

**ANNUAL REPORT TO THE FIRSTIER BANK BOARD OF DIRECTORS
CRA (COMMUNITY REINVESTMENT ACT)
January 2025 (as of 12-31-24)**

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
2024	93%	7%
2023	93%	7%
2022	94%	6%
2021	79%	21%

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

Recommendations

There are four recommendations noted in the self-assessment:

- It is recommended that if the bank keeps opening branches in Colorado, they will need to have better penetration numbers as well as substantial community development loans as they are currently below their peers in those markets.
- It is recommended that the bank targets more community development loans within the remaining 13% moderate income tracts within Laramie County. This was also a recommendation by the FDIC.
- It is recommended that the bank continues to build their loan portfolio of community development loans.
- It is recommended that Senior Management and the Board of Directors formalize a CRA Strategic Plan for the next three years to help ensure the institution is staying on track.

Highlights from Self-Assessment

Lending Test: SATISFACTORY

- The bank's loan-to-deposit ratio was **REASONABLE** but was higher than previous years with an average loan-to-deposit ratio of **98%** for 2024 and an average loan-to-deposit ratio of **96%** for 2023. The loan to deposit ratio has steadily increased since 2017. The last few years have been higher than what the bank has previously experienced.
- The **MAJORITY** of loans were made in the assessment area as **92%** 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 **81%** and small farm loans with an annual revenue of less than \$1 million was **84%**. In 2022, we originated **80%** to small businesses with an annual revenue of less than \$1 million and **77%** to small farms with an annual revenue of less than \$1 million.
- The geographic distribution of loans in the assessment area was **SATISFACTORY** at 11% to low-moderate income based on geographic distribution, 64% to middle income based on geographic distribution, and 4% to upper income based on geographic distribution. The bank increased the amount of loans made within the upper census tracts and reduced their penetration within middle income tracts due to changes of tracts within their assessment area, including the Elm Creek branch. In our assessment area, 29% are low to moderate income, 38% are middle income and 30% are upper income. There are 2% unclassified. We service 7 tracts that are labeled distressed or underserved.

The bank penetrated 93% of the census tracts within their assessment area in Wyoming. There was 13% of moderate-income census tracts that were not penetrated within the Wyoming assessment area. Within Nebraska, the bank penetrated 82% of the census tracts within the Nebraska assessment area. There was 50% of low-income census tracts missed, 25% of moderate, and 10% of middle. The bank did far worse in the Colorado assessment areas with only penetrating 7% of the census tracts within the assessment area.

Investment Test: SATISFACTORY

- The bank currently has 8 qualified investments and a handful of applicable donations. Investments made to Denver City & County Housing Authority, Nebraska Finance Authority. Laramie County for the hospital and a water bond for Holdrege, which are in the bank's assessment areas. Bonds were to help low to moderate income individuals. Bonds around \$2.135 million total. Donations increased by almost **3 times the amount** 2024 with a total of \$73,115 at year end. The bank will continue to pursue CRA qualified investments in 2025.
- 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 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 better with community development loans in 2024. There were 21 affordable housing loans made, 16 economic development loans, and 19 revitalize/stabilize loans were made throughout the bank with Kimball, Kearney, and Upton being the biggest contributors which is consistent from the last FDIC exam.
- The bank has 8 qualified investments that help low to moderate income individuals within the bank's assessment areas as well as a huge increase in qualifying donations.
- The bank has a handful community development services including a financial literacy branch located in a title 1 school in an underserved census tract and have conducted some financial literacy courses in other title 1 schools or other schools located in moderate census tracts.

The bank is working towards more community involvement to meet the needs of the community. The Bank plans on making more qualified investments in 2025 as well as continuing to build their community development loan portfolio. Elm Creek is working on implementing a program at a local school that will run a mini "branch" to teach kids the value of saving and 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 2025 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. The public file is also posted on the bank's website and available to anyone who wishes to review it.

A review of the Fair Lending Program in June 2024 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 creditworthiness. 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*