

# **PUBLIC DISCLOSURE**

July 16, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Pathway Bank  
Certificate Number: 1992

306 High Street  
Cairo, Nebraska 68824

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 (AAs), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory performance under the Lending Test supports the rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AAs' credit needs.
- The bank made a majority of its small business, small farm, and home mortgage loans inside its AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and borrowers of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated May 30, 2012, to the current evaluation dated July 16, 2018. Examiners used Interagency Small Institution Examination Procedures to evaluate Pathway Bank's CRA performance. The evaluation does not include any lending activity performed by affiliates. Examiners evaluated the bank's performance based on the following criteria.

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Pathway Bank maintains a single AA comprised of the following Nebraska counties: Buffalo, Garfield, Hall, Howard, Sherman, and Valley. Hall and Howard Counties are located in the Grand Island, Nebraska Metropolitan Statistical Area (MSA) and the remaining four counties are not part of a MSA. The bank operates four offices in Hall (2), Garfield (1), and Valley (1) Counties. Examiners evaluated the bank's CRA performance using two separate AAs: 1) Grand Island MSA and 2) Non-MSA. This is because the CRA regulation requires regulators to analyze an institution's performance within MSA and non-MSA areas separately. Further, the regulation requires that AAs do not extend substantially beyond a MSA. The Grand Island MSA AA consists of Hall and Howard Counties and is referred to as the "Grand Island MSA AA" throughout the remainder of this evaluation. The Non-MSA AA consists of Buffalo, Garfield, Sherman, and Valley Counties and is referred to as the "Non-MSA AA" throughout the remainder of this evaluation. Examiners performed full-scope reviews on both AAs.

### Loan Products Reviewed

Agricultural loans, including loans secured by farmland, are the bank's largest loan category, representing 66.6 percent of total loans according to the March 31, 2018 Consolidated Report of Condition and Income (Call Report). Commercial loans, including commercial real estate loans, are the second largest category, representing 22.9 percent of total loans. Home mortgage loans represent 6.7 percent of total loans, consumer loans represent 2.0 percent, and other categories represent less than 1.0 percent.

Based on the above, examiners concluded that small farm, small business, and home mortgage loans are the bank's major product lines and selected them for review. No other loan types, such as consumer loans, represent a major product line. Therefore, examiners did not review any other products, as they provide no material support for conclusions.

Examiners randomly sampled small farm and small business loans originated or purchased between January 1, 2017, and December 31, 2017, for both the Grand Island MSA and Non-MSA AAs. Examiners also reviewed all home mortgage loan originations reported on the bank's 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for

both AAs. The bank did not report HMDA data for 2017 since it was exempt based on volume. Table 1 below details the loan products reviewed.

Table 1 - Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business				
Grand Island MSA AA	43	3,243	27	1,346
Non-MSA NE AA	56	3,846	28	2,324
Small Farm				
Grand Island MSA AA	53	4,953	34	3,177
Non-MSA NE AA	134	11,531	36	3,206
Home Mortgage				
2016	67	15,151	67	15,151
Source: Bank Records from 1/1/2016 through 12/31/2017.				

Examiners weighted the number and dollar volume of loans equally when evaluating the Assessment Area Concentration criterion. Conversely, examiners placed more weight on the number of loans than the dollar volume of loans when evaluating the Borrower Profile and Geographic Distribution criteria. This is because the number of loans is a better indicator of the borrowers and geographies served. Additionally, examiners placed the most weight on small farm loans, followed by small business loans, and home mortgage loans. The weightings were based on the bank's dollar volume of agricultural, commercial, and home mortgage loans. Lastly, each AA received equal weight in the evaluation since the bank performs significant lending and maintains the same number of offices in each AA.

## DESCRIPTION OF INSTITUTION

### Background

Pathway Bank is headquartered in Cairo, Nebraska. Pathway Bancorp, a one-bank holding company, controls 100 percent of the bank's stock. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated May 30, 2012, based on Interagency Small Institution Examination Procedures.

### Operations

Pathway Bank operates four branches in the following Nebraska communities: Burwell, Cairo, Grand Island, and Ord. The bank has not opened or closed any branches since the previous evaluation. The institution offers traditional loan products including agriculture, commercial, home mortgage, and consumer loans. In addition, the bank offers multiple deposit products including checking, savings, individual retirement accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and five banked-owned automated teller machines (ATMs), three of which accept deposits.

### Ability and Capacity

Assets totaled approximately \$163 million as of March 31, 2018, and included total loans of \$127 million. The bank's lending concentration has not changed materially since the previous evaluation, with the exception of consumer loans. Consumer lending comprised approximately 6.0 percent of total loans at the previous evaluation, and now comprises approximately 2.1 percent. Table 2 details the bank's loan portfolio.

Table 2 - Loan Portfolio Distribution as of 3/31/2018

Loan Category	\$(000s)	%
Construction and Land Development	2,180	1.7
Secured by Farmland	47,010	37.0
1-4 Family Residential	7,135	5.6
Multi-family (5 or more) Residential	1,359	1.1
Commercial Real Estate	15,823	12.5
<b>Total Real Estate Loans</b>	<b>73,507</b>	<b>57.9</b>
Commercial and Industrial	13,170	10.4
Agricultural	37,615	29.6
Consumer	2,602	2.0
Other	151	0.1
<b>Total Loans</b>	<b>127,045</b>	<b>100.0</b>

Source: Reports of Condition and Income

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

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. As previously, Pathway Bank maintains a single AA. However, examiners evaluated the bank's CRA performance using two separate AAs: (Grand Island MSA and Non-MSA). This is because the CRA requires regulators to analyze an institution's performance within MSA and non-MSA areas separately. Further, the CRA states that AAs may not extend substantially beyond a MSA. Examiners performed full-scope reviews for both the Grand Island MSA and Non-MSA AAs. The following sections provide demographic and economic information on each AA.

### **Grand Island MSA AA:**

#### **Economic and Demographic Data**

The Grand Island MSA AA consists of Hall and Howard Counties, which contain 16 census tracts (CTs). The 2010 U.S. Census income designations for these CTs were as follows: one moderate-income, 12 middle-income, and three upper-income. The CTs' income designations shifted considerably with the release of the 2015 American Community Survey (ACS). The current income designations are below.

- 4 moderate-income tracts
- 6 middle-income tracts
- 6 upper-income tracts

Table 3 provides select demographic characteristics on the Grand Island MSA AA based on the 2015 ACS and 2017 D&B data.

Table 3 -- Demographic Information of the Assessment Area						
Assessment Area: Grand Island MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	25.0	37.5	37.5	0.0
Population by Geography	67,139	0.0	31.8	36.0	32.2	0.0
Housing Units by Geography	26,976	0.0	29.6	38.0	32.5	0.0
Owner-Occupied Units by Geography	15,926	0.0	25.6	37.3	37.2	0.0
Occupied Rental Units by Geography	9,067	0.0	37.6	36.8	25.6	0.0
Vacant Units by Geography	1,983	0.0	25.0	48.7	26.3	0.0
Businesses by Geography	4,160	0.0	24.7	39.8	35.5	0.0
Farms by Geography	506	0.0	7.1	40.3	52.6	0.0
Family Distribution by Income Level	16,498	19.5	18.7	23.5	38.3	0.0
Household Distribution by Income Level	24,993	23.4	17.5	21.3	37.8	0.0
Median Family Income MSA - 24260 Grand Island, NE MSA		\$58,820	Median Housing Value			\$125,172
			Median Gross Rent			\$662
			Families Below Poverty Level			11.3%
Source: 2015 ACS Census and 2017 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.						

As illustrated above, the AA has a population of 67,139 according to the 2015 ACS Data. This represents a 3.5 percent increase from the 2010 U.S. Census, when the AA's population was 64,881. According to the 2015 ACS data, the AA's largest communities are Grand Island (population 50,895), Saint Paul (2,285), Wood River (1,436), Shelton (1,113), and Doniphan (1,010). The AA's remaining communities all have populations less than 1,000.

According to the 2017 D&B data, the Grand Island MSA AA contains 4,160 non-farm businesses. Gross annual revenues (GARs) for these businesses are below.

- 76.1 percent have \$1 million or less
- 7.4 percent have more than \$1 million
- 16.5 percent have unknown revenues



In addition, 2017 D&B data indicated that the AA contains 506 farms. GARs for these farms are below.

- 96.4 percent have \$1 million or less
- 2.4 percent have more than \$1 million
- 1.2 percent have unknown revenues

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by GAR.

Services industries represent the largest portion of businesses at 38.0 percent; followed by retail trade (15.8 percent) and agriculture, forestry and mining (10.8 percent). In addition, 68.2 percent of AA's businesses have four or fewer employees, and 83.0 percent operate from a single location.

Examiners used the Federal Financial Institution Examination Council's (FFIEC's) estimated 2016 median family income for the Grand Island MSA to analyze home mortgage loans under the Borrower Profile criterion. Table 4 presents these income figures and the respective low-, moderate-, middle-, and upper-income categories.

Table 4 - Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Grand Island, NE MSA Median Family Income (24260)				
2016 (\$57,800)	<\$28,900	\$28,900 to <\$46,240	\$46,240 to <\$69,360	≥\$69,360
Source: FFIEC Due to rounding, totals may not equal 100.0				

According to the 2015 ACS data, the Grand Island MSA AA contains 26,976 housing units, which is an increase of 3.0 percent from the 2010 U.S. Census when the AA contained 26,184 housing units. Of the housing units, 59.0 percent are owner-occupied, 33.6 percent are occupied rental units, and 7.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The Grand Island MSA AA's economy is generally healthy, as reflected by its low unemployment figures. Table 5 details the unemployment rates for the counties in the AA from 2015 to May 2018 and compares them to the state of Nebraska and nation as a whole. The unemployment rates for Hall and Howard Counties are slightly lower than the national average, and comparable to the state average.

Table 5 - Unemployment Rates				
Area	2015	2016	2017	May 2018
	%	%	%	%
Hall County, NE	3.9	3.7	3.4	3.0
Howard County, NE	3.7	3.3	3.1	2.7
Nebraska	3.0	3.1	2.9	2.8
National Average	5.3	4.9	4.4	3.8
<i>Source: Bureau of Labor Statistics</i>				

### Competition

Pathway Bank faces strong competition for financial services within the Grand Island MSA AA. According to the FDIC Deposit Market Share data as of June 2017, there were 18 financial institutions operating 43 offices in the AA. Of these institutions, Pathway Bank ranked sixth with a 4.2 percent deposit market share.

There is also strong competition for home mortgage loans among area banks, credit unions, and non-depository mortgage lenders. HMDA aggregate data for 2016 show 122 lenders reported 1,912 home mortgage loans in the AA. Pathway Bank ranked 11<sup>th</sup> out of this group of lenders, with a market share of 1.9 percent by number of loans.

### Community Contact

Examiners conducted a community contact for the Grand Island MSA AA as part of this evaluation. Regulatory agencies conduct community contacts to better understand the AA's credit needs and demographics. According to the contact, Grand Island's economy is healthy and expanding. Although the agricultural sector is in the midst of a downturn, other economic sectors are doing well. Major employers are agricultural manufacturing businesses, hospitals, and school districts. A large egg hatching facility also recently opened, which receives 24 million eggs from 11 feeder barns in the area. The contact indicated that there has been an uptick in housing availability, mainly from new construction and retirees moving into assisted living communities. Per the contact, the local financial institutions appear to be meeting the community's credit needs. Some newer businesses are in need of capital, which is difficult to obtain due to the risk involved with start-up companies. Lastly, the contact indicated that the downturn in the agricultural sector has affected the local banks' ability to originate farm loans.

### Credit Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm loans are the AA's primary credit need, followed by small business loans. Home mortgage and consumer loans represent additional credit needs, particularly in Grand Island.

## Non-MSA AA:

### **Economic and Demographic Data**

The non-MSA AA includes all of Buffalo, Garfield, Sherman, and Valley Counties. The income designations of these CTs according to the 2010 U.S. Census are as follows: 1 moderate-income, 10 middle-income, and 4 upper-income. The CTs' income designations shifted slightly with the release of the 2015 ACS data. The current income designations are below.

- 2 moderate-income tracts
- 9 middle-income tracts
- 4 upper-income tracts

Four of the 15 CTs are underserved middle-income nonmetropolitan geographies. Table 6 provides select demographic characteristics on the Non-MSA AA based on the 2015 ACS and 2017 D&B data.

Table 6 – Demographic Information of the Assessment Area						
Assessment Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	13.3	60.0	26.7	0.0
Population by Geography	57,252	0.0	14.1	52.8	33.0	0.0
Housing Units by Geography	24,934	0.0	11.2	57.6	31.1	0.0
Owner-Occupied Units by Geography	14,731	0.0	7.1	57.4	35.4	0.0
Occupied Rental Units by Geography	7,798	0.0	19.2	51.4	29.5	0.0
Vacant Units by Geography	2,405	0.0	10.6	79.3	10.1	0.0
Businesses by Geography	4,116	0.0	6.5	62.9	30.5	0.0
Farms by Geography	720	0.0	1.7	76.4	21.9	0.0
Family Distribution by Income Level	14,229	15.4	16.2	22.8	45.5	0.0
Household Distribution by Income Level	22,529	21.9	15.7	18.0	44.4	0.0
Median Family Income Non-MSAs - NE		\$61,382	Median Housing Value			\$131,740
			Median Gross Rent			\$672
			Families Below Poverty Level			7.5%
Source: 2015 ACS Census and 2017 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.						

As illustrated above, the Non-MSA AA has a population of 57,252 according to the 2015 ACS data. This represents a 3.0 percent increase from the 2010 U.S. Census, when the AA's population was 55,563. According to 2015 ACS data, the AA's largest communities are Kearney (32,709), Ord (2,329), Gibbon (2,081), and Ravenna (1,514).

According to 2017 D&B data, the Non-MSA AA contains 4,116 non-farm businesses. GARs for these businesses are below.

- 77.3 percent have \$1 million or less
- 7.1 percent have \$1 million or more
- 15.6 percent have unknown revenues

In addition, 2017 D&B data indicated that the AA contains 720 farms. GARs for these farms are below.

- 96.8 percent have \$1 million or less
- 2.2 percent have more than \$1 million
- 1.0 percent have unknown revenues

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by GAR.

Services industries represent the largest portion of businesses at 38.0 percent; followed by retail trade (14.2 percent); and agriculture, forestry, and fishing (12.9 percent). In addition, 69.6 percent of Non-MSA AA's businesses have four or fewer employees, and 84.5 percent operate from a single location.

Examiners used the FFIEC's estimated 2016 median family income for nonmetropolitan Nebraska to analyze home mortgage loans under the Borrower Profile criterion. Table 7 presents these income figures and the respective low-, moderate-, middle-, and upper-income categories.

Table 7 – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
NE NA Median Family Income (99999)				
2016 (\$60,500)	<\$30,250	\$30,250 to <\$48,400	\$48,400 to <\$72,600	≥\$72,600
Source: FFIEC Due to rounding, totals may not equal 100.0				

According to the 2015 ACS data, the Non-MSA AA contains 24,934 housing units, which is a slight increase from the 2010 U.S. Census when the AA contained 24,309 housing units. Of the housing units, 59.1 percent are owner-occupied, 31.3 percent are occupied rental units, and 9.6 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The Non-MSA AA's economy is generally healthy as reflected by its unemployment figures. Table 8 details the unemployment rates for the counties in the AA from 2015 to May 2018 and compares them to the state of Nebraska and the nation as a whole. In general, the county unemployment rates are lower than the state of Nebraska and the nation.

Table 8 - Unemployment Rates				
Area	2015	2016	2017	May 2018
	%	%	%	%
Buffalo County	2.4	2.5	2.4	2.5
Garfield County	2.4	2.5	2.5	2.5
Sherman County	2.9	3.2	2.9	2.3
Valley County	2.8	2.8	2.7	2.6
Nebraska	3.0	3.1	2.9	2.8
National Average	5.3	4.9	4.4	3.6
<i>Source: Bureau of Labor Statistics</i>				

### Competition

Pathway Bank faces strong competition for financial services with the Non-MSA AA. According to the FDIC Deposit Market Share data as of June 2017, there were 22 financial institutions operating 42 offices inside the AA. Of these institutions, Pathway Bank ranked 16<sup>th</sup> with a 1.6 percent deposit market share.

There is also strong competition for home mortgage loans among area banks, credit unions, and non-depository mortgage lenders. HMDA aggregate data for 2016 show 109 lenders reported 1,361 home mortgage loans in the Non-MSA AA. Pathway Bank ranked 12<sup>th</sup> out of this group of lenders, with a market share of 1.3 percent by number of loans.

### Community Contact

Examiners conducted a community contact for the Non-MSA AA as part of this evaluation. Regulatory agencies conduct community contacts to better understand the AA's credit needs and demographics. According to the contact, Valley County's economy is good, but a decline in commodity prices has hurt. Although the majority of people in Valley County commute to Broken Bow for jobs, young entrepreneurs are moving in and opening businesses. School enrollment is increasing as well. The contact stated that Ord's population is younger than many other rural Nebraska communities. The major employers are hospitals, schools districts, and agricultural manufacturing businesses, including Green Plains, Incorporated which operates an ethanol plant in Ord. There has been an increase in housing availability, but the local housing stock is still weak overall. The new Rolling Hills subdivision has helped address this problem, but has not solved it. According to the contact, the local financial institutions all are meeting the community's credit needs and many consumers work with multiple banks to get the most favorable terms available.

### Credit Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm loans are the AA's primary credit need, followed by small business loans. Home mortgage and consumer loans represent additional credit needs, particularly in Kearney.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

#### Loan-to-Deposit Ratio

Pathway Bank's LTD ratio is reasonable given the institution's size, financial condition, and its AAs' credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 91.5 percent over the past 24 quarters from June 30, 2012, to March 31, 2018. The ratio ranged from a low of 73.0 percent as of March 31, 2013, to a high of 107.3 percent as of September 30, 2017.

Examiners compared Pathway Bank's average net LTD ratio to four similarly-situated financial institutions (SSFIs) to evaluate its reasonableness. SSFIs are defined as institutions operating in and around the AAs, with similar asset bases and product lines. Pathway Bank's net LTD ratio is substantially similar to most SSFIs and exceeded one SSFI. Table 9 compares Pathway Bank's average net LTD ratio to the four SSFIs.

Table 9 - Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/18 \$(000s)	Average Net LTD Ratio (%)
Pathway Bank, Cairo, NE	163,375	91.5
Bank of Doniphan, Doniphan, NE	106,894	90.4
First National Bank in Ord, Ord, NE	131,249	54.5
Town and Country Bank, Ravenna, NE	151,552	84.7
Citizens Bank & Trust Company, Saint Paul, NE	192,453	97.7
<i>Source: Reports of Condition and Income 6/30/12 through 3/31/18</i>		

#### Assessment Area Concentration

A majority of the bank's loans are located within its two AAs, reflecting reasonable performance. Examiners reviewed the small farm, small business, and home mortgage loan samples detailed within the "Scope of the Evaluation" to evaluate the bank's performance. Table 10 reflects the results of the review.

Table 10 - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	56	83.6	11	16.4	67	8,441	55.7	6,710	44.3	15,151
Subtotal	56	83.6	11	16.4	67	8,441	55.7	6,710	44.3	15,151
Small Business										
2017	46	83.6	9	16.4	55	2,767	75.4	903	24.6	3,670
Subtotal	46	83.6	9	16.4	55	2,767	75.4	903	24.6	3,670
Small Farm										
2017	56	80.0	14	20.0	70	5,355	83.9	1,028	16.1	6,383
Subtotal	56	80.0	14	20.0	70	5,355	83.9	1,028	16.1	6,383
Total	158	82.3	34	17.7	192	16,563	65.7	8,641	34.3	25,204
Source: Bank Data Home Mortgage Evaluation Period: 1/1/2016 - 12/31/2016 Small Business Evaluation Period: 1/1/2017 - 12/31/2017 Small Farm Evaluation Period: 1/1/2017 - 12/31/2017 Due to rounding, totals may not equal 100.0										

As shown above, 80.0 percent of the small farm loans, by number, and 83.9 percent by dollar amount were inside the AAs. Further, 83.6 percent of the small business loans, by number, and 75.4 percent by dollar amount were inside the AAs. Lastly, 83.6 percent of the home mortgage loans, by number, and 55.7 percent by dollar amount were inside the AAs. The results show that the majority of the bank's loans are within its AAs, reflecting reasonable performance.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Examiners based this conclusion on the institution's record of extending small farm, small business, and home mortgage loans in the AAs' moderate-income CTs. Regulatory personnel evaluated the bank's performance in both the Grand Island MSA and the Non-MSA AAs, placing equal weight on each AA. Additionally, examiners weighted the bank's small farm lending activities more heavily than its small business and home mortgage lending activities since agricultural loans represent the largest portion of the loan portfolio. Details are provided on the following pages.

### ***Small Farm Lending***

#### **Grand Island MSA AA:**

The geographic distribution of small farm loans in the Grand Island MSA AA is reasonable. Examiners reviewed the 34 sampled small farm loans located in the Grand Island MSA AA to evaluate the bank's performance. No small farm loans were located in the AA's moderate income CTs. Comparatively, the 2017 D&B data indicates that 7.1 percent of the Grand Island

MSA AA's farms are located in moderate income CTs. However, the Grand Island MSA AA's four moderate income CTs, based on the 2015 ACS, are all located inside the city of Grand Island. These CTs contains very few farm operations, greatly limiting the opportunity to extend small farm loans in these geographies. Based on the above, the geographic distribution of the bank's small farm loans in the Grand Island MSA AA is reasonable. Table 11 provides details.

Table 11 - Geographic Distribution of Small Farm Loans					
Assessment Area: Grand Island MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	7.1	0	0.0	0	0.0
Middle	40.3	14	41.2	1,045	32.9
Upper	52.6	20	58.8	2,131	67.1
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>3,176</b>	<b>100.0</b>
<i>Source: 2017 D&amp;B Data; 1/1/2017 - 12/31/2017 Bank Data.            Due to rounding, totals may not equal 100.0</i>					

#### Non-MSA AA:

The geographic distribution of small farm loans in the Non-MSA AA is reasonable. Examiners reviewed the 22 sampled small farm loans in the Non-MSA AA to evaluate the bank's performance. As stated previously, the AA contains two moderate-income CTs according to the 2015 ACS. Both CTs are located in the city of Kearney (Buffalo County), where numerous other financial institutions operate and Pathway Bank does not have a presence.

No small farm loans were located in the AA's two moderate income CTs. In comparison, 2017 D&B data indicates that 1.7 percent of the AA's farms were located in these CTs. However, since these two moderate-income CTs are located within the city of Kearney, small farm loan opportunities are limited. Further, Pathway Bank's primary lending focus in Buffalo County is not within the city of Kearney, but in the northern and eastern portions of the county, which are predominantly rural. Based on the above, the geographic distribution of small farm loans in the Non-MSA AA is reasonable. Table 12 provides details.



Table 12 - Geographic Distribution of Small Farm Loans					
Assessment Area: Non-MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	1.7	0	0.0	0	0.0
Middle	76.4	22	100.0	2,179	100.0
Upper	21.9	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	22	100.0	2,179	100.0
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

### ***Small Business Lending***

#### Grand Island MSA AA:

The geographic distribution of small business loans in the Grand Island MSA AA is reasonable. Examiners reviewed the 26 sampled small business loans in the Grand Island MSA AA to evaluate the bank's performance. The review revealed that 26.9 percent of the small business loans, by number, and 43.0 percent by dollar volume, were within the AA's four moderate income CTs. These figures substantially mirror the 2017 D&B data, which indicates 24.7 percent of the AA's businesses are located in moderate-income geographies. As a result, the bank's performance is reasonable. Table 13 provides details.

Table 13 - Geographic Distribution of Small Business Loans					
Assessment Area: Grand Island MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	24.7	7	26.9	556	43.0
Middle	39.8	5	19.2	167	12.9
Upper	35.5	14	53.8	571	44.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	26	100.0	1,294	100.0
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

#### Non-MSA AA:

The geographic distribution of small business loans in the Non-MSA AA is reasonable. Examiners reviewed the 20 sampled small business loans in the Non-MSA AA to evaluate the bank's performance. No small business loans were in the AA's two moderate income CTs. In comparison, 2017 D&B data indicates that 6.5 percent of the AA's businesses are located in

moderate income CTs. However, as stated previously, both of the Non-MSA AA's moderate income CTs are located in the city of Kearney. Again Pathway Bank does not have an office in Kearney, and its primary lending focus in Buffalo County is in the northern and eastern portions of the county, which are predominantly rural. Based on the above, the geographic distribution of the bank's small business loans in the Non-MSA AA is reasonable. Table 14 provides details.

Table 14 - Geographic Distribution of Small Business Loans					
Assessment Area: Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	6.5	0	0.0	0	0.0
Middle	62.9	20	100.0	1,473	100.0
Upper	30.5	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>1,473</b>	<b>100.0</b>
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0					

### *Home Mortgage Lending*

#### Grand Island MSA AA:

The geographic distribution of home mortgage loans in the Grand Island MSA AA is reasonable. Examiners reviewed the 38 sampled home mortgage loans in this AA to evaluate the bank's performance.

The 2010 U.S. Census indicated that the Grand Island MSA AA contained one moderate-income CT. Examiners evaluated the geographic distribution of the bank's 2016 mortgage loans based on the 2010 U.S. Census as this was the most current available information when the bank extended the loans. The percentage of mortgage loans in the AA's moderate-income CT lags the aggregate data. However, the AA contains only one moderate-income CT, and Pathway Bank extended one loan in this geography. Further, the bank faces heavy competition from Grand Island's numerous financial institutions, which serves as a mitigating factor as to why the bank lags the aggregate data. Considering these factors, the bank's performance is reasonable. Table 15 provides details.

Table 15 – Geographic Distribution of Home Mortgage Loans						
Assessment Area: Grand Island MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	0.0	0.0	0	0.0	0	0.0
Moderate						
2016	4.5	5.6	1	2.6	52	0.8
Middle						
2016	74.5	67.2	35	92.1	6,238	96.8
Upper						
2016	21.0	27.2	2	5.3	155	2.4
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	38	100.0	6,445	100.0
Source: 2010 U.S. Census; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Non-MSA AA:

The geographic distribution of home mortgage loans in the Non-MSA AA is reasonable. Examiners reviewed the 18 sampled home mortgage loans in this AA to evaluate the bank's performance. Table 16 shows the results.

Table 16 – Geographic Distribution of Home Mortgage Loans						
Assessment Area: Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	0.0	0.0	0	0.0	0	0.0
Moderate						
2016	4.5	5.0	0	0.0	0	0.0
Middle						
2016	63.1	52.2	17	94.4	1,820	91.2
Upper						
2016	32.4	42.8	1	5.6	176	8.8
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	18	100.0	1,996	100.0
Source: 2010 U.S. Census; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

As shown above, none of the home mortgage loans reviewed were in the Non-MSA AA's one moderate-income CT. In comparison, 2016 aggregate data shows that 5.0 percent of all home mortgage loans were in this CT, and 2010 U.S. Census data reveals 4.5 percent of owner-occupied housing units are located in this CT. While the bank's lending performance lags both demographic and aggregate data, several factors should be considered. First, the bank originated only 18 mortgage loans in the non-MSA AA in 2016, which is a limited volume of loans to draw any significant conclusions. Second, the moderate income CT is located in the city of Kearney. The CT is a considerable distance from Pathway Bank's closest office in Cairo, Nebraska. Third, the city of Kearney has numerous other financial institutions offering home mortgage loan, which increases competition. After considering these factors, the bank's performance is reasonable.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes. Examiners focused on the percentage of loans, by number, to businesses and farms with gross annual revenues of \$1 million or less. Examiners also focused on the percentage of home mortgage loans, by number, to low- and moderate-income borrowers.

Regulatory personnel evaluated the bank's performance in both the Grand Island MSA and the Non-MSA AAs, placing equal weight on each AA. Additionally, examiners weighted the bank's

small farm lending activities more heavily than its small business and home mortgage lending activities since agricultural loans represent the largest portion of the loan portfolio. Details are provided on the following pages.

### ***Small Farm Lending***

#### Grand Island MSA AA:

The distribution of borrowers in the Grand Island MSA AA reflects reasonable penetration among farms of different sizes. In drawing this conclusion, examiners analyzed the 34 sampled small farm loans located within the AA. Examiners categorized each agricultural borrower according to their gross annual farm revenues. Table 17 shows the results of this analysis.

<b>Table 17 - Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: Grand Island MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	96.4	28	82.4	1,858	58.5
>1,000,000	2.4	6	17.6	1,318	41.5
Revenue Not Available	1.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>3,176</b>	<b>100.0</b>
Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

As shown above, 82.4 percent of the small farm loans reviewed within the Grand Island MSA AA, by number, were to farmers with gross annual revenues of \$1 million or less. This lagged the 2017 D&B data, which indicates that 96.4 percent of the AA's farmers had gross annual revenues of \$1 million or less. Nonetheless, the bank's performance is still reasonable after considering mitigating factors. Specifically, the 2012 U.S. Census of Agriculture indicated that 29.3 percent of the AA's farmers had sales less than \$10,000, 41.0 percent had principal occupations other than farming, and 46.0 percent did not pay any interest. These all temper the shortfall in loans to smaller farmers as the D&B data includes these types of farms that are unlikely to contribute to small farm loan demand in the AA.

#### Non-MSA AA:

The distribution of borrowers in the Non-MSA AA reflects reasonable penetration among farms of different sizes. In drawing this conclusion, examiners analyzed the 22 sampled small farm loans located in the AA. Examiners categorized each agricultural borrower according to their gross annual farm revenues. Table 18 shows the results of this analysis.

Table 18 - Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Non-MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	96.8	21	95.5	1,779	81.6
>1,000,000	2.2	1	4.5	400	18.4
Revenue Not Available	1.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>2,179</b>	<b>100.0</b>
Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

As shown above, 95.5 percent of the small farm loans reviewed inside the Non-MSA AA, by number, were to farmers with gross annual revenues of \$1 million or less. The bank's lending performance to these farmers substantially mirrors 2017 D&B data, which reveals that 96.8 percent of the Non-MSA AA farms had gross annual revenues of \$1 million or less. Consequently, the bank's performance is reasonable.

### ***Small Business Lending***

#### Grand Island MSA AA:

The distribution of borrowers in the Grand Island MSA AA reflects excellent penetration among businesses of different sizes. As shown in Table 19, 92.3 percent of the small business loans reviewed inside the Grand Island MSA AA, by number, were to businesses with gross annual revenues of \$1 million or less. Comparatively, 2017 D&B data indicates that 76.1 percent of the AA's businesses reported gross annual revenues of \$1 million or less. The bank's record of lending to businesses with gross annual revenues of \$1 million or less significantly exceeds the AA's demographics, reflecting excellent performance.

Table 19 - Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Grand Island MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	76.1	24	92.3	1,251	96.7
>1,000,000					
2017	7.4	1	3.8	33	2.6
Revenue Not Available					
2017	16.5	1	3.8	10	0.8
<b>Totals</b>					
2017	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>1,294</b>	<b>100.0</b>
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

### Non-MSA AA:

The distribution of borrowers in the Non-MSA AA reflects reasonable penetration among businesses of different sizes. As shown in Table 20, 60.0 percent of the small business loans reviewed in the Non-MSA AA, by number, were to businesses with gross annual revenues of \$1 million or less. Comparatively, 2017 D&B data indicates that 77.4 percent of the AA's businesses reported gross annual revenues of \$1 million or less. The bank's record of lending to businesses with gross annual revenues of \$1 million lags AA demographics, but is reasonable after considering mitigating factors. First, the Ord market is saturated with several larger lenders that likely offer specialized loan programs, such as SBA loans that target smaller businesses. Secondly, 15.6 percent of businesses did not report revenue according to 2017 D&B data, and the revenues for these businesses are unknown. Lastly, the bank's Non-MSA AA offices are located in small rural communities, where small business loan opportunities are more limited. After considering these factors, the bank's distribution of borrowers in the Non-MSA AA reflects reasonable penetration among businesses of different sizes.

Table 20 - Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	77.4	12	60.0	459	31.2
>1,000,000					
2017	7.1	8	40.0	1,014	68.8
Revenue Not Available					
2017	15.6	0	0.0	0	0.0
Totals					
2017	100.0	20	100.0	1,473	100.0
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

### ***Home Mortgage Lending***

#### Grand Island MSA AA:

The distribution of borrowers in the Grand Island MSA AA reflects reasonable penetration among individuals of different incomes. In drawing this conclusion, examiners analyzed the 38 home mortgage loans that were located in this AA. Examiners categorized each borrower according to their income level.

As Table 21 illustrates, 2.6 percent of the home mortgage loans in 2016, by number, were to low-income borrowers, and 13.2 percent were to moderate-income borrowers. This compares reasonably to the 2016 aggregate data, which indicated that 5.1 percent of all reported home mortgage loans, by number, were to low-income borrowers and 16.2 percent were to moderate-income borrowers. 2010 U.S. Census data indicated that 17.7 percent of the AA's families are

low-income, and 18.5 percent are moderate-income. Examiners placed more weight on how the bank compared to the aggregate data since it represents all reported home mortgage loans inside the AA.

Table 21 – Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Grand Island MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	17.7	5.1	1	2.6	52	0.8
Moderate						
2016	18.5	16.2	5	13.2	591	9.2
Middle						
2016	24.8	19.4	4	10.5	662	10.3
Upper						
2016	39.0	35.7	10	26.3	4,162	64.6
Not Available						
2016	0.0	23.5	18	47.4	978	15.2
Totals						
2016	100.0	100.0	38	100.0	6,445	100.0
Source: 2010 U.S. Census ; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0						

#### Non-MSA AA:

The distribution of borrowers in the Non-MSA AA reflects excellent penetration among individuals of different incomes. In drawing this conclusion, examiners analyzed the 18 home mortgage loans that were located in this AA. Examiners categorized each borrower according to their income level. Table 22 shows the results of this analysis.



Table 22 – Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	17.6	5.1	3	16.7	133	6.7
Moderate						
2016	16.2	15.5	2	11.1	143	7.2
Middle						
2016	23.5	23.1	4	22.2	364	18.2
Upper						
2016	42.8	40.4	5	27.8	883	44.2
Not Available						
2016	0.0	15.9	4	22.2	473	23.7
Totals						
2016	100.0	100.0	18	100.0	1,996	100.0
Source: 2010 U.S. Census ; 1/1/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

As illustrated in Table 22, 16.7 percent of the home mortgage loans in 2016, by number, were to low-income borrowers, and 11.1 percent were to moderate-income borrowers. This compares favorably to the 2016 aggregate data, which indicated that 5.1 percent of all reported home mortgage loans, by number, were to low-income borrowers and 15.5 percent were to moderate-income borrowers. 2010 U.S. Census data indicated that 17.6 percent of the AA's families are low-income, and 16.2 percent are moderate-income. Examiners placed more weight on how the bank compared to the aggregate data since it represents all reported home mortgage loans inside the AA. The bank excellent performance is based on the fact that it significantly exceeded the aggregate data in lending to low-income borrowers.

#### Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## 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.

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

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

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

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

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

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

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

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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

## **Branch Locations and Hours**

### **Home Office**

306 S. High St.  
Cairo, NE 68824  
(Hall County, NE – Census Tract #0001.00)

#### **Lobby Hours:**

M-F 8:30am to 5:00pm  
Sat Closed

#### **Drive-Thru Hours:**

M-F 8:00am to 5:00pm  
Sat 8:30am to 11:00am

### **Ord Branch**

124 S. 14<sup>th</sup> St.  
Ord, NE 68862  
(Valley County, NE – Census Tract #9714.00)

#### **Lobby Hours:**

M-F 8:30am to 4:00pm  
Sat Closed

#### **Drive-Thru Hours:**

M-F 8:30am to 4:00pm  
Sat Closed

### **Burwell Branch**

817 H St.  
Burwell, NE 68823  
(Garfield County, NE – Census Tract #9732.00)

#### **Lobby Hours:**

M-F 8:00am to 4:00pm  
Sat Closed

#### **Drive-Thru Hours:**

M-F 8:00am to 4:00pm  
Sat Closed

### **Grand Island Branch**

3333 W. State St.  
Grand Island, NE 68803  
(Hall County, NE – Census Tract #0004.00)

#### **Lobby Hours:**

M-F 8:30am to 5:00pm

#### **Drive-Thru Hours:**

M-F 8:00am to 5:30pm  
Sat 8:30am to 11:00am

## **ATM LOCATIONS**

### **Cairo**

Pathway Bank  
306 S High Street  
Cairo, NE 68824

### **Ord**

Pathway Bank  
124 S 14th Street  
Ord, NE 68862

### **Burwell – both of these machines will be decommissioned by May 1, 2024**

#### **No receptacle for deposits, cash out only**

Trotter's Whoa N Go  
270 South Hwy 11  
Burwell, NE 68823

Shurfine Food Center  
805 G Street  
Burwell, NE 68823

### **Grand Island**

Pathway Bank  
3333 W State Street  
Grand Island, NE 68803

## **BRANCH OPENINGS / CLOSINGS**

No branches have closed in the last two years. The following is a new location.

### **Lexington**

#### **Loan Production Office – Opening April 1, 2024**

505 N Jackson St  
Lexington, NE 68850  
(Dawson County, NE – Census Tract #9681.00)

#### **Lobby Hours:**

M-F 10:00am to 2:00pm

#### **Drive-Thru Hours:**

No Drive-Thru

PATHWAY BANK  
CRA PUBLIC FOLDER  
SERVICES

**Deposit Products:**

Checking Accounts:

- Pathway Checking
- Pathway Plus NOW (Age 60 or older)
- Score-Four NOW
- Health Savings Account
- Business Checking Account
- Business NOW Account

Savings Accounts:

- Karat Money Market Account
- Pathway Savings
- Pathway Platinum Savings
- Pathway Christmas Club
- Business Savings
- Business Karat Money Market Account
- Pathway Business Platinum Savings

IRA's

- Traditional
- Roth
- SEP (Simplified Employee Pension Plan)
- Simple
- Education
- KEOGH

Certificate of Deposit

- Varies terms from 1 month to 5 years

VISA Gift Cards

- \$5.00 purchase fee

VISA Travel Card

- \$6.00 Card purchase & initial load fee
- \$4.95 Re-load fee
- Additional fees in the VISA agreement

Debit Cards

- \$6.95 Replacement Fee

Digital Banking

- Bill Payer Services
- Mobile Deposit
- ACH Origination
- Remote Deposit Capture
- Positive Pay

Cash Management – Business

Merchant Capture – Business  
(Electronic check image deposit)

Merchant Services

- Talus – provide machines and software to allow our customers to accept card payments

Credit Cards via TCM Bank

Mobile Wallet (ex: Apple Pay, Samsung Pay)



### Additional Fees

Consumer Account/Service	Fee
All Checking and Savings Accounts (except Pathway Plus account)	\$3.00 per statement cycle if customer request paper statements. E-statements are free.
Karat Money Market Account	\$3.00 per statement cycle if customer request paper statements. E-statements are free.
Pathway Money Market Account	\$3.00 per statement cycle if customer request paper statements. E-statements are free.
Score – Four <i>No ACH Credits</i> <i>Paper Statement</i>	\$2.00 per statement cycle \$3.00 per statement cycle
Health Savings Account	\$25.00 Set up fee \$2.00 HSA Monthly fee \$30.00 Transfer fee \$3.00 per statement cycle if customer request paper statements. E-statements are free.
Christmas Club Savings Account	No withdrawals or account will be closed Interest paid and checks cut on October 1 each year \$3.00 per statement cycle if customer request paper statements. E-statements are free.

Business Account/Service	Fee
Business Pathway Checking <i>Item Fee</i> <i>Service Charge</i>	\$0.10 per debit after 50 per statement cycle \$5.00 per statement cycle if average daily balance falls below \$500.00
Business Interest Checking	\$0.15 per check after 50 per statement cycle \$5.00 if balance falls below \$5,000 any day in the statement cycle
All Checking and Savings Accounts	\$3.00 per statement cycle if customer request paper statements. E-statements are free.
Business Karat Money Market Account	\$3.00 per statement cycle if customer request paper statements. E-statements are free.
Business Pathway Money Market Account	\$3.00 per statement cycle if customer request paper statements. E-statements are free.

Certificate of Deposit & IRA Terms	Early withdrawal Penalty
1 Month	1 Month Interest
2 Months	2 Months Interest
3 to 11 Months	3 Months Interest
12 to 23 Months	6 Months Interest
24 to 48 Months	12 Months Interest
60 Months and Greater	24 Months Interest

#### Other Products and Services:

Overdraft Protection Program  
Safe Deposit Boxes  
Wire Transfers  
Cashier's Checks  
Money Orders  
Credit Cards

**Lending Products:**

Ag/Operating Loans  
Commercial Loans  
Consumer Loans  
Real Estate Loans  
Home Equity Loans

**Insurance Products:**

Health	Life	Home
Auto	Farm	Commercial
Motorcycle	RV	Crop
Bonds	Umbrella	

*All insurance products are NOT A DEPOSIT ACCOUNT OR OTHER OBLIGATION of Pathway Bank. They are NOT GUARANTEED OR INSURED by Pathway Bank, the Federal Deposit Insurance Corporation (FDIC) or any federal government agency (except in the case of Federal Flood Insurance).*

**Pathway Bank**  
**Average Home Mortgage Fee Schedule**

Loan Origination Fees	\$650.00
Lender Closing Fee (NIFA Only)	\$150.00
Administration Fee (West Gate Only)	\$400.00
Appraisal Fee	\$425.00-\$800.00
Credit Report	\$21.50 TO \$150.00
Tax Service	\$84.00
Flood Certification	\$14.50-\$21.50
Fund Fee (NIFA Only)	\$400.00
Underwriting Fee	\$250.00 to \$400.00
Underwriting RUSH Fee (WGB)	\$250.00
Settlement Fee	\$300.00-\$500.00
Escrow Waiver Fee	.25% of loan amount
Owner's Title Insurance (Dependent on purchase price and loan amount)	\$75.00-\$2,155.00
Lender's Title Insurance (Dependent on purchase price and loan amount)	\$75.00-\$2,155.00
Any Required Title Insurance Endorsements	\$25.00 per endorsement
Closing Protection Letter (On Purchases Only)	\$25.00
Pest Inspection Fee	\$75.00-\$125.00
Processing Fee	\$400.00

# Common Features

(Limits and Fees)

Pathway Bank  
306 S High St  
Cairo, NE 68824  
(308) 485-4232

**The following fees may be assessed against your account and the following transaction limitations, if any, apply to your account:**

Cashier's Check Fee	\$4.00/check
Money Order Fee	\$3.00/check
Travel Card - Reloadable, Initial Purchase	\$6.00
Travel Card - Reloading Fee	\$4.95
Gift Card - Non-Reloadable	\$5.00
Temp Check Fee	\$.25 each
Check Cashing - Non-Customer	Checks < \$500 = \$5.00 fee; Checks > \$500 = \$10.00 fee
Coin Counting - Non-Customer	10% of total
Stop Pay Fee - All Items	\$20.00
Statement Copy - On Demand	\$3.00
Activity Journal	\$1.00/page
Undeliverable, Returned, Forward Mail	\$5.00/item
Dormant Fee	\$2.00/Month
Checking Account - An Account is Inactive if for one year, 12 months, there has been no deposits or withdrawals to the account.	
Garnishment Fee	\$30.00
Collections	\$30.00/item
Escheatment Fee	\$30.00
Photocopies	\$.25/page
Fax Services	\$1.00/page
Visa Debit Card - Replacement Card	\$6.95
Foreign ATM Transactions	\$2.50 each after 4 transactions
ATM Cash Withdrawals - Consumer	\$310.00/day

Visa Debit Card Transactions - Consumer	\$2,500.00/day
ATM Cash Withdrawals - Commercial	\$510.00/day
Visa Debit Card Transactions - Commercial	\$5,000.00/day
Visa Debit Card Transactions - Health Savings Account	\$2,500.00/day
Bounce (OD Item Charge)	\$30.00/item/representment
The categories of transactions for which an overdraft fee may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, representment, or other electronic means.	
Bounce Limit	\$150.00 max charge/day
The categories of transactions for which an overdraft fee may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, representment, or other electronic means.	
Nonsufficient Funds (NSF Item Chg-Paid)	\$30.00/item/representment
The categories of transactions for which an overdraft fee may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, representment, or other electronic means.	
Nonsufficient Funds (NSF Item Chg-Return)	\$30.00/item/representment
Bounce Protection - Consumer	\$30.00/item paid/representment
\$500.00 Bounce Limit	
Bounce Protection - Business	\$30.00/item paid/representment
\$1000.00 Bounce Limit	
Account Research and Reconciliation Service	\$20.00/hour; \$20.00 minimum charge
Manual, In-House, ACH Origination Setup	\$15.00
Manual, In-House, ACH Origination	\$5.00/item processed
Wire Transfer Fee Domestic	\$15.00/wire
Outbound (Wire To)	
Wire Transfer Fee International	\$50.00/wire
Outbound (Wire To)	
Imaged Statement on CDROM	\$25.00/year/account
Safe Deposit Rental Payment	\$16.00/year
Box Size 3X5	
Safe Deposit Rental Payment	\$25.00/year
Box Size 3X10	
Safe Deposit Rental Payment	\$20.00/year
Box Size 5X5	
Safe Deposit Rental Payment	\$30.00/year
Box Size 5X10	

Safe Deposit Rental Payment Box Size 10X10	\$40.00/year
Safe Deposit Box Replacement Key	\$25.00/key
Safe Deposit Box Drilling Fee	\$100.00
Safe Deposit Box Late Fee Every 30 days the box rent is past due a late fee will be assessed.	\$5.00 every 30 days
Currency Conversion Fee	1.00%
Cross-Border Fee The Currency Conversion Fee and the Cross-Border Fee will be assessed on transactions where the merchant is located outside the USA (International Transactions.)	1.00%



A map of Nebraska showing its county boundaries. The following counties are highlighted in light blue: Adams, Anderson, Arthur, Banner, Boone, Box Butte, Brown, Butler, Cheyenne, Colfax, Custer, Deuel, Douglas, Fillmore, Franklin, Gage, Hamilton, Harlan, Kearney, Keith, Kimball, Lancaster, Lincoln, Logan, Madison, McPherson, Morrill, Nance, Nemaha, Pawnee, Phelps, Pierce, Platte, Polk, Rock, Saline, Saunders, Scotts Bluff, Sherman, Seward, Thomas, Thayer, Trego, Turner, Valentine, Webster, York, and Zebulon.

State Code	State Name	County Code	County Name	Census Tract	Income
31	Nebraska	001	Adams	9654.00	Upper
31	Nebraska	001	Adams	9655.00	Middle
31	Nebraska	001	Adams	9656.00	Upper
31	Nebraska	001	Adams	9657.00	Middle
31	Nebraska	001	Adams	9658.00	Moderate
31	Nebraska	001	Adams	9659.00	Upper
31	Nebraska	001	Adams	9660.00	Moderate
31	Nebraska	001	Adams	9661.00	Low
31	Nebraska	001	Adams	9662.00	Middle
31	Nebraska	019	Buffalo	9689.00	Middle
31	Nebraska	019	Buffalo	9690.00	Middle
31	Nebraska	019	Buffalo	9691.00	Middle
31	Nebraska	019	Buffalo	9692.02	Upper
31	Nebraska	019	Buffalo	9692.03	Upper
31	Nebraska	019	Buffalo	9692.04	Upper
31	Nebraska	019	Buffalo	9693.00	Moderate
31	Nebraska	019	Buffalo	9694.00	Middle
31	Nebraska	019	Buffalo	9695.00	Middle
31	Nebraska	019	Buffalo	9696.00	Low
31	Nebraska	019	Buffalo	9697.00	Middle
31	Nebraska	041	Custer	9717.00	Middle
31	Nebraska	041	Custer	9718.00	Middle
31	Nebraska	041	Custer	9719.00	Middle
31	Nebraska	041	Custer	9720.00	Middle
31	Nebraska	041	Custer	9999.99	Middle
31	Nebraska	047	Dawson	9680.00	Middle
31	Nebraska	047	Dawson	9681.00	Middle
31	Nebraska	047	Dawson	9682.00	Middle
31	Nebraska	047	Dawson	9683.00	Moderate
31	Nebraska	047	Dawson	9684.00	Moderate
31	Nebraska	047	Dawson	9685.00	Middle
31	Nebraska	047	Dawson	9686.00	Upper
31	Nebraska	047	Dawson	9999.99	Middle
31	Nebraska	063	Frontier	9611.00	Middle
31	Nebraska	063	Frontier	9999.99	Middle
31	Nebraska	071	Garfield	9732.00	Middle
31	Nebraska	071	Garfield	9999.99	Middle
31	Nebraska	073	Gosper	9676.00	Middle
31	Nebraska	073	Gosper	9999.99	Middle
31	Nebraska	077	Greeley	9709.00	Middle
31	Nebraska	077	Greeley	9999.99	Middle
31	Nebraska	079	Hall	0001.00	Middle
31	Nebraska	079	Hall	0002.00	Moderate



31	Nebraska	079	Hall	0003.00	Middle
31	Nebraska	079	Hall	0004.00	Middle
31	Nebraska	079	Hall	0005.00	Middle
31	Nebraska	079	Hall	0006.00	Upper
31	Nebraska	079	Hall	0007.00	Moderate
31	Nebraska	079	Hall	0008.00	Upper
31	Nebraska	079	Hall	0009.00	Moderate
31	Nebraska	079	Hall	0010.00	Middle
31	Nebraska	079	Hall	0011.00	Middle
31	Nebraska	079	Hall	0012.00	Upper
31	Nebraska	079	Hall	0013.00	Middle
31	Nebraska	079	Hall	0014.00	Middle
31	Nebraska	081	Hamilton	9691.00	Middle
31	Nebraska	081	Hamilton	9692.00	Middle
31	Nebraska	081	Hamilton	9693.00	Upper
31	Nebraska	081	Hamilton	9999.99	Middle
31	Nebraska	093	Howard	9705.00	Middle
31	Nebraska	093	Howard	9706.00	Middle
31	Nebraska	093	Howard	9999.99	Middle
31	Nebraska	099	Kearney	9666.00	Middle
31	Nebraska	099	Kearney	9667.00	Middle
31	Nebraska	099	Kearney	9999.99	Middle
31	Nebraska	115	Loup	9728.00	Middle
31	Nebraska	115	Loup	9999.99	Middle
31	Nebraska	121	Merrick	9666.00	Middle
31	Nebraska	121	Merrick	9667.00	Middle
31	Nebraska	121	Merrick	9668.00	Middle
31	Nebraska	121	Merrick	9999.99	Middle
31	Nebraska	137	Phelps	9670.00	Middle
31	Nebraska	137	Phelps	9671.00	Middle
31	Nebraska	137	Phelps	9672.00	Middle
31	Nebraska	137	Phelps	9999.99	Middle
31	Nebraska	163	Sherman	9701.00	Middle
31	Nebraska	163	Sherman	9999.99	Middle
31	Nebraska	175	Valley	9713.00	Middle
31	Nebraska	175	Valley	9714.00	Middle
31	Nebraska	175	Valley	9999.99	Middle
31	Nebraska	183	Wheeler	9736.00	Middle
31	Nebraska	183	Wheeler	9999.99	Middle

## **LOAN TO DEPOSIT RATIO**

### **2023**

Quarter ending December 31, 2023	99.63%
Quarter ending September 30, 2023	101.41%
Quarter ending June 30, 2023	97.54%
Quarter ending March 31, 2023	93.24%

### **2022**

Quarter ending December 31, 2022	92.33%
Quarter ending September 30, 2022	94.11%
Quarter ending June 30, 2022	85.52%
Quarter ending March 31, 2022	93.92%

## **Loan To Deposit Ratio**

### **2021**

Quarter ending December 31, 2021	89.38%
Quarter ending September 30, 2021	88.67%
Quarter ending June 30, 2021	84.34%
Quarter ending March 31, 2021	82.47%

### **2020**

Quarter ending December 31, 2020	89.97%
Quarter ending September 30, 2020	93.39%
Quarter ending June 30, 2020	95.58%
Quarter ending March 31, 2020	106.14%

### **2019**

Quarter ending December 31, 2019	102.82%
Quarter ending September 30, 2019	99.94%
Quarter ending June 30, 2019	94.95%
Quarter ending March 31, 2019	94.22%

### **2018**

Quarter ending December 31, 2018	102.94%
Quarter ending September 30, 2018	105.13%
Quarter ending June 30, 2018	99.40%
Quarter ending March 31, 2018	95.90%

### **2017**

Quarter ending December 31, 2017	98.80%
Quarter ending September 30, 2017	107.25%
Quarter ending June 30, 2017	103.69%
Quarter ending March 31, 2017	99.66%

## 53533 Community Support Statement 2023 Compliance Result

Digital Signature is VALID ✓

From: Jennifer Bohnenkemper  
To: [jobermiller@pathwaybank.com](mailto:jobermiller@pathwaybank.com)  
Cc:  
Sent: 8/14/2023 10:14:39 AM

The Federal Housing Finance Agency (FHFA) has reviewed the Community Support Statement that your institution submitted on **July 28, 2023**. FHFA has determined that your institution is in compliance with the requirements of FHFA's Community Support Regulation (12 CFR part 1290), effective **August 2, 2023**.

Please direct all questions to [CommunitySupportProgram@FHLBTopeka.com](mailto:CommunitySupportProgram@FHLBTopeka.com).

**Jennifer Bohnenkemper**

FHLBank Topeka | HCD Community Programs and Records Specialist II

### **Home Mortgage Disclosure Act Notice**

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)). HMDA data for many other financial institutions are also available at this Web site.