

PUBLIC DISCLOSURE

January 13, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Corn Growers State Bank
Certificate Number: 16868

333 Nebraska Street
Murdock, Nebraska 68407

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	2
DESCRIPTION OF ASSESSMENT AREA.....	3
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	6
APPENDICES	7
SMALL BANK PERFORMANCE CRITERIA.....	7
GLOSSARY	8

INSTITUTION RATING

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

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

The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of small farm loans were located within the assessment area.
- The assessment area consists entirely of middle-income geographies therefore, this criterion was not evaluated.
- The distribution of borrowers reflects excellent penetration among farms of different sizes.
- The institution did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Corn Growers State Bank (CGSB) is a community bank that operates from its sole office in Murdock, Nebraska. McHugh Investment Company, a one-bank holding company also located in Murdock, owns a majority of the bank’s shares. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated February 11, 2019, using Interagency Small Institution Examination Procedures.

The bank offers traditional credit products, including agricultural, commercial, and consumer loans. The bank offers a variety of deposit products, including checking, savings, money market, and individual retirement accounts, as well as certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, remote deposit, and one ATM.

As of the September 30, 2024, Reports of Condition and Income (Call Report), the bank reported total assets of \$38.2 million, total loans of \$23.0 million, and total deposits of \$31.8 million. As presented in the following table, agricultural and farmland lending represent the largest portions of the loan portfolio. The lending concentration is consistent with the loan portfolio distribution at the prior evaluation.

Loan Portfolio Distribution as of 09/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	9,347	40.7
Secured by 1-4 Family Residential Properties	1,130	4.9
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	0	0.0
Total Real Estate Loans	10,477	45.6
Commercial and Industrial Loans	3,425	14.9
Agricultural Production and Other Loans to Farmers	5,191	22.6
Consumer Loans	3,637	15.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	223	1.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	22,953	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, total may not equal 100.0%</i>		

Legal lending limit restrictions may inhibit the bank from accommodating larger loan requests. Otherwise, examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the assessment area’s credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. CGSB has designated one assessment area that includes census tracts 9658 and 9659 in Cass County, which is part of the Omaha Nebraska-Iowa Metropolitan Statistical Area. The two census tracts in the assessment area remain middle income according to 2020 U.S. Census data.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	8,198	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,525	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,672	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	380	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	473	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,089	0.0	0.0	100.0	0.0	0.0
Farms by Geography	184	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	2,315	12.9	22.2	22.9	41.9	0.0
Household Distribution by Income Level	3,052	17.0	16.3	21.2	45.4	0.0
Median Family Income - Omaha, Nebraska-Iowa MSA	\$87,733	Median Housing Value				\$206,151
		Median Gross Rent				\$795
		Families Below Poverty Level				2.6%
<i>Source: 2020 U.S. Census and 2024 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.</i>						

The assessment area is rural in nature and the economy is highly dependent on agriculture. According to 2022 U.S. Census of Agriculture data, 662 farm operations generated \$200 million in commodity sales in Cass County. According to 2024 D&B data, the largest business segments in the assessment area include services at 24.5 percent; non-classifiable establishments at 21.0 percent; and agriculture, forestry, and fishing at 14.5 percent. In addition, farms and businesses are predominantly small operations with approximately 94.3 percent operating from a single location and 69.0 percent employing less than five employees. The total number of farms within the assessment area increased by 68 since the previous evaluation’s figure of 116 farms. Additionally, the total population in the assessment area increased by 172 people.

Competition

CGSB operates in a moderately competitive environment for financial services, given the population and rural nature of the assessment area. According to the 2023 FDIC Deposit Market Share data, five institutions operate seven branches within the assessment area. Of these institutions, CGSB ranked 3rd with 14.7 percent of the deposit market share. Additionally, CGSB faces competition for agricultural loans from Farm Credit Services, as well as nontraditional creditors and dealers.

Community Contacts

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 conducted a community contact with a representative in the community that has knowledge of the local economy. The contact stated the assessment area is a "bedroom community," where most residents commute to Omaha or Lincoln for work. Agriculture is the primary driver of the economy, which is reliant on weather, input costs, and commodity prices. Other major sources of employment include hospitality, machining, and education. According to the contact, primary credit needs of the area include housing and agricultural loans. Overall, the contact indicated that financial institutions in the area have been responsive to the community's credit needs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural loans are the primary credit need of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 11, 2019, to the current evaluation dated January 13, 2025. Examiners used Interagency Small Institution Examination Procedures to evaluate CGSB's CRA performance. These procedures include a review of performance according to the Lending Test, as outlined in the Appendices.

Activities Reviewed

CGSB's primary credit product is agricultural loans. Therefore, examiners selected small farm loans to evaluate the bank's CRA performance. The product reviewed was selected based on the volume of loans originated and loan portfolio composition. Examiners did not review small business loans as they are not a primary lending focus of the bank and comprise only a small portion of the loan portfolio. Additionally, examiners did not review home mortgage loans as the bank does not offer home mortgage loans. Other loan products, such as consumer loans, do not represent major product lines. A review of these loan types would not provide material support for conclusions or the rating.

Examiners selected a 12-month sample as the review period. Considering the bank's loan system does not store paid-off loans, calendar year 2023 would not be representative of the bank's lending. The 12-month review period ranges from November 2, 2023, to November 1, 2024. The lending focus and product make-up remained consistent throughout the evaluation period, and bank management indicated the review period was an accurate representation of the lending activity throughout the evaluation period. For Assessment Area Concentration, examiners reviewed all 44 small farm loans totaling approximately \$5.0 million that were originated or purchased within the 12-month period. For Borrower Profile, examiners reviewed all 35 small farm loans totaling

approximately \$4.5 million that were made inside the assessment area. D&B data from 2024 provided the standard of comparison for small farm loans.

While examiners reviewed both the number and dollar volume of loans and presented both figures throughout the evaluation, they emphasized performance by the number of loans as it is generally a better indicator of the number of farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CGSB demonstrated satisfactory performance under the Lending Test. The bank’s reasonable Loan-to-Deposit and Assessment Area Concentration performance primarily supports this conclusion.

Loan-to-Deposit Ratio

CGSB’s loan-to-deposit ratio is reasonable given the institutions size, financial condition, and assessment area’s credit needs. The bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 58.2 percent over the past 23 quarters from March 31, 2019, to September 30, 2024. The average net loan-to-deposit ratio increased slightly from the previous evaluation where it was calculated at 51.6 percent.

Examiners compared CGSB’s average net-loan-to-deposit ratio to three similarly-situated financial institutions. These institutions were selected based on their asset size, geographic location, and lending focus. As shown in the following table, CGSB’s loan-to-deposit ratio exceeds that of one institution and is less than the other two institutions. However, it is still reasonably comparable to all three institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
CGSB, Murdock, Nebraska	38,208	58.2
American Exchange Bank, Elmwood, Nebraska	67,741	68.5
Bank of Prague, Prague, Nebraska	41,789	74.3
Community State Bank, Colon, Nebraska	43,411	50.8
<i>Source: Reports of Condition and Income 03/31/2019 - 09/30/2024</i>		

Assessment Area Concentration

As detailed in the following table, CGSB made a majority of small farm loans, by number and dollar amount, within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans (000s)				Total \$ (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	35	79.5	9	20.5	44	4,513	89.9	506	10.1	5,019
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms of different sizes. All 35 of the small farm loans reviewed were to borrowers with gross annual revenues of \$1 million or less. In comparison, 2024 D&B data indicated that 99.5 percent of the assessment area’s farms had gross annual revenues of \$1 million or less and 0.5 percent did not report revenues.

Response to Complaints

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

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 any discriminatory or other illegal credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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