo County AA during the evaluation period.

### **CD TEST**

NLNB's performance under the CD Test in the State of Nebraska is rated Outstanding. CD activities demonstrated excellent responsiveness to CD needs and opportunities in the bank's AA. CD loans, investments, and donations totaled \$8.9 million during the evaluation period.

This represents 15.49 percent of the AA's allocated tier one capital as of December 31, 2016. Nine bank employees provided 1,574 service hours to 11 qualified CD organizations during the evaluation period.

### **Number and Amount of Community Development Loans**

Management originated four CD loans totaling \$2 million in the Lincoln-Buffalo County AA during the evaluation period. One CD loan supported an organization that provides community services to LMI people in the AA, two loans provided funds for affordable housing, and one loan provided permanent job creation to LMI individuals in the AA.

### **Number and Amount of Qualified Investments**

Management purchased two CD investment totaling \$5.8 million during the evaluation period. The investments supported a multi-family housing complexes that provide affordable housing in the AA. NLNB also received credit for one CD investment that was purchased in a prior period and remained outstanding at the end of the current evaluation period. The investment totals \$1 million at the end of the evaluation period and provided funding for an apartment complex that provides affordable housing in the AA.

Management also made 18 qualified donations totaling \$29 thousand during the evaluation period. The donations primarily supported organizations that provide community services and affordable housing to LMI individuals in the AA. Notable donations include \$10 thousand to a local homeless shelter, \$10 thousand to an affordable housing agency, and \$5 thousand to an organization that provides services to battered women and children.

### **Extent to Which the Bank Provides Community Development Services**

Nine bank employees provided 1,574 service hours to 11 qualified CD organizations during the evaluation period. Examples of CD services provided by management include:

- One member of senior management serves on the Board of Directors of an organization that provides tax increment financing to blighted and substandard areas in the AA.
- One employee served on a committee that increased the quality and availability of affordable housing units in the AA.
- One employee served on the Board of Directors of an organization that provides shelter, guidance, and financial support to battered women and children.

### **Responsiveness to Community Development Needs**

NLNB's CD activities represent excellent responsiveness to CD needs in the Lincoln-Buffalo County AA. CD activities are consistent with the needs identified by a community contact in the AA.

## State Rating

### State of Wyoming

**CRA rating for the State of Wyoming: Satisfactory.**

**The Lending Test is rated: Satisfactory**

**The CD Test is rated: Satisfactory.**

NLNB's performance in the State of Wyoming meets the standards for satisfactory performance.

- The distribution of loans to businesses of different sizes and families of different income levels reflects reasonable penetration of AA demographics.
- NLNB's CD activities demonstrated adequate responsiveness to the CD needs and opportunities in the AA.

### Description of Institution's Operations in State of Wyoming

NLNB operates one AA in the State of Wyoming. The Sweetwater County AA includes all of Sweetwater County in Wyoming. NLNB operates one branch and one cash-dispensing ATM in the Sweetwater County AA. NLNB reported \$126 million of deposits in the Sweetwater County AA as of June 30, 2016. This represents 22 percent of NLNB's total deposits as of that date. According to FDIC market share information as of June 30, 2016, NLNB ranked third in deposit market share in the AA with a market share of 13 percent. Management originated \$142 million in loans in the Sweetwater County AA during the evaluation period. This represents 17 percent of NLNB's loan originations by dollar during the evaluation period.

The Sweetwater County AA included 12 CTs in 2016. Seven are middle-income and five are upper-income. The Sweetwater County AA had a population of 43,806 according to the 2010 U.S. Census. The population included 12 thousand families and 16 thousand households. Of the families, 16 percent were low-income, 14 percent were moderate-income, 21 percent were middle-income, and 49 percent were upper-income. The weighted-average of median family income was \$76,753 in 2016. Of the households, 16 percent were low-income, 12 percent were moderate-income, 18 percent were middle-income, and 54 percent were upper-income. Seven percent of households lived below the poverty level. The weighted-average of median household income was \$70,761 in 2016.

There were 12 thousand housing units in the Sweetwater County AA in 2016. Sixty-seven percent of the total housing units are owner-occupied and 24 percent are renter-occupied. The median age of housing units in the AA is 42 years and the weighted-average of median housing costs is \$164 thousand. The weighted-average of monthly gross rent is \$764.

The Sweetwater County AA included nearly three thousand businesses in 2016. Ninety-eight percent of the businesses are non-farm businesses. Seventy-three percent of businesses reported GAR of \$1 million or less in 2016 and 64 percent employed fewer than five people.



The economy in the Sweetwater County AA was stable during the evaluation period; however, unemployment exceeds state and national averages. According to the Bureau of Labor Statistics, the unemployment rate in Sweetwater County was 6.0 percent in December 2016. This is above the unemployment rate in the State of Wyoming of 4.8 percent in December 2016 and the national unemployment rate of 4.7 percent in December 2016.

Competition in the Sweetwater County AA is moderate. As of June 30, 2016, there were eight institutions operating 13 banking branches in the AA. Competition in the AA primarily includes branches of large national banks and regional institutions.

## **Scope of Evaluation in State of Wyoming**

NLNB operates one AA in the State of Wyoming. The rating for the State of Wyoming is based solely on a full-scope review of this area

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATE OF WYOMING**

NLNB's performance under the Lending Test and the CD Test in the State of Wyoming is rated Satisfactory. The distribution of loans to businesses of different sizes and families of different income levels reflects reasonable penetration of AA demographics. The volume of CD loans, investments, donations, and services reflects adequate responsiveness to CD needs and opportunities in the bank's AAs.

### **LENDING TEST**

NLNB's performance under the Lending Test in the State of Wyoming is rated Satisfactory.

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall income distribution of loans reflects reasonable penetration of AA demographics.

#### Commercial Loans

The distribution of commercial loans to businesses of different sizes is poor. Seventy-two percent of AA businesses reported GAR of \$1 million or less in 2016. Fifty-three percent of NLNB's commercial loans by number and 35% of NLNB's loans by dollar were to businesses with GAR of \$1 million or less.

Table 4 includes the data used to evaluate the borrower distribution of commercial loans in the Sweetwater County AA.

<b>Table 4 - Borrower Distribution of Loans to Businesses in Sweetwater County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	72	7	21	100
% of Bank Loans in AA by #	53	47	0	100
% of Bank Loans in AA by \$	35	65	0	100

Source: 2010 U.S. Census data, Loan sample

### Residential Real Estate Loans

The distribution of residential real estate loans to families of different income levels is satisfactory. Sixteen percent of AA families are low-income and 14 percent are moderate-income. Management did not make any mortgage loans to low-income families. Twenty percent of NLNB's mortgage loans were originated to moderate-income families during the evaluation period.

We placed the majority of our weight for the conclusion in this area on management's performance in the moderate-income category, as home ownership can be challenging for a low-income family. A low-income family in the AA earns less than \$38,377 and the weighted-average of median cost is \$164 thousand. It can be hard for a family making this income to afford to own a home and get approved for a mortgage. Additionally, management stated that Sweetwater County was no longer eligible for rural development loans beginning in 2013.

Table 5 includes the data used to evaluate the borrower distribution of residential real estate loans in the Sweetwater County AA.

<b>Table 5 - Borrower Distribution of Residential Real Estate Loans in Sweetwater County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home	16	0	14	20	21	25	49	55

Source: 2010 U.S. Census data, Loan Sample

### **Geographic Distribution of Loans**

There are no LMI CTs in the Sweetwater County AA. A geographic analysis of this AA would not be meaningful.

### **Responses to Complaints**

Neither the OCC nor the bank received any complaints related to NLNB's CRA performance in the Sweetwater County AA during the evaluation period.

## **CD TEST**

NLNB's performance under the CD Test in the State of Wyoming is rated Satisfactory. CD activities demonstrated adequate responsiveness to CD needs and opportunities in the bank's AA. CD loans, investments, and donations totaled \$828 thousand during the evaluation period. This represents 5.04 percent of the AA's allocated tier one capital as of December 31, 2016.

### **Number and Amount of Community Development Loans**

Management originated five CD loans totaling \$822 thousand in the Sweetwater County AA during the evaluation period. Each of the CD loans provided funds for affordable housing in the AA.

### **Number and Amount of Qualified Investments**

Management made 10 qualified donations totaling \$6 thousand during the evaluation period. The donations supported organizations that provide community services to LMI individuals in the AA. Notable donations include \$1 thousand to an organization that provides job training to low-income single mothers and \$1 thousand to a local food pantry.

### **Extent to Which the Bank Provides Community Development Services**

Management did not provide any qualified service hours to CD organizations in the Sweetwater County AA during the evaluation period.

### **Responsiveness to Community Development Needs**

NLNB's CD activities represent adequate responsiveness to the CD needs in the Sweetwater County AA. We took into consideration the limited opportunities for CD participation in the AA when determining our CD conclusion for the Sweetwater County AA.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: 1/1/2014 to 12/31/2016 Community Development Test: 8/5/2013 to 4/7/2017	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
NebraskaLand National Bank (NLNB) North Platte, Nebraska	Commercial loans and residential real estate loans Community development loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lincoln-Buffalo County AA	Full scope	Rural area with branches in North Platte and Kearney, Nebraska.
Sweetwater County AA	Full scope	Rural area with branch in Rock Spring, Wyoming.

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State Rating
NebraskaLand National Bank	Satisfactory	Outstanding	Satisfactory
State of Nebraska	Satisfactory	Outstanding	Satisfactory
State of Wyoming	Satisfactory	Satisfactory	Satisfactory