

**ANNUAL REPORT TO THE FIRSTIER BANK BOARD OF DIRECTORS  
CRA (COMMUNITY REINVESTMENT ACT)  
February 2024 (as of 12-31-23)**

**Program Overview**

An analysis of the percentage of loans by number and by volume in our assessment area as well as outside of our assessment area was completed. A comparison of year over year change by dollars and number of loans is below.

Loan % Inside Assessment Area:		Loan % Outside Assessment Area
2023	93%	7%
2022	94%	6%
2021	79%	21%
2020	79%	21%

A CRA self-assessment was conducted and the program is found to be **LOW SATISFACTORY**. Please find the self-assessment as an attachment to this report.

**Recommendations**

There are three recommendations noted in the self-assessment. It is recommended that the Bank purchase CRA qualifying investments. It is also recommended that the Bank look to build their community development loan portfolio. Lastly, it was recommended that the Senior Management with the Board create a CRA strategic plan for the next three years.

**Highlights from Self-Assessment**

**Lending Test: LOW SATISFACTORY**

- The bank's loan-to-deposit ratio was **REASONABLE**, with an average loan-to-deposit ratio of **96%** for 2023 and an average loan-to-deposit ratio of **94%** for 2022.
- The **MAJORITY** of loans were made in the assessment area as **93%** of the total number of loans are originated within the assessment area. Those outside of the assessment area are mostly those in surrounding areas.
- The distribution of loans to businesses of different sizes was **REASONABLE**. Based on a statistical sample of all commercial and farm loans (farm operating and farmland) it was noted that a **MAJORITY** of small business loans with an annual revenue of less than \$1 million was at **77%** and small farm loans with an annual revenue of less than \$1 million was **80%**. In 2022, we originated **85%** to small businesses with an annual revenue of less than \$1 million and **93%** to small farms with an annual revenue of less than \$1 million.
- The geographic distribution of loans in the assessment area was **SATISFACTORY** at 9% to low-moderate income based on geographic distribution, 77% to middle income based on geographic

distribution, and 14% to upper income based on geographic distribution. In our assessment area, 28% are low to moderate income, 41% are middle income and 29% are upper income. There is 2% unclassified. We service 7 tracts that are labeled distressed or underserved.

#### **Investment Test: LOW SATISFACTORY**

- Bank does currently has one qualified investment and a handful of applicable donations. This investment was in Denver County which is one of the bank's assessment areas. It was to help fund a multifamily complex for low to moderate income individuals. Bond was for \$500,000. Donations increased by almost **55%** since 2022. The bank will continue to pursue CRA qualified investments in 2024.
- Bank does **NOT** have any innovative or complex qualified investments.
- The Bank does have a **REASONABLE** responsiveness to credit and community development needs.

#### **Service Performance: SATISFACTORY**

- The Bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas.
- The opening or closing of branches have not had any adverse effect on its delivery systems and is **SATISFACTORY**.
- The Bank's services do not vary in a way that inconveniences its assessment areas which is **SATISFACTORY**.
- The Bank has a **SATISFACTORY** level of community development services. We have an e-banking checking account that has limited fees that can be beneficial to low-to-moderate income individuals. We also have a branch (Upton) located in a moderate-income tract and serves as the only bank in that tract. DT Cheyenne is also located in a moderate-income tract but is not the only bank within that tract. We also offer mobile and online banking services as well as mobile deposits. Bank also added Zelle which is a payment transfer system to their services in 2023. Bank still provides telephone banking services as well that allows the customer ease to check balances and information.

#### **Community Development Test: LOW SATISFACTORY**

- The bank did not have any community development loans. We had a participation for Kimball County Hospital to help build a hospital and advance the community.
- The bank does have one qualified investment as well as a few qualifying donations.
- The bank has limited community development services, but it does have a few including low fee checking account and mobile/online banking including mobile deposit and Zelle.

The bank is working towards more community involvement to meet the needs of the community. The Bank plans on making more qualified investments in 2024 as well as the Bank hopes to build their community development loan portfolio. Kearney and Kimball are working on implementing a program at

a local school that will run a mini “branch” to teach kids the value of saving. Kimball’s will be in a Title 1 school which has a larger percentage of low to moderate income children.

Please refer to the CRA Self-Assessment for a full look at the current CRA program.

### **Notice in Branches**

The Community Reinvestment Act Notice is posted in each branch and is in compliance with the regulation by using the model language provided in the regulation.

### **Public File**

The CRA public file was updated in January 2024 and a review was conducted to ensure all required information was included. The file is digital and is available to all branches. This ensures each branch has current and accurate information to present to customers who request to see the CRA file. Per the new CRA rule, public files will need to be placed on the bank’s website. Compliance is working with IT to get this accomplished.

A review of the Fair Lending Program in June 2023 was conducted and no evidence of discrimination by race, sex, or income was noted. The bank lending staff does consistently grade loan applicants and decisions are made based solely on credit-worthiness. All denials and withdrawals are reviewed by the Compliance department. These are constantly monitored for any evidence of suspected disparate lending practices.

FirsTier Bank is considered to be an “Intermediate Small Institution” under the Community Reinvestment Act as of 12/31/19. Any bank with assets of at least \$600 million and less than \$2 billion as of December 31 of both of the prior two calendar years is considered to be an Intermediate Small Bank (ISB). The record keeping requirements and CRA evaluations are significantly elevated for ISB banks.

Submitted by: *Erin Young, Director of Compliance*