

PUBLIC DISCLOSURE

July 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Frontier Bank
Certificate Number: 15545

13333 California Street, Suite 100
Omaha, Nebraska 68154

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment 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 more than 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 poor dispersion throughout the assessment areas.
- The distribution by borrowers reflects 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. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

The Community Development Test is rated Satisfactory.

- The bank demonstrated adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

Frontier Bank is headquartered in Omaha, Nebraska and is solely owned by Frontier Holdings, LLC, a one-bank holding company. The bank received a CRA rating of Satisfactory at its previous FDIC Performance Evaluation dated June 17, 2019, where examiners used Interagency Intermediate Small Institution Examination Procedures.

The bank operates seven full-service offices in Nebraska. Since the previous evaluation, the bank closed its branch located in Stella, Nebraska as of December 31, 2021. There have been no other changes to the bank’s branching structure since the previous evaluation. The bank offers a wide variety of loan products including agricultural, commercial, 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, electronic bill pay, and 13 ATMs.

According to the March 31, 2022 Consolidated Reports of Condition and Income (Call Report), the institution reported assets of \$1,135,606,000 total loans of \$966,758,000 and total deposits of \$945,569,000. Commercial loans are the institution’s primary credit product followed by residential and agricultural loans. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 3/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	112,520	11.6
Secured by Farmland	146,695	15.2
Secured by 1-4 Family Residential Properties	201,544	20.8
Secured by Multifamily (5 or more) Residential Properties	53,287	5.5
Secured by Nonfarm Nonresidential Properties	232,458	24.0
Total Real Estate Loans	746,504	77.1
Commercial and Industrial Loans	140,237	14.5
Agricultural Production and Other Loans to Farmers	66,396	6.9
Consumer Loans	11,213	1.2
Obligations of State and Political Subdivisions in the U.S.	512	0.1
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	1,896	0.2
Less: Unearned Income	0	0.0
Total Loans	966,758	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Frontier Bank designated five assessment areas, all in Nebraska, 1) Lincoln Metropolitan, 2) Omaha Metropolitan, 3) Falls City Nonmetropolitan, 4) Pender Nonmetropolitan, and 5) Madison Nonmetropolitan. Since the previous evaluation, Frontier Bank’s Omaha Metropolitan Assessment Area was expanded to include all of Douglas County. Previously, the assessment area only included 21 census tracts in western Omaha surrounding the bank’s location.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 17, 2019, to the current evaluation dated July 18, 2022. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate the bank’s performance. These procedures include two tests: 1) Lending Test and 2) Community Development Test. Refer to the Appendices for information on each test.

Examiners used full-scope examination procedures to evaluate Frontier Bank’s performance in all assessment areas considering the breakdown of loans, deposits, and branches. To assess overall performance, examiners gave the greatest weight to the conclusions derived from the Lincoln Assessment Area because of the bank’s stated business focus and overall lending activities. Conclusions derived from the Omaha Assessment Area received the second highest consideration followed by the Falls City, Pender, and Madison Assessment Areas respectively. The following table provides detailed information on loans, deposits, and branches for each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Falls City Nonmetropolitan	78,345	8.0	130,907	17.5	1	14.3
Lincoln Metropolitan	357,176	36.5	187,764	25.1	2	28.6
Madison Nonmetropolitan	108,815	11.1	96,101	12.9	2	28.6
Omaha Metropolitan	333,839	34.1	215,927	28.9	1	14.3
Pender Nonmetropolitan	100,728	10.3	116,570	15.6	1	14.3
Total	978,903	100.0	747,269	100.0	7	100.0

Source: Bank Data; FDIC Summary of Deposits (06/30/2020)
Due to rounding, totals may not equal 100.0%

Activities Reviewed

Examiners selected small farm, small business, 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 management indicated that small business and small farm lending in 2021 was representative of the institution’s performance during the entire evaluation period, and bank data confirms this statement. Therefore, examiners reviewed small business loans originated in 2021 for all assessment areas, and small farm loans originated in 2021 for the three nonmetropolitan assessment areas. Examiners did not review small farm loans for the two metropolitan assessment areas as the bank extends few agricultural loans in these areas. The 2021 D&B data provided a standard of comparison for the bank’s small farm and small business lending performance.

Examiners also reviewed all home mortgage loan originations reported on the bank’s 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. Although examiners reviewed 2019, 2020, and 2021 HMDA data, examiners did not note any material differences between the three years affecting conclusions. Therefore, this evaluation only presented the bank’s 2020 HMDA data, the most recent year aggregate HMDA data is available, under the Geographic Distribution and Borrower Profile criteria. The 2020 HMDA aggregate data provided the primary standard of comparison for the bank’s home mortgage lending performance.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans inside of the assessment areas were further reviewed to evaluate the Geographic Distribution criterion. Finally, examiners reviewed all home mortgage loans, and samples of small farm and small business loans, originated inside of the assessment areas, to evaluate the Borrower Profile criterion. . The following table details the loan universes for this evaluation.

Loan Products Reviewed					
Loan Category	Universe			Sample Reviewed	
		#	\$(000s)	#	\$(000s)
Home Mortgage					
	2019	546	156,575	546	156,575
	2020	1,038	265,582	1,038	265,562
	2021	895	248,470	895	248,470
Small Business		504	74,105	137	27,615
Small Farm		345	46,397	65	9,673

Source: HMDA Reported Data and Bank Data

Home mortgage lending received the most weight when drawing conclusions followed closely by small business lending in the two metropolitan assessment areas. Small farm lending received the most weight when drawing conclusions followed by small business and home mortgage lending in the three nonmetropolitan assessment areas. Furthermore, while examiners reviewed both the number and dollar volume of loans, and presented both figures throughout the evaluation, they emphasized performance by number of loans when conducting the Geographic Distribution and Borrower Profile analyses. This is because the number of loans is a better indicator of geographies, businesses/farms, and individuals served.

For the Community Development Test, bank management provided examiners with data on the 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 at the start of the evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Frontier Bank demonstrated satisfactory performance under the Lending Test. Performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

Frontier Bank's loan-to-deposit ratio is more than 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 105.1 percent over the past 12 quarters from June 30, 2019 to March 31, 2022.

Examiners compared Frontier Bank's average net loan-to-deposit ratio to four comparable financial institutions. Examiners selected the comparable institutions based on their asset size, geographic location, and lending focus. As shown in the following table, Frontier Bank's average net loan-to-deposit ratio is well above three of the comparable institutions, reflecting more than reasonable performance.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2022 (\$000s)	Average Net LTD Ratio (%)
Frontier Bank, Omaha, Nebraska	1,135,606	105.1
Security First Bank, Lincoln, Nebraska	1,498,030	81.8
West Gate Bank, Lincoln, Nebraska	1,030,763	93.7
BankFirst, Norfolk, Nebraska	923,212	99.0
Elkhorn Valley Bank & Trust, Norfolk, Nebraska	1,002,071	70.3

Source: Reports of Condition and Income 6/30/2019 - 3/31/2022

Assessment Area Concentration

Overall, a majority of home mortgage, small business, and small loans reviewed were located inside the assessment areas. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	\$(000s)
Home Mortgage										
2019	399	73.1	147	26.9	546	107,965	69.0	48,610	31.0	156,575
2020	765	73.7	273	26.3	1,038	182,826	68.8	82,756	31.2	265,582
2021	621	69.4	274	30.6	895	159,150	64.1	89,320	35.9	248,470
Subtotal	1,785	72.0	694	28.0	2,479	449,941	67.1	220,685	32.9	670,627
Small Business	420	83.3	84	16.7	504	61,094	82.4	13,011	17.6	74,105
Small Farm	192	55.7	153	44.3	345	26,885	57.9	19,512	42.1	46,397

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

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment areas. Examiners focused on the percentage of loans in the low- and moderate-income census tracts. Poor performance was noted in the Omaha Metropolitan, Falls City Nonmetropolitan, and Madison Nonmetropolitan Assessment Areas. Reasonable performance was noted in the Lincoln Metropolitan Assessment Area, but it was not enough to overcome the poor performance in the other assessment areas. No geographic distribution analysis was completed in the Pender Nonmetropolitan Assessment Area. Details are provided later in the evaluation.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers as well as the percentage of small business and small farm loans to entities with gross annual revenues of \$1 million or less. While excellent performance was noted in the Pender Nonmetropolitan and Madison Nonmetropolitan Assessment Areas, it did not raise the reasonable performance noted in the Lincoln Metropolitan and Fall City Nonmetropolitan Assessment Areas. The Omaha Metropolitan Assessment Area had poor performance, but it did not lower the overall assessment of this criterion. Details are provided later in the evaluation.

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

Frontier Bank’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 were also included in the analysis.

Community Development Loans

The bank originated 922 community development loans totaling approximately \$74.0 million during the evaluation period. This includes 902 Paycheck Protection Program (PPP) loans totaling approximately \$49.0 million. The PPP, established by the Coronavirus Aid, Relief, and Economic Security Act, and implemented through the Small Business Administration (SBA), helped small businesses and farms maintain their payroll, hire back employees, and cover applicable overhead expenses during the COVID-19 pandemic. The bank’s PPP loans financed businesses and farms and resulted in permanent job creation, retention, and/or improvement for low- and moderate-income individuals.

Frontier Bank’s volume of community development loans represented 6.5 percent of total assets and 7.7 percent of net loans as of March 31, 2022. Examiners compared the bank’s level of community development lending to three similarly situated institutions. These institutions’ community development loans ranged from 2.2 to 10.2 percent of total assets and from 8.0 to 12.6 percent of net loans. It is important to note that all of the similarly situated institutions’ community development lending activities included PPP loans. Frontier Bank’s community development loans are comparable with the similarly situated institutions.

The following tables illustrate community development loans by regional activities, purpose, and year. Additional details on community development lending activities are located in the specific assessment area sections of the evaluation.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Regional Activities	1	430	0	0	233	12,351	13	1,063	247	13,844
<i>Source: Bank Data</i>										

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	1	84	0	0	0	0	0	0	1	84
2020	4	6,886	0	0	130	15,200	54	9,384	188	31,470
2021	1	1,000	0	0	394	24,697	333	12,708	728	38,405
2022 YTD	2	2,450	0	0	2	1,507	1	49	5	4,006
Total	8	10,420	0	0	526	41,404	388	22,141	922	73,965
<i>Source: Bank Data</i>										

Qualified Investments

Frontier Bank purchased, retained, or made 130 qualified investments and donations totaling approximately \$8.2 million during the evaluation period. The volume of qualified investments represented 0.7 percent of total assets and 7.0 percent of total securities as of March 31, 2022. Examiners compared Frontier Bank’s qualified investment volume to three similarly situated institutions. The similarly situated institutions’ qualified investments ranged from 0.3 percent to 1.0 percent of total assets, and ranged from 2.1 to 10.8 percent of total securities. Frontier Bank’s qualified investments are comparable to the similarly situated institutions.

The following tables illustrate the bank’s qualified investments by regional activities, purpose, and year. Additional information on the bank’s qualified investment activity is located in the specific assessment area sections of the evaluation.

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Regional Activities	0	0	1	1,019	0	0	0	0	1	1,019

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	9	2,511	9	2,511
2019 (Partial)	1	1,022	1	1,019	0	0	4	970	6	3,011
2020	0	0	0	0	0	0	2	930	2	930
2021	0	0	0	0	0	0	5	1,590	5	1,590
2022 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	1	1,022	1	1,019	0	0	20	6,001	22	8,042
Qualified Grants & Donations	3	1	83	159	10	14	12	25	108	199
Total	4	1,023	84	1,178	10	14	32	6,026	130	8,241

Source: Bank Data

Community Development Services

Frontier Bank representatives provided 94 instances of financial expertise or technical assistance to various community development-related organizations within its assessment areas during the evaluation period. Examiners compared the bank’s level of community development services to three similarly situated institutions. These institutions provided between 27 and 54 community development services. Frontier Bank’s level of community development services is significantly higher than the three similarly situated institutions. The following tables illustrate the bank’s community development service activity by purpose and year. Additional information on the bank’s community development services is located in the specific assessment area sections of the evaluation.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	1	14	3	6	24
2020	1	11	3	9	24
2021	1	11	3	9	24
2022 YTD	1	12	3	6	22
Total	4	48	12	30	94
<i>Source: Bank Data</i>					

In addition to community development services, the bank offers alternative banking services that are readily available to assessment area residents, including low- and moderate-income individuals. This includes internet and mobile banking and 13 ATMs, including six that take deposits.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

LINCOLN METROPOLITAN – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LINCOLN METROPOLITAN ASSESSMENT AREA

The Lincoln Metropolitan Assessment Area consists of all census tracts in Lancaster County. Lancaster County is part of the Lincoln, Nebraska Metropolitan Statistical Area (MSA). The Lincoln Metropolitan Assessment Area includes one branch and one ATM in a middle-income geography and one branch and one ATM in an upper-income geography.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Assessment Area: Lincoln Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	74	6.8	28.4	28.4	29.7	6.8
Population by Geography	298,080	5.6	26.3	34.0	30.9	3.2
Housing Units by Geography	123,773	7.3	28.2	34.0	29.7	0.8
Owner-Occupied Units by Geography	69,852	1.6	19.5	38.5	40.2	0.2
Occupied Rental Units by Geography	47,815	15.0	39.6	28.8	15.0	1.6
Vacant Units by Geography	6,106	13.0	38.5	23.9	23.6	1.1
Businesses by Geography	23,582	3.7	26.7	29.6	38.2	1.8
Farms by Geography	996	1.4	12.3	23.3	62.9	0.1
Family Distribution by Income Level	70,549	21.3	17.1	21.2	40.5	0.0
Household Distribution by Income Level	117,667	23.7	16.8	17.3	42.1	0.0
Median Family Income MSA - 30700 Lincoln, NE MSA	\$70,200	Median Housing Value				\$152,644
		Median Gross Rent				\$726
		Families Below Poverty Level				9.3%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to the 2021 D&B data, service industries represent the largest portion of businesses in the assessment area at 41.3 percent, followed by non-classified businesses at 13.6 percent; finance and insurance at 11.3 percent; and retail trade at 11.0 percent. The majority of businesses are small with 65.0 percent employing four or less employees and 88.1 percent operating from a single location.

According to the 2021 D&B data, the assessment area contains 23,582 non-farm businesses and 996 farms. The number of non-farm businesses in the assessment area increased by 3,121 since the previous evaluation, and the number of farms increased by 216 during the same period. Farms and non-farm businesses with revenues of \$1 million or less represent the vast majority of all businesses in the assessment area at 84.0 percent.

The Federal Financial Institutions Examination Council (FFIEC) median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income for the Lincoln, Nebraska MSA is provided in the following table for reference.

Lincoln, NE MSA Median Family Income (30700)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$82,700)	<\$41,350	\$41,350 to <\$66,160	\$66,160 to <\$99,240	≥\$99,240
<i>Source: FFIEC</i>				

Competition

The Lincoln Metropolitan Assessment Area is highly competitive for financial services. According to the FDIC’s June 30, 2021 deposit market share data, 29 financial institutions operate 120 offices inside the assessment area. Of these institutions, Frontier Bank ranked 10th with a deposit market share of 2.0 percent. The bank competes with these institutions as well as credit unions, for small business and small farm loans.

Significant home mortgage competition also exists in the assessment area. Aggregate HMDA lending data for 2020, the most recent data available, reflected 290 lenders reporting 27,404 home mortgage loans in the assessment area. Of these institutions, Frontier Bank ranked 18th with a mortgage market share of 1.3 percent.

Credit and Community Development Needs and Opportunities

Considering information from bank management, demographic data, and economic data, examiners concluded that home mortgage and small business loans represent the Lincoln 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 LINCOLN METROPOLITAN ASSESSMENT AREA

LENDING TEST

Frontier Bank demonstrated reasonable performance under the Lending Test in the Lincoln Metropolitan Assessment Area. Reasonable performance under the Geographic Distribution and Borrower Profile criteria supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Lincoln Metropolitan Assessment Area. While poor small business lending performance as noted, the reasonable home mortgage lending performance received more weight and primarily supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Specifically, the percentage of home mortgage loans, by number, in low- and moderate-income census tracts is consistent with the aggregate performance data. The following table provides details.

Geographic Distribution of Home Mortgage Loans Assessment Area: Lincoln Metropolitan						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.6	1.6	10	2.7	2,129	2.4
Moderate	19.5	13.3	42	11.4	8,778	9.8
Middle	38.5	33.4	108	29.2	20,556	23.0
Upper	40.2	51.5	210	56.8	58,029	64.8
Not Available	0.2	0.2	0	0.0	0	0.0
Total	100.0	100.0	370	100.0	89,492	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The bank's performance in the low-income census tracts marginally exceeds the demographic data; however, the bank's performance in the moderate-income census tracts significantly lags the demographic data, reflecting poor performance. The following table provides details.

Geographic Distribution of Small Business Loans Assessment Area: Lincoln Metropolitan					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.7	6	4.5	1,774	5.9
Moderate	26.7	16	11.9	3,541	11.8
Middle	29.6	27	20.1	6,216	20.8
Upper	38.2	80	59.7	17,071	57.1
Not Available	1.8	5	3.7	1,294	4.3
Totals	100.0	134	100.0	29,896	100.0

*Source: 2021 D&B Data; Bank Data
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. While poor small business lending performance as noted, reasonable home mortgage lending performance received more weight and primarily supports this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Although the bank's performance is below aggregate in lending to low-income borrows, the performance in lending to moderate-income borrower is comparable. Overall, the bank's performance is reasonable. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Lincoln Metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.3	6.6	8	2.2	1,674	1.9
Moderate	17.1	18.5	50	13.5	8,989	10.0
Middle	21.2	21.2	57	15.4	11,769	13.2
Upper	40.5	33.6	172	46.5	48,844	54.6
Not Available	0.0	20.1	83	22.4	18,217	20.4
Total	100.0	100.0	370	100.0	89,492	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of borrowers reflects poor penetration among businesses of different sizes. The percentage of number of small business loans to businesses with gross annual revenues of \$1 million or less is below the D&B data. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Lincoln Metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.4	27	61.4	4,947	47.5
>\$1,000,000	5.3	17	38.6	5,471	52.5
Revenue Not Available	11.3	0	0.0	0	0.0
Total	100.0	44	100.0	10,418	100.0

*Source: 2021 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

Frontier Bank demonstrated adequate responsiveness to the community development needs of the Lincoln Metropolitan Assessment Area. The quantity and responsiveness of community development loans and qualified investments primarily supports this conclusion.

Community Development Loans

The bank originated 157 community development loans totaling approximately \$31 million in the Lincoln Metropolitan Assessment Area since the prior evaluation. The loans were particularly responsive as the majority of loans, by number and dollar volume, promoted economic development and helped businesses and farms impacted by the COVID-19 pandemic. The bank's lending also revitalized and stabilized low- or moderate-income census tracts. 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)
2019 (Partial)	1	84	0	0	0	0	0	0	1	84
2020	3	6,456	0	0	67	6,049	19	4,733	89	17,238
2021	0	0	0	0	51	7,218	16	6,493	67	13,711
2022 YTD	0	0	0	0	0	0	0	0	0	0
Total	4	6,540	0	0	118	13,267	35	11,226	157	31,033

Source: Bank Data

The following are notable examples of the bank’s community development loans in the Lincoln Metropolitan Assessment Area.

- The bank made a loan to finance the construction of three affordable housing residential properties totaling \$6.5 million.
- The bank made a loan totaling \$2.0 million through the Small Business Administration’s 504 Certified Development Companies loan program. This loan helped promote economic development by creating and/or retaining jobs.

Qualified Investments

The bank made 46 qualified investments totaling approximately \$1.1 million in the Lincoln Metropolitan Assessment Area. One equity investment for affordable housing was noted; however, the majority of the investments, by number, were donations to organizations that provide community 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
2019 (Partial)	1	1,022	0	0	0	0	0	0	1	1,022
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	1	1,022	0	0	0	0	0	0	1	1,022
Qualified Grants & Donations	0	0	42	63	3	11	0	0	45	74
Total	1	1,022	42	63	3	11	0	0	46	1,096

Source: Bank Data

The following are notable examples of the bank’s community development investments and donations in the Lincoln Metropolitan Assessment Area.

- The bank made four donations totaling \$26,500 to a local community foundation located in a moderate-income census tract that provides community services to low- and moderate-income individuals.
- The bank made 30 donations totaling \$26,666 to a local community organization located in a moderate-income census tract that provides targeted community service programs for low- and moderate-income individuals.

Community Development Services

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

Lincoln Metropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	1	0	0	0	1
2020	1	0	0	1	2
2021	1	0	0	1	2
2022 YTD	1	0	0	0	1
Total	4	0	0	2	6
<i>Source: Bank Data</i>					

The following is a notable example of the bank’s community development services in the Lincoln Metropolitan Assessment Area.

- An employee served as a Board member for a housing development organization promoting the development of affordable housing.

OMAHA METROPOLITAN – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN OMAHA METROPOLITAN ASSESSMENT AREA

The Omaha Metropolitan Assessment Area consists of all census tracts in Douglas County. Douglas County is part of the Omaha-Council Bluffs, NE-IA MSA. The Omaha Metropolitan Assessment Area includes one branch and one ATM in an upper-income census tract.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	156	17.3	24.4	33.3	25.0	0.0
Population by Geography	537,655	13.6	24.4	34.8	27.2	0.0
Housing Units by Geography	225,046	13.9	24.9	36.8	24.4	0.0
Owner-Occupied Units by Geography	128,781	7.6	21.8	37.0	33.5	0.0
Occupied Rental Units by Geography	79,760	20.9	29.6	37.7	11.8	0.0
Vacant Units by Geography	16,505	29.1	26.4	30.8	13.7	0.0
Businesses by Geography	47,923	7.8	17.6	41.3	33.3	0.0
Farms by Geography	1,442	5.1	14.7	43.2	37.0	0.0
Family Distribution by Income Level	129,038	23.0	17.8	19.7	39.5	0.0
Household Distribution by Income Level	208,541	26.1	16.6	17.8	39.5	0.0
Median Family Income MSA - 36540 Omaha-Council Bluffs, NE-IA MSA		\$73,632	Median Housing Value		\$151,602	
			Median Gross Rent		\$824	
			Families Below Poverty Level		10.5%	
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Douglas County was part of FEMA’s Severe Storms and Straight-line Winds major disaster declaration issued on September 6, 2021.

According to the 2021 D&B data, service industries represent the largest portion of businesses in the assessment area at 40.9 percent, followed by non-classified businesses at 16.2 percent; finance and insurance at 11.5 percent; and retail trade at 11.3 percent. The majority of businesses are small with 89.2 percent operating from a single location, and 63.6 percent employing four or less employees.

According to the 2021 D&B data, the assessment area contains 47,923 non-farm businesses and 1,442 farms. The number of non-farm businesses in the assessment area increased by 8,057 since the previous evaluation, and the number of farms increased by 328 during the same period. Non-farm businesses and farms with revenues of \$1 million or less represent the vast majority of all businesses in the assessment area at 84.7 percent.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for the Omaha-Council Bluffs, NE-IA MSA is provided in the following table for reference.

Omaha-Council Bluffs, NE-IA MSA Median Family Income (36540)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
<i>Source: FFIEC</i>				

Competition

The Omaha Metropolitan Assessment Area is highly competitive for financial services. According to the FDIC’s June 30, 2021 deposit market share data, 37 financial institutions operate 169 offices inside the assessment area. Of these institutions, Frontier Bank ranked 15th with a deposit market share of 1.0 percent. The bank competes with these institutions, as well as credit unions, for small business loans and small farm loans.

Significant home mortgage loan competition also exists in the assessment area. Aggregate HMDA lending data for 2020 reflected 377 lenders reporting 47,527 home mortgage loans in the assessment area. Of these institutions, Frontier Bank ranked 49th with a mortgage market share of 0.5 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 of a local community development financial institution based in Omaha, NE. The individual stated that the local economy was strong and stable. The individual mentioned that although business are currently having trouble hiring workers due to rising wages and inflation, they have been able to withstand the difficulties brought by the COVID-19 pandemic. It was also mentioned that despite these conditions, there are more minority groups opening businesses in the eastern portion of the city. The individual cited this as an opportunity for local financial institutions to lend in the area. The banking industry in the area being “vibrant and crowded” was cited as potential obstacles in accessing these opportunities due to the high banking competition.

The contact stated that there is a positive perception of financial institutions in the area and they are doing a great job of meeting the credit needs of all types of consumers and businesses of different sizes.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners concluded that small business and home mortgage loans represent the assessment area’s primary credit needs. Furthermore, community development needs include affordable housing, economic development, and revitalizing/stabilizing low- and moderate-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OMAHA METROPOLITAN ASSESSMENT AREA

LENDING TEST

Frontier Bank demonstrated poor performance under the Lending Test in the Omaha Metropolitan Assessment Area. Poor performance under the Geographic Distribution and Borrower Profile criteria supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Omaha Metropolitan Assessment Area. Poor small business and home mortgage lending performance supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. The bank's performance in low-income census tracts is consistent with the aggregate performance data. However, the bank's performance in moderate-income census tracts significantly lagged the aggregate performance data, reflecting poor performance. The following table provides details.

Geographic Distribution of Home Mortgage Loans Assessment Area: Omaha Metropolitan						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	7.6	3.9	9	3.8	10,169	14.0
Moderate	21.8	14.6	16	6.7	2,142	3.0
Middle	37.0	33.5	56	23.4	14,654	20.2
Upper	33.5	48.0	158	66.1	45,599	62.8
Total	100.0	100.0	239	100.0	72,563	100.0
<small>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</small>						

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The bank's performance in low- and moderate-income census tracts lagged the demographic data. The following table provides details.

Geographic Distribution of Small Business Loans Assessment Area: Omaha Metropolitan					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	7.8	2	3.5	390	2.1
Moderate	17.6	7	12.3	2,346	12.7
Middle	41.3	15	26.3	4,587	24.8
Upper	33.3	33	57.9	11,141	60.3
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	57	100.0	18,464	100.0
<i>Source: 2021 D&B Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects poor penetration among businesses of different sizes and individuals of different income levels in the Omaha Metropolitan Assessment Area. While reasonable small business lending performance was noted, poor home mortgage lending performance carried more weight and primarily supports this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects poor penetration among individuals of different income levels. The bank's performance in lending to low- and moderate-income individuals significantly lagged the aggregate performance data, reflecting poor performance. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Omaha Metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.0	6.8	5	2.1	1,136	1.6
Moderate	17.8	17.3	17	7.1	2,741	3.8
Middle	19.7	19.9	39	16.3	8,541	11.8
Upper	39.5	36.1	143	59.8	42,956	59.2
Not Available	0.0	19.9	35	14.6	17,189	23.7
Total	100.0	100.0	239	100.0	72,563	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.</i> <i>Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's performance is generally comparable to demographic data and considered reasonable. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Omaha Metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.4	35	74.5	9,030	63.0
>\$1,000,000	5.7	12	25.5	5,305	37.0
Revenue Not Available	9.9	0	0.0	0	0.0
Total	100.0	47	100.0	14,335	100.0
<i>Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Frontier Bank demonstrated adequate responsiveness to the community development needs of the Omaha Metropolitan Assessment Area. The quantity and responsiveness of community development loans and qualified investments primarily supports this conclusion.

Community Development Loans

The bank originated 76 community development loans totaling approximately \$13.8 million in the Omaha Metropolitan Assessment Area since the prior evaluation. The loans were particularly responsive to the assessment area’s economic development and affordable housing needs. The majority of loans, by number and dollar volume, promoted economic development and helped businesses and farms impacted by the COVID-19 pandemic. The following table illustrates the community development loans by year and purpose.

Omaha 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)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	26	3,115	2	896	28	4,011
2021	1	1,000	0	0	43	6,155	3	617	47	7,772
2022 YTD	1	2,000	0	0	0	0	0	0	1	2,000
Total	2	3,000	0	0	69	9,270	5	1,513	76	13,783
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s community development loans in the Omaha Metropolitan Assessment Area.

- The bank participated in a pool of loans totaling \$3.0 million over two years for a local housing organization project for constructing affordable housing.
- The bank made a loan totaling \$1.3 million through the Small Business Administration’s 504 Certified Development Companies loan program. This loan helped promote economic development by creating and/or retaining jobs.

Qualified Investments

The bank made 22 qualified donations totaling approximately \$68,250 in the Omaha Assessment Area. No investments were noted. In addition, all of the donations were to organizations that provide community services to low- and moderate-income individuals.

The following are notable examples of the bank’s community development donations in the Omaha Metropolitan Assessment Area.

- The bank made three donations totaling \$21,500 to a local community organization located in a low-income census tract that provides community services to low- and moderate-income individuals.
- The bank made three donations totaling \$12,500 to a local community organization located in a moderate-income census tract that provides targeted community service after-school programs for low- and moderate-income individuals.

Community Development Services

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

Omaha Metropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	1	0	0	1
2020	0	1	0	0	1
2021	0	1	0	0	1
2022 YTD	0	3	0	0	3
Total	0	6	0	0	6

Source: Bank Data

The following is a notable example of the bank’s community development services in the Omaha Metropolitan Assessment Area.

- An employee served as a Board member for a local community organization located in a low-income census tract that provides community services to low- and moderate-income individuals.

FALLS CITY NONMETROPOLITAN – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN FALLS CITY NONMETROPOLITAN ASSESSMENT AREA

The Falls City Nonmetropolitan Assessment Area consists of all census tracts in Richardson County. Richardson County is part of nonmetropolitan Nebraska. The Fall City Nonmetropolitan Assessment Area includes one branch and two ATMS in middle-income geographies.

Economic and Demographic Data

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

Demographic Information of the Assessment Area Assessment Area: Falls City Nonmetropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	8,201	0.0	22.3	77.7	0.0	0.0
Housing Units by Geography	4,382	0.0	24.4	75.6	0.0	0.0
Owner-Occupied Units by Geography	2,813	0.0	22.6	77.4	0.0	0.0
Occupied Rental Units by Geography	948	0.0	23.6	76.4	0.0	0.0
Vacant Units by Geography	621	0.0	33.3	66.7	0.0	0.0
Businesses by Geography	745	0.0	20.0	80.0	0.0	0.0
Farms by Geography	162	0.0	31.5	68.5	0.0	0.0
Family Distribution by Income Level	2,229	23.6	18.3	20.4	37.8	0.0
Household Distribution by Income Level	3,761	29.1	18.0	14.9	38.0	0.0
Median Family Income Non-MSAs - NE		\$61,457	Median Housing Value			\$70,908
			Median Gross Rent			\$474
			Families Below Poverty Level			13.5%
<i>Source: 2015 ACS and 2021 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>						

Census tracts 9645.00 and 9686.00 in Richardson County were considered distressed and underserved in all years since the prior evaluation. In addition, Richardson County was part of FEMA’s Severe Storms, Straight-line Winds, and Tornadoes major disaster declaration issued on February 23, 2022.

According to the 2021 D&B data, service industries represent the largest portion of businesses in the assessment area at 32.3 percent, followed by agriculture, forestry, and fishing at 17.9 percent; retail trade at 12.6 percent; and non-classified businesses at 6.6 percent. The majority of businesses

are small with 87.9 percent operating from a single location, and 75.2 percent employing four or less employees.

According to the 2021 D&B data, the assessment area contains 745 non-farm businesses and 162 farms. The number of non-farm businesses in the assessment area increased by 64 since the previous evaluation, and the number of farms increased by 13 during the same period. Non-farm businesses and farms with revenues of \$1 million or less represent the vast majority of all businesses in the assessment area at 83.7 percent.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for nonmetropolitan Nebraska is provided in the following table for reference.

NE NA Median Family Income (99999)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
<i>Source: FFIEC</i>				

Competition

The Falls City Nonmetropolitan Assessment Area is mildly competitive for financial services. According to the FDIC’s June 30, 2021 deposit market share data, five financial institutions operate eight offices inside the assessment area. Of these institutions, Frontier Bank ranked first with a deposit market share of 40.9 percent. The bank competes with these institutions, as well as credit unions, for small business loans and small farm loans.

Moderate home mortgage loan competition also exists in the assessment area. Aggregate HMDA lending data for 2020 reflected 63 lenders reporting 248 home mortgage loans in the assessment area. Of these institutions, Frontier Bank ranked first with a mortgage market share of 30.7 percent.

Credit and Community Development Needs and Opportunities

Considering information from bank management, demographic data, and economic data, examiners concluded that small farm loans represent the Falls City Nonmetropolitan Assessment Area’s primary credit need, while commercial and home mortgage loans represent secondary credit needs. Furthermore, community development needs exist related to affordable housing, economic development, and revitalizing/stabilizing moderate-income census tracts as well as distressed and underserved areas.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN FALLS CITY
NONMETROPOLITAN ASSESSMENT AREA**

LENDING TEST

Frontier Bank demonstrated reasonable performance under the Lending Test in the Falls City Nonmetropolitan Assessment Area. Reasonable performance under the Borrower Profile criterion supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Falls City Nonmetropolitan Assessment Area. While reasonable home mortgage lending performance was noted, it did not outweigh the poor small farm and small business lending performance.

Small Farm Loans

The geographic distribution of small farm loans reflects poor dispersion throughout the assessment area. The bank's performance in moderate-income geographies significantly lagged the demographic data. The following table provides details.

Geographic Distribution of Small Farm Loans Assessment Area: Falls City Nonmetropolitan					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	31.5	14	17.1	1,961	18.2
Middle	68.5	68	82.9	8,833	81.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	82	100.0	10,794	100.0

*Source: 2021 D&B Data; Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The bank's performance in the moderate-income census tracts is significantly lower than the demographic data. The following table provides details.

Geographic Distribution of Small Business Loans Assessment Area: Falls City Nonmetropolitan					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	20.0	9	5.6	364	4.7
Middle	80.0	153	94.4	7,444	95.3
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	162	100.0	7,808	100.0

*Source: 2021 D&B Data; 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. The bank’s performance is comparable to aggregate performance data and considered reasonable. The following table provides details.

Geographic Distribution of Home Mortgage Loans Assessment Area: Falls City Nonmetropolitan						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	22.6	16.3	7	10.4	602	9.0
Middle	77.4	83.7	60	89.6	6,055	91.0
Upper	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	67	100.0	6,657	100.0

*Source: 2015 ACS; Bank Data, 2020 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 farms and businesses of different sizes and individuals of different income levels in the Falls City Nonmetropolitan Assessment Area. Reasonable small farm, small business, and home mortgage lending performance support this conclusion.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. Although the bank’s performance lagged the demographic data, several of the eight loans to farms with gross annual revenues of over \$1 million were to the same borrower. Specifically, five of the eight loans were to the same borrower, which skewed the bank’s performance. In addition, according to the 2017 Ag Census, 55.6 percent of producers in the assessment area indicated that farming was not their principal occupation. Further, 52.7 percent of the farm operations in the assessment area did not report any interest expense. Therefore, the bank’s performance is considered reasonable. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Falls City Nonmetropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.8	26	76.5	4,109	69.7
>\$1,000,000	0.6	8	23.5	1,785	30.3
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	34	100.0	5,894	100.0

*Source: 2021 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Although the bank’s performance lagged the demographic data, all 12 of the loans to businesses with gross annual revenues greater than \$1 million were to the same borrower. Therefore, the bank’s performance is skewed and still reasonable. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Falls City Nonmetropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.4	4	25.0	137	38.8
>\$1,000,000	4.4	12	75.0	216	61.2
Revenue Not Available	15.2	0	0.0	0	0.0
Total	100.0	16	100.0	353	100.0
<i>Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank’s performance exceeded the aggregate performance data for low-income borrowers and slightly lagged the aggregate performance data for moderate-income borrowers, reflecting overall reasonable performance. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Falls City Nonmetropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.6	16.3	17	25.4	956	14.4
Moderate	18.3	18.9	7	10.4	737	11.1
Middle	20.4	16.3	6	9.0	625	9.4
Upper	37.8	28.9	25	37.3	2,984	44.8
Not Available	0.0	19.5	12	17.9	1,355	20.4
Totals	100.0	100.0	67	100.0	6,657	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Frontier Bank demonstrated adequate responsiveness to the community development needs of the Falls City Nonmetropolitan Assessment Area. The quantity and responsiveness of community development loans, qualified investments, and qualified services primarily supports this conclusion.

Community Development Loans

The bank originated 221 community development loans totaling approximately \$3.2 million in the Falls City Nonmetropolitan Assessment Area since the prior evaluation. The loans were particularly responsive as the majority of loans, by number and dollar volume, revitalized and stabilized low- or moderate-income census tracts and helped businesses and farms impacted by the COVID-19 pandemic. The following table illustrates the community development loans by year and purpose.

Falls City 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)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	9	194	9	194
2021	0	0	0	0	0	0	210	2,917	210	2,917
2022 YTD	0	0	0	0	1	25	1	50	2	75
Total	0	0	0	0	1	25	220	3,161	221	3,186
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s community development loans in the Falls City Nonmetropolitan Assessment Area.

- The bank made a loan to a local business to finance its expansion into the area totaling \$25,000, creating several jobs for low- and moderate-income individuals in the assessment area.
- The bank made a loan to a local development organization totaling \$50,000 for a commercial development in a middle-income distressed and underserved tract.

Qualified Investments

The bank made or retained 31 qualified investments totaling approximately \$3.1 million in the Falls City Nonmetropolitan Assessment Area. Nine equity investments for revitalization and stabilization were noted. In addition, the majority of the investments, by number, were donations to organizations that revitalize and stabilize the area. The following table illustrates the qualified investments by year and purpose.

Falls City 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	2	1,041	2	1,041
2019 (Partial)	0	0	0	0	0	0	4	970	4	970
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	3	1,075	3	1,075
2022 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	9	3,086	9	3,086
Qualified Grants & Donations	1	<1	3	1	7	3	11	25	22	29
Total	1	<1	3	1	7	3	20	3,111	31	3,115

Source: Bank Data

The following are notable examples of the bank’s community development investments and donations in the Falls City Nonmetropolitan Assessment Area.

- The bank purchased seven bonds totaling \$2.0 million for local utility improvements in an underserved middle-income geography.
- The bank made three donations totaling \$7,000 to a local hospital located in an underserved middle-income census tract.

Community Development Services

Bank personnel provided 48 instances of financial expertise or technical assistance to community development organizations in the Falls City Nonmetropolitan Assessment Area. The majority of services helped revitalize and stabilize the area. The following table illustrates the bank’s community development services by year and purpose.

Falls City Nonmetropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	4	1	6	11
2020	0	4	1	8	13
2021	0	4	1	8	13
2022 YTD	0	4	1	6	11
Total	0	16	4	28	48

Source: Bank Data

The following is a notable example of the bank’s community development services in the Falls City Nonmetropolitan Assessment Area.

- An employee served as a Board member for a local hospital providing essential community services in an underserved middle-income geography.

- An employee served as a Board member for a local development organization promoting the revitalization and stabilization of the area.

In addition, Frontier Bank operates one branch and two ATMs in underserved census tracts in the assessment area.

PENDER NONMETROPOLITAN – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PENDER NONMETROPOLITAN ASSESSMENT AREA

The Pender Nonmetropolitan Assessment Area consists of all census tracts in Thurston County. Thurston County is part of nonmetropolitan Nebraska. The Pender Nonmetropolitan Assessment Area includes one branch and two ATMS in moderate-income geographies.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Assessment Area: Pender Nonmetropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	100.0	0.0	0.0	0.0
Population by Geography	6,946	0.0	100.0	0.0	0.0	0.0
Housing Units by Geography	2,396	0.0	100.0	0.0	0.0	0.0
Owner-Occupied Units by Geography	1,288	0.0	100.0	0.0	0.0	0.0
Occupied Rental Units by Geography	796	0.0	100.0	0.0	0.0	0.0
Vacant Units by Geography	312	0.0	100.0	0.0	0.0	0.0
Businesses by Geography	388	0.0	100.0	0.0	0.0	0.0
Farms by Geography	90	0.0	100.0	0.0	0.0	0.0
Family Distribution by Income Level	1,479	30.5	20.9	19.9	28.7	0.0
Household Distribution by Income Level	2,084	30.9	16.1	17.7	35.4	0.0
Median Family Income Non-MSAs - NE		\$61,457	Median Housing Value			\$68,263
			Median Gross Rent			\$525
			Families Below Poverty Level			23.3%

*Source: 2015 ACS and 2021 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.*

According to the 2021 D&B data, service industries represent the largest portion of businesses in the assessment area at 33.1 percent, followed by agriculture, forestry, and fishing at 18.8 percent; retail trade at 9.2 percent; and non-classified businesses at 8.6 percent. The majority of businesses

are small with 83.5 percent operating from a single location, and 65.9 percent employing four or less employees.

According to the 2021 D&B data, the assessment area contains 388 non-farm businesses and 90 farms. The number of non-farm businesses in the assessment area increased by 42 since the previous evaluation, and the number of farms increased by seven during the same period. Non-farm businesses and farms with revenues of \$1 million or less represent the vast majority of all businesses in the assessment area at 75.5 percent.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for nonmetropolitan Nebraska is provided in the following table for reference.

NE NA Median Family Income (99999)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
<i>Source: FFIEC</i>				

Competition

The Pender Nonmetropolitan Assessment Area is mildly competitive for financial services. According to the FDIC’s June 30, 2021 deposit market share data, two financial institutions operate three offices inside the assessment area. Of these institutions, Frontier Bank ranked second with a deposit market share of 47.7 percent. The bank competes with the other institution, as well as credit unions, for small business loans and small farm loans.

Moderate home mortgage loan competition also exists in the assessment area. Aggregate HMDA lending data for 2020 reflected 32 lenders reporting 106 home mortgage loans in the assessment area. Of these institutions, Frontier Bank ranked third with a mortgage market share of 11.3 percent.

Credit and Community Development Needs and Opportunities

Considering information from bank management, demographic data, and economic data, examiners concluded that small farm loans represent the Pender Nonmetropolitan Assessment Area’s primary credit need, while commercial and home mortgage loans represent secondary credit needs. Furthermore, community development needs exist related to affordable housing, economic development, and revitalizing/stabilizing moderate-income census tracts.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN PENDER
NONMETROPOLITAN ASSESSMENT AREA**

LENDING TEST

Frontier Bank demonstrated excellent performance under the Lending Test in the Pender Nonmetropolitan Assessment Area. Excellent performance under the Borrower Profile criterion supports this conclusion.

Geographic Distribution

The assessment area only includes two moderate-income census tracts. Therefore, all lending inside the assessment area would be in moderate-income geographies and no meaningful conclusion could be drawn from an analysis. Therefore, examiners did not consider this criterion for this assessment area.

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels in the Pender Nonmetropolitan Assessment Area. Excellent small farm and small business lending performance primarily supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different sizes. All twelve small farm loans were originated to farms with gross annual revenues of \$1 million or less. 2021 D&B data indicates 98.9 percent of farms fall into that revenue category.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. The percentage, by number, of small business loans to businesses with gross annual revenues of \$1 million or less exceeds the D&B data. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Pender Nonmetropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	70.1	11	84.6	654	45.0
>\$1,000,000	9.3	2	15.4	800	55.0
Revenue Not Available	20.6	0	0.0	0	0.0
Total	100.0	13	100.0	1,454	100.0
<i>Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. While the bank’s performance of lending to moderate-income borrowers lagged aggregate performance data, the performance in lending to low-income borrowers exceeded the aggregate performance data Overall, performance is considered reasonable. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Pender Nonmetropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	30.5	4.7	1	7.1	130	5.1
Moderate	20.9	15.1	1	7.1	50	1.9
Middle	19.9	18.6	1	7.1	101	4.0
Upper	28.7	48.8	9	64.3	1,911	74.9
Not Available	0.0	12.8	2	14.3	361	14.1
Total	100.0	100.0	14	100.0	2,552	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

Frontier Bank demonstrated adequate responsiveness to the community development needs of the Pender Nonmetropolitan Assessment Area. The quantity and responsiveness of community development loans, qualified investments, and qualified services primarily supports this conclusion.

Community Development Loans

The bank originated 115 community development loans totaling approximately \$8.6 million in the Pender Nonmetropolitan Assessment Area since the prior evaluation. The loans were particularly responsive to the assessment area's revitalization and stabilization needs as a majority of loans, by number and dollar volume, fell within that category. The following table illustrates the community development loans by year and purpose.

Pender 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)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	1	1,580	19	3,354	20	4,934
2021	0	0	0	0	0	0	93	1,776	93	1,776
2022 YTD	1	450	0	0	1	1,482	0	0	2	1,932
Total	1	450	0	0	2	3,062	112	5,130	115	8,642

Source: Bank Data

The following is a notable example of the bank's community development loans in the Pender Nonmetropolitan Assessment Area.

- The bank originated a loan to local economic development organization to construct a commercial mixed-use property totaling \$1.6 million.

Qualified Investments

The bank made 13 qualified investments totaling approximately \$2.9 million in the Pender Nonmetropolitan Assessment Area. The majority of the investments were prior period investments retained to revitalize and stabilize the area. The following table illustrates the qualified investments by year and purpose.

Pender 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	7	1,470	7	1,470
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	2	930	2	930
2021	0	0	0	0	0	0	2	515	2	515
2022 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	11	2,915	11	2,915
Qualified Grants & Donations	0	0	2	5	0	0	0	0	2	5
Total	0	0	2	5	0	0	11	2,915	13	2,920
<i>Source: Bank Data</i>										

The following is a notable example of the bank’s community development investments and donations in the Pender Nonmetropolitan Assessment Area.

- The bank purchased two bonds totaling \$515,000 for local utility improvements to promote revitalization and stabilization in moderate-income census tracts.

Community Development Services

Bank personnel provided 16 instances of financial expertise or technical assistance to community development organizations in the Pender Nonmetropolitan Assessment Area. All of the services promoted community services targeted to low- and moderate-income individuals. The following table illustrates the bank’s community development services by year and purpose.

Pender Nonmetropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	4	0	0	4
2020	0	4	0	0	4
2021	0	4	0	0	4
2022 YTD	0	4	0	0	4
Total	0	16	0	0	16
<i>Source: Bank Data</i>					

The following is a notable example of the bank's community development services in the Pender Nonmetropolitan Assessment Area.

- An employee served as a Board member for a local healthcare foundation located in a moderate-income census tract. As such, these activities helped attract and retain residents in the area.

In addition, Frontier Bank operates one branch and two ATMs in a moderate-income census tract in the assessment area.

MADISON NONMETROPOLITAN – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MADISON NONMETROPOLITAN ASSESSMENT AREA

The Madison Nonmetropolitan Assessment Area consists of all census tracts in Madison County. Madison County is part of nonmetropolitan Nebraska. The Madison Nonmetropolitan Assessment area includes one branch and ATM in a moderate-income geography and one branch and five ATMs in middle-income geographies.

Economic and Demographic Data

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

Demographic Information of the Assessment Area						
Assessment Area: Madison Nonmetropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	22.2	55.6	22.2	0.0
Population by Geography	35,111	0.0	18.5	57.9	23.5	0.0
Housing Units by Geography	15,070	0.0	20.2	55.9	23.8	0.0
Owner-Occupied Units by Geography	9,093	0.0	13.2	59.9	26.9	0.0
Occupied Rental Units by Geography	4,914	0.0	32.4	46.5	21.1	0.0
Vacant Units by Geography	1,063	0.0	24.5	65.5	10.1	0.0
Businesses by Geography	2,951	0.0	24.6	53.1	22.4	0.0
Farms by Geography	280	0.0	8.2	71.1	20.7	0.0
Family Distribution by Income Level	9,145	20.1	16.9	23.9	39.1	0.0
Household Distribution by Income Level	14,007	23.9	15.0	18.5	42.6	0.0
Median Family Income Non-MSAs - NE		\$61,457	Median Housing Value			\$116,237
			Median Gross Rent			\$620
			Families Below Poverty Level			9.8%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Madison County was part of FEMA’s Severe Storms and Straight-line Winds major disaster declaration issued on September 6, 2021.

According to the 2021 D&B data, service industries represent the largest portion of businesses in the assessment area at 35.6 percent, followed by retail trade at 12.7 percent; non-classified businesses at 11.5 percent; finance and insurance at 10.6 percent; and agriculture, forestry, and fishing at 8.7 percent. The majority of businesses are small with 84.4 percent operating from a single location, and 63.3 percent employing four or less employees.

According to the 2021 D&B data, the assessment area contains 2,951 non-farm businesses and 280 farms. The number of non-farm businesses in the assessment area increased by 332 since the previous evaluation, and the number of farms increased by 63 during the same period. Non-farm businesses and farms with revenues of \$1 million or less represent the vast majority of all businesses in the assessment area at 79.4 percent.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for nonmetropolitan Nebraska is provided in the following table for reference.

NE NA Median Family Income (99999)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
<i>Source: FFIEC</i>				

Competition

The Madison Nonmetropolitan Assessment Area is moderately competitive for financial services. According to the FDIC’s June 30, 2021 deposit market share data, 15 financial institutions operate 28 offices inside the assessment area. Of these institutions, Frontier Bank ranked eighth with a deposit market share of 4.9 percent. The bank competes with these institutions, as well as credit unions, for small business loans and small farm loans.

Significant home mortgage loan competition also exists in the assessment area. Aggregate HMDA lending data for 2020 reflected 123 lenders reporting 1,483 home mortgage loans in the assessment area. Of these institutions, Frontier Bank ranked sixth with a mortgage market share of 4.8 percent.

Credit and Community Development Needs and Opportunities

Considering information from bank management, demographic data, and economic data, examiners concluded that small farm loans represent the Madison Nonmetropolitan Assessment Area’s primary credit need, while commercial and home mortgage loans represent secondary credit needs. Furthermore, community development needs exist related to affordable housing, economic development, and revitalizing/stabilizing moderate-income census tracts.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN MADISON
NONMETROPOLITAN ASSESSMENT AREA**

LENDING TEST

Frontier Bank demonstrated reasonable performance under the Lending Test in the Madison Nonmetropolitan Assessment Area. While poor performance was noted under the Geographic Distribution criterion, excellent performance under the Borrower Profile criterion raised overall performance of a reasonable level.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Madison Nonmetropolitan Assessment Area. While small farm lending performance was reasonable, it did not overcome poor small business and home mortgage lending performance in forming this conclusion.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Although the bank did not originate any loans to farms in moderate-income census tracts, only 8.2 percent of farms are located in those tracts. The two moderate-income census tracts are located within the town of Norfolk, Nebraska. Therefore, the bank’s performance is still reasonable. The following table provides details.

Geographic Distribution of Small Farm Loans Assessment Area: Madison Nonmetropolitan					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	8.2	0	0.0	0	0.0
Middle	71.1	54	94.7	6,775	93.9
Upper	20.7	3	5.3	438	6.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	57	100.0	7,213	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The bank’s performance significantly lagged the demographic data. The following table provides details.

Geographic Distribution of Small Business Loans Assessment Area: Madison Nonmetropolitan					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	24.6	7	14.0	687	21.6
Middle	53.1	40	80.0	2,205	69.3
Upper	22.4	3	6.0	290	9.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	50	100.0	3,182	100.0
<i>Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area. The bank’s performance significantly lagged the demographic data. The following table provides details.

Geographic Distribution of Home Mortgage Loans Assessment Area: Madison Nonmetropolitan						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	13.2	10.8	4	5.3	369	3.2
Middle	59.9	51.4	51	68.0	7,297	63.1
Upper	26.9	37.8	20	26.7	3,896	33.7
Total	100.0	100.0	75	100.0	11,562	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels in the Madison Nonmetropolitan Assessment Area. Excellent small farm and home mortgage lending performance primarily supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different sizes. All 19 small farm loans were originated to farms with gross annual revenues of \$1 million or less. D&B data for 2021 indicates 98.9 percent of farms fall within that revenue category.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The percentage, by number, of small business loans to businesses with gross annual 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 Assessment Area: Madison Nonmetropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	77.5	14	82.4	738	70.0
>\$1,000,000	6.4	3	17.6	317	30.0
Revenue Not Available	16.1	0	0.0	0	0.0
Total	100.0	17	100.0	1,055	100.0

*Source: 2021 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels. The bank’s performance exceeded the aggregate performance data for low-income borrowers and significantly exceeded the aggregate performance data for moderate-income borrowers, reflecting excellent performance. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Madison Nonmetropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.1	3.3	4	5.3	691	6.0
Moderate	16.9	20.8	24	32.0	2,773	24.0
Middle	23.9	21.3	16	21.3	1,803	15.6
Upper	39.1	36.5	25	33.3	5,072	43.9
Not Available	0.0	18.1	6	8.0	1,224	10.6
Totals	100.0	100.0	75	100.0	11,562	100.0

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

COMMUNITY DEVELOPMENT TEST

Frontier Bank demonstrated adequate responsiveness to the community development needs of the Madison Nonmetropolitan Assessment Area. The quantity and responsiveness of community development loans, qualified investments, and qualified services primarily supports this conclusion.

Community Development Loans

The bank originated 106 community development loans totaling approximately \$3.5 million in the Madison Nonmetropolitan Assessment Area since the prior evaluation. The loans were particularly responsive to the assessment area’s economic development needs as a majority of loans, by number and dollar volume, promoted economic development. The following table illustrates the community development loans by year and purpose.

Madison 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)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	8	1,123	1	16	9	1,139
2021	0	0	0	0	95	2,306	2	33	97	2,339
2022 YTD	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	103	3,429	3	49	106	3,478

Source: Bank Data

The following is a notable example of the bank’s community development loans in the Madison Nonmetropolitan Assessment Area.

- The bank originated a loan totaling \$1.0 million to local economic development organization to finance the development of an industrial business district.

Qualified Investments

The bank made 17 qualified investments totaling approximately \$23,100 in the Madison Nonmetropolitan Assessment Area. No equity investments were noted. In addition, the majority of charitable donations, by number and dollar volume, provided community services to low- and moderate-income individuals. The following table illustrates the qualified investments by purpose.

Madison 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	0	0	0	0
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022 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	2	<1	14	22	0	0	1	<1	17	23
Total	2	<1	14	22	0	0	1	<1	17	23
<i>Source: Bank Data</i>										

The following is a notable example of the bank’s community development donations in the Madison Nonmetropolitan Assessment Area.

- The bank made eight donations totaling \$11,350 to local schools. The schools have a majority of students who qualify for free- or reduced-price lunch.

Community Development Services

Bank personnel provided 18 instances of financial expertise or technical assistance to community development organizations in the Madison Nonmetropolitan Assessment Area. The majority of services were with organizations that provide community services to low- and moderate-income individuals. The following table illustrates the bank’s community development services by year and purpose.

Madison Metropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	5	2	0	7
2020	0	2	2	0	4
2021	0	2	2	0	4
2022 YTD	0	1	2	0	3
Total	0	10	8	0	18
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services in the Madison Nonmetropolitan Assessment Area.

- An employee served as a Board member for a local economic development organization.
- Three employees provided financial literacy education to local schools. The schools served have a majority of students who qualify for free- or reduced-price lunch.

In addition, Frontier Bank operates one branch and one ATM in a moderate-income census tract in the assessment area.

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.

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. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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.