

# **PUBLIC DISCLOSURE**

March 8, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Iowa State Bank  
RSSD# 982348

1101 Main Street  
Hull, Iowa 51239

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S RATING

**Iowa State Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

Iowa State Bank is meeting the credit needs of its community based on an analysis of lending and community development activities. The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition and assessment area credit needs. A majority of loans and other lending-related activities are in the bank's assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither Iowa State Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

The bank's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, qualified investments and donations, and community development services. This performance is appropriate considering the bank's capacity, need, and availability of such opportunities for community development in the bank's assessment area.

## SCOPE OF EXAMINATION

Iowa State Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). The evaluation was performed within the context of information about the institution and its assessment area including asset size, financial condition, competition, and economic and demographic characteristics.

The bank maintains one delineated assessment area in Non-Metropolitan Statistical Area (Non-MSA) Iowa, which includes Sioux, O'Brien, and Plymouth Counties in their entirety, and Cherokee County census tracts 0802 and 0803. At the previous evaluation, Plymouth County was delineated as a separate assessment area within the Sioux City, Iowa MSA; however, as a result of the Office of Management and Budget's (OMB) revised delineations of Metropolitan Statistical Areas (MSAs) for 2019, Plymouth County is no longer included in the Sioux City MSA and has been incorporated into Iowa State Bank's Non-MSA Iowa assessment area.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- **Loan-to-Deposit Ratio** – A 12 quarter average loan-to-deposit ratio (LTD) was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2018 to December 31, 2019, and a sample of small business and small farm loans originated from November 1, 2019 to October 31, 2020, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2018 to December 31, 2019, and a sample of small business and small farm loans originated within the assessment area, from November 1, 2019 to October 31, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank’s HMDA-reportable loans originated from January 1, 2018 to December 31, 2019, and a sample of small business and small farm loans originated within the assessment area, from November 1, 2019 to October 31, 2020, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments and donations, and community development services from December 19, 2017 to March 8, 2021, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and affordable housing.

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## DESCRIPTION OF ASSESSMENT AREA

Iowa State Bank, chartered in Hull, Iowa, operates within one intrastate assessment area (AA) that consists of Non-MSA IA (Sioux, O'Brien, and Plymouth Counties in their entirety, and Cherokee County census tracts 0802 and 0803). The delineated AA has not changed since its previous evaluation. However, at that time it consisted of two separate AAs as the OMB previously designated Plymouth County as part of the Sioux City, IA MSA #43580. Plymouth County is now part of non-metropolitan Iowa.

The assessment area consists of 19 census tracts including one moderate-, 13 middle-, and five upper-income tracts. There are no majority-minority census tracts included. According to 2020 FFIEC data, five middle-income census tracts are designated underserved based on their remote rural location, all of which are located in Sioux County (0701, 0702, 0703, 0704 and 0707).

## DESCRIPTION OF INSTITUTION

Iowa State Bank is a subsidiary of Vogel Bancshares, Inc., a one-bank holding company located in Orange City, Iowa. Iowa State Bank maintains total assets of \$728.6 million as of December 31, 2020. While the bank is chartered in Hull, Iowa, it operates its main office in Orange City, Iowa, approximately 40 miles northeast of Sioux City, Iowa. Additionally, the bank operates seven full-service branch offices located in the Iowa cities of Hull, Ireton, Le Mars, Paullina, Remsen, Sanborn and Sheldon. The bank does not own any automated teller machines (ATMs). Rather, it is under contract for the use of fifteen cash-only ATMs to service bank customers at no charge. Since the prior evaluation, the bank closed its limited-service branch located in a middle-income census tract in Craig, Iowa, in January 2019 as well as four cash-only ATMs.

The bank serves its local communities primarily as an agricultural and commercial lender, followed by residential real estate lending. As of December 31, 2020, agricultural loans comprise the largest percent of the overall loan portfolio at 58.8 percent; commercial loans comprise 31.4 percent of the loan portfolio; and residential real estate loans comprise an additional 5.5 percent of the overall loan portfolio. The bank offers a variety of lending products including agricultural and commercial loans, residential real estate loans, consumer installment loans, personal loans, and credit cards. Furthermore, the bank offers standard, non-complex deposit and savings products for individuals and businesses. Customers may conduct banking transactions through the bank's website [www.iowastatebank.net](http://www.iowastatebank.net).

Details of the allocation of the bank's loan portfolio are provided in the following table.

<b>Composition of Loan Portfolio</b>		
as of December 31, 2020		
(000's)		
<b>Type</b>	<b>\$</b>	<b>%</b>
Residential Real Estate	27,324	5.5
Commercial	156,439	31.4
Agriculture	292,891	58.8
Consumer	6,303	1.3
Other	15,491	3.1
Total	498,448	100.0

*Note: Percentages may not total 100.0 percent due to rounding.*

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on December 18, 2017.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Iowa State Bank’s performance relative to the lending test is **Satisfactory**. The LTD ratio is more than reasonable given the bank’s size, financial condition and assessment area credit needs. A majority of loans and other lending-related activities are in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

### Loan-to-Deposit Ratio

The bank had a more than reasonable loan-to-deposit ratio (considering seasonal variations) given the bank’s size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

As of December 31, 2020, the bank’s LTD ratio averaged 97.6 percent over a 12-quarter period. The LTD ratio increased since the prior evaluation; to compare, in 2017 the LTD ratio over 11-quarters was 87.5 percent. The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of December 31, 2020	
Comparative Data	12 Quarter Average (%)
Iowa State Bank, Hull, IA	97.6
Competitor Average	93.5
Competitors	
American Bank NA, Le Mars, IA	110.1
American State Bank, Sioux Center, IA	110.0
Midstates Bank NA, Council Bluffs, IA	71.8
Peoples Bank, Rock Valley, IA	99.4
Primebank, Le Mars, IA	96.1
Security NB of Sioux City, Sioux City, IA	73.7

### Assessment Area Concentration

The bank made a majority of its loans, and as appropriate, other lending-related activities that are in the bank’s assessment area. During the review period, Iowa State Bank originated 79.7 percent of loans by number and 73.2 percent of all loans by dollar amount within the bank’s assessment area. The bank originated 77.5 percent by number and 69.4 percent by dollar of its HMDA-reportable loans inside its assessment area. Similarly, the bank originated 79.6 percent by number and 73.7 percent by dollar of its small business loans inside its assessment area. The loan type with

the highest concentration of loans originated in the assessment area was small farm loans with 87.6 percent by number and 89.7 percent by dollar. The percentage of HMDA-reportable, small business and small farm originations within the assessment area indicates the bank is actively serving the credit needs of the community.

The following table summarizes Iowa State Bank’s lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2018 to December 31, 2019, and small business and small farm loans from November 1, 2019 to October 31, 2020.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	12	80.0	\$1,160	85.3	3	20.0	\$200	14.7
Home Purchase - Conventional	195	74.1	\$22,810	67.3	68	25.9	\$11,102	32.7
Home Purchase - FHA	35	87.5	\$4,022	88.8	5	12.5	\$509	11.2
Multi-Family Housing	6	54.5	\$7,366	55.9	5	45.5	\$5,800	44.1
Other Purpose Closed-End	7	100.0	\$165	100.0	0	0.0	\$0	0.0
Refinancing	199	79.6	\$25,568	73.4	51	20.4	\$9,273	26.6
<b>Total HMDA related</b>	<b>454</b>	<b>77.5</b>	<b>\$61,091</b>	<b>69.4</b>	<b>132</b>	<b>22.5</b>	<b>\$26,884</b>	<b>30.6</b>
Small Business	125	79.6	\$10,738	73.7	32	20.4	\$3,834	26.3
<b>Total Small Bus. related</b>	<b>125</b>	<b>79.6</b>	<b>\$10,738</b>	<b>73.7</b>	<b>32</b>	<b>20.4</b>	<b>\$3,834</b>	<b>26.3</b>
Small Farm	148	87.6	\$17,511	89.7	21	12.4	\$2,000	10.3
<b>Total Small Farm related</b>	<b>148</b>	<b>87.6</b>	<b>\$17,511</b>	<b>89.7</b>	<b>21</b>	<b>12.4</b>	<b>\$2,000</b>	<b>10.3</b>
<b>TOTAL LOANS</b>	<b>727</b>	<b>79.7</b>	<b>\$89,339</b>	<b>73.2</b>	<b>185</b>	<b>20.3</b>	<b>\$32,718</b>	<b>26.8</b>

Note: Percentages may not total 100.0 percent due to rounding

### Geographic and Borrower Distribution

The bank demonstrated a reasonable geographic distribution of loans given the bank's assessment area. The bank’s distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank's assessment area.

### Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

### COMMUNITY DEVELOPMENT TEST

The bank’s performance relative to the community development test is Satisfactory.



**Lending, Investment, and Services Activities**

Iowa State Bank’s community development performance demonstrates adequate responsiveness to the needs of the assessment areas through community development loans, qualified investments and donations, and community development services, as appropriate, considering the bank’s capacity and the availability of such opportunities for community development in the bank’s assessment areas.

Community development lending, investments, and services increased since the previous evaluation. Qualified loans and investments were primarily for community development purposes of revitalization and stabilization and community services within the assessment area. The bank’s community development service hours primarily benefited organizations that focus on providing services to low- and moderate-income individuals and economic development to small businesses. Although the total amount of qualified donations decreased since the previous evaluation, a majority of contributions to organizations were in support of activities that provide community services in moderate-income geographies, or community services tailored to meet the needs of low- and moderate-income individuals and households in the bank’s assessment area.

Additional information with respect to the bank’s community development activities is found within the individual assessment area discussion.

Community Development Activities December 18, 2017 – March 8, 2021								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
<b>Full Review</b>								
Non-MSA Iowa	11	15,723,678	15	5,960,000	67	106,975	21	1,385
<b>Total Qualified</b>	<b>11</b>	<b>15,723,678</b>	<b>15</b>	<b>5,960,000</b>	<b>67</b>	<b>106,976</b>	<b>21</b>	<b>1,385</b>

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## NON-MSA IOWA – FULL REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the Non-MSA Iowa assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, please refer to the “Scope of Examination” section.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA IOWA

Iowa State Bank maintains a main office, seven branches, and 15 cash-only ATMs owned by a third party. It closed its deposit-only Craig branch (located in a middle-income census tract in Plymouth County, which had no ATM) in January 2019. In 2019, Iowa State Bank ranked second among 133 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 285 HMDA-reportable loans. By comparison, the first ranked organization by HMDA-reportable loans is American State Bank, Sioux Center, Iowa, with 344 originated or purchased home mortgage loans.

The June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks Iowa State Bank second of 20 FDIC-insured depository institutions operating in the bank’s assessment area with a market share of 14.5 percent. For reference and comparison, the first ranked financial institution by market share is American State Bank at 20.1 percent.

Key 2019 assessment area demographics are provided in the following table.

Assessment Area: 2019 IA Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,717	12.9
Moderate-income	1	5.3	1,025	4.9	119	11.6	3,475	16.6
Middle-income	13	68.4	13,948	66.5	687	4.9	4,968	23.7
Upper-income	5	26.3	6,012	28.6	313	5.2	9,825	46.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19</b>	<b>100.0</b>	<b>20,985</b>	<b>100.0</b>	<b>1,119</b>	<b>5.3</b>	<b>20,985</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,679	1,068	4.6	63.6	509	30.3	102	6.1
Middle-income	21,124	15,100	65.2	71.5	4,473	21.2	1,551	7.3
Upper-income	9,088	7,008	30.2	77.1	1,504	16.5	576	6.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>31,891</b>	<b>23,176</b>	<b>100.0</b>	<b>72.7</b>	<b>6,486</b>	<b>20.3</b>	<b>2,229</b>	<b>7.0</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	359	7.9	307	7.6	49	11.1	3	4.2
Middle-income	3,108	68.2	2,764	68.4	297	67.2	47	65.3
Upper-income	1,090	23.9	972	24.0	96	21.7	22	30.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>4,557</b>	<b>100.0</b>	<b>4,043</b>	<b>100.0</b>	<b>442</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>88.7</b>		<b>9.7</b>		<b>1.6</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	15	1.0	15	1.1	0	0.0	0	0.0
Middle-income	1,171	81.0	1,152	81.1	19	79.2	0	0.0
Upper-income	260	18.0	254	17.9	5	20.8	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,446</b>	<b>100.0</b>	<b>1,421</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.3</b>		<b>1.7</b>		<b>0.1</b>
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## Population Change

The table below presents population changes in the assessment area from 2010 to 2015. Sioux County experienced the largest change, a 2.4 percent increase, which exceeds the state of Iowa’s population growth of 1.5 percent. Conversely, O’Brien, Cherokee and Plymouth Counties experienced declines of 2.1, 1.8, and 0.5 percent, respectively, which one community representative attributed to younger families migrating towards more urban/populated and affluent areas throughout Iowa.

Population Change			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	77,293	77,688	0.5
Cherokee County, IA	12,072	11,853	-1.8
O’Brien County, IA	14,398	14,092	-2.1
Plymouth County, IA	24,986	24,853	-0.5
Sioux County, IA	33,704	34,509	2.4
State of Iowa	3,046,355	3,093,526	1.5
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i>			

## Income Characteristics

According to 2019 FFIEC Census Data, the assessment area is comprised of 20,985 families, with 12.9 percent being low-income, 16.6 percent moderate-, 23.7 percent middle-, and 46.8 percent upper-income. Only 5.3 percent of families residing within the assessment area live below the poverty line, which is below the state of Iowa poverty rate of 8.1 percent.

The following table compares the median family income for the assessment area and the state of Iowa. According to the 2011-2015 American Community Survey (ACS), the median family income (MFI) in the assessment area slightly outpaced the growth of the state of Iowa at 10.9 and 9.2 percent, respectively. The MFI in Sioux, Cherokee and O’Brien Counties increased by 18.2, 15.1 and 12.4 percent respectively, with Sioux County being double that of the state of Iowa at 9.2 percent. A community representative attributed the growth to major industries continuing to offer competitive wages. Due to the prominent industries within the area, the community representative foresees this to be a trend that will continue in the future. Although MFI growth in Plymouth County was less than half of the assessment area, it maintains the highest MFI by dollar amount.

<b>Median Family Income Change</b>			
<b>Area</b>	<b>2006-2010 Median Family Income (In 2010 Dollars)</b>	<b>2011-2015 Median Family Income (In 2015 Dollars)</b>	<b>Percentage Change</b>
Assessment Area	62,379	70,034	10.9
Cherokee County, IA	56,696	65,276	15.1
O'Brien County, IA	59,391	66,729	12.4
Plymouth County, IA	69,261	72,047	4.0
Sioux County, IA	60,043	70,971	18.2
State of Iowa	61,804	67,466	9.2
<i>Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i>			

### Housing Characteristics

There are 31,891 housing units within the assessment area. The majority of housing units are owner occupied at 72.7 percent, while 20.3 percent are rental, and 7.0 percent are vacant units. The state of Iowa has similar percentages with the majority of housing units being owner occupied (65.3 percent), followed by rental (26.0 percent) and vacant units (8.7 percent).

According to the 2011-2015 ACS, O'Brien County had a median housing value of \$102,700 and median gross rent of \$584. Median housing values in O'Brien County increased 23.7 percent between 2010 and 2015, while median gross rent increased 13.4 percent. The state of Iowa maintained a higher median housing value and median gross rent than Cherokee and O'Brien Counties with a median housing value of \$129,200 and median gross rent of \$697 in 2015, representing a rate of growth from 2010 to 2015 at 8.4 and 13.0 percent, respectively.

The median housing values in the assessment area and the state of Iowa have consistently increased. A community representative attributed these increases to addressing the need for stable housing throughout the assessment area and due to the rehabilitation of housing units, thus raising the price of housing stock.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratio for the assessment area is 0.45, which is above the state of Iowa's ratio of 0.41. The ratios indicate that housing in Cherokee and O'Brien Counties is more affordable when compared to the state as a whole, which is evident in the comparison of median housing values and median gross rent prices. The following table presents recent trends in housing costs within the assessment area and the state of Iowa.

Trends in Housing Costs 2006-2010 and 2011-2015							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2006-2010	2011-2015	% Change	2006-2010	2011-2015	% Change	2011-2015
Assessment Area	111,303	128,559	15.5	534	596	11.6	0.45
Cherokee County, IA	77,500	84,200	8.6	471	516	9.6	0.58
O'Brien County, IA	83,000	102,700	23.7	515	584	13.4	0.54
Plymouth County, IA	119,400	138,300	15.8	526	585	11.2	0.41
Sioux County, IA	119,900	140,900	17.5	542	622	14.8	0.44
State of Iowa	119,200	129,200	8.4	617	697	13.0	0.41
<i>Source: 2006-2010— U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i>							

### Foreclosure Inventory Rate

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

Foreclosure inventory rates in the assessment area and in the state have declined steadily since the previous examination. As of September 2019, the state of Iowa's foreclosure inventory rate was 0.6 percent, while Sioux County's foreclosure inventory rate was 0.4 percent. During the same time period, Cherokee, O'Brien and Plymouth Counties' foreclosure inventory rates declined to 0.0 percent. The continued declining percentage of properties in the process of foreclosure since the prior evaluation indicates housing sector improvements within the overall assessment area and state of Iowa.

### Employment Characteristics

The following table presents the unemployment trends for the assessment area counties and the state of Iowa from 2016 to 2019. The assessment area and the state of Iowa all experienced a decline in unemployment rates between 2016 and 2018 and a slight uptick for 2019. The overall trend during this evaluation period is indicative of a healthy, stabilizing economy. A community representative noted that the low unemployment rate is expected to remain steady due to manufacturing, education, and health care industries in the area.

Recent Unemployment Rates				
Area	2016	2017	2018	2019
Cherokee County, IA	3.7	2.5	2.2	2.5
O'Brien County, IA	2.8	2.4	2.0	2.2
Plymouth County, IA	2.6	2.4	1.9	2.2
Sioux County, IA	2.3	2.0	1.8	1.9
State of Iowa	3.7	3.1	2.5	2.7

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)*

### Industry Characteristics

The information presented in the table below indicates a majority of the largest employers in the assessment area as of 2019 as provided by Infogroup. According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of healthcare, education, and manufacturing. A community representative stated these leading industries offer more competitive pay than the natural resource and goods-producing industries.

Largest Employers in the Assessment Area			
Company	County	Industry	# of Employees
Orange City Hospital	Sioux	Hospitals	500
Orange City Area Health System	Sioux	Clinics	500
Staples Promotional Products	Sioux	Advertising-Specialties (Wholesale)	500
Dean Foods	Plymouth	Ice Cream & Frozen Desserts (Manufacturing)	500
Premium Iowa Pork	Sioux	Meat-Retail	400
Dordt College Registrar	Sioux	University-College Department/Facility/Office	400
Sioux Center Health	Sioux	Hospitals	335
Rosenboom Machine & Tool	Sioux	Hydraulic Equipment & Supplies (Wholesale)	300
Den Hartog Industries Inc	Sioux	Plastics & Plastic Products (Manufacturing)	300
Heyl Truck Lines Inc	Plymouth	Trucking-Transportation Brokers	300

*Source: Business information provided by Infogroup®, Omaha, NE*

### Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions. The representatives provided information on affordable housing, employment, and economic development needs within the assessment area. One representative stated their community as a whole has been able to maintain jobs despite what may be happening in other parts of the country throughout the pandemic. In addition, the community's current housing supply, costs and needs have been sufficient over the prior three years. Another representative stated there are opportunities for participation by the local financial institutions,

including more community involvement and tailoring more products to benefit those suffering from COVID-19's impact.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA

### LENDING TEST

Iowa State Bank's performance relative to the lending test in Non-MSA Iowa is **satisfactory**.

#### Geographic Distribution of Loans

The geographic distribution of home mortgage, small businesses and small farm loans reflects a reasonable dispersion throughout the Non-MSA Iowa assessment area.

Although there are no low-income census tracts in Iowa State Bank's assessment area, the bank did lend in the one moderate-income census tract, which is located in Le Mars, IA. Based upon the analysis, it appears there are no conspicuous geographic lending gaps.

#### HMDA-Reportable Loans

Geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2019, Iowa State Bank originated 2.5 percent of its total HMDA-reportable loans in the moderate-income census tract, which is below the performance of aggregate lenders (4.2 percent) and owner-occupied units (4.6 percent). The majority of HMDA-reportable loans were originated in middle-income census tracts (62.8 percent) which is comparable to aggregate lenders and the percentage of owner-occupied units, at 61.3 and 65.2 percent, respectively. Lastly, the bank originated 34.7 percent of HMDA-reportable loans in upper-income census tracts, which is similar to aggregate lenders (34.6 percent) and exceeds the percentage of owner-occupied units (30.2 percent).

Geographic distribution of 2018 HMDA-reportable loans is comparable, as shown in Appendix C. The bank's primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products will not be evaluated due to low volumes of originations.

#### *Home-Purchase*

In 2019, Iowa State Bank originated 3.3 percent of its home purchase loans in the moderate-income census tract, which is below the performance of aggregate lenders (4.0 percent) and owner-occupied units (4.6 percent).



The majority of the bank's home purchase loans were originated in middle-income census tracts at 67.8 percent, which was above aggregate lenders (61.3 percent) and owner-occupied units (65.2 percent). The bank originated 28.9 percent of its home purchase loans in upper-income census tracts, which is below aggregate lending (34.7 percent) and owner-occupied units (30.2 percent).

The geographic distribution of HMDA-reportable home purchase loans in 2018 was consistent with the pattern of lending in 2019. The bank's 2018 HMDA-reportable lending is included in Appendix C.

### *Refinance*

In 2019, Iowa State Bank originated 1.3 percent of its refinance loans in the moderate-income census tract, which is below the performance of aggregate lenders (4.0 percent) and owner-occupied units (4.6 percent), demonstrating that the bank has the opportunity to lend in the moderate-income census tract.

Similar to home purchase loans, the majority of the bank's refinance loans were originated in middle-income census tracts. The bank originated 59.9 percent of its refinance loans in middle-income census tracts, which is below the aggregate (63.4 percent) and owner-occupied units (65.2 percent). The bank originated 38.8 percent of its refinance loans in upper-income census tracts, which is higher than aggregate lending (32.6 percent) and owner-occupied units (30.2 percent).

The geographic distribution of HMDA-reportable refinance loans in 2018 was consistent with the pattern of lending in 2019. The bank's 2018 HMDA-reportable lending is included in Appendix C.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2019 IA Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2019			Dollar			
		Count Bank	Agg %	Dollar Bank	Agg \$ %			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	3.3	4.0	250	1.8	3.4	4.6
	Middle	82	67.8	61.3	8,732	63.5	57.4	65.2
	Upper	35	28.9	34.7	4,766	34.7	39.3	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>121</b>	<b>100.0</b>	<b>100.0</b>	<b>13,748</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	2	1.3	4.0	135	0.7	3.1	4.6
	Middle	91	59.9	63.4	10,890	54.7	63.1	65.2
	Upper	59	38.8	32.6	8,875	44.6	33.8	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>152</b>	<b>100.0</b>	<b>100.0</b>	<b>19,900</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	5.9	0	0.0	6.1	4.6
	Middle	1	33.3	51.0	7	1.7	49.9	65.2
	Upper	2	66.7	43.1	409	98.3	44.0	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>416</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	1	33.3	17.4	3,200	92.0	24.7	4.2
	Middle	0	0.0	39.1	0	0.0	32.5	66.8
	Upper	2	66.7	43.5	278	8.0	42.8	29.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>3,478</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	4.6
	Middle	0	0.0	45.2	0	0.0	47.4	65.2
	Upper	0	0.0	54.8	0	0.0	52.6	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	3.6	0	0.0	3.1	4.6
	Middle	5	83.3	64.3	125	91.2	57.8	65.2
	Upper	1	16.7	32.1	12	8.8	39.0	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	4.6
	Middle	0	0.0	62.5	0	0.0	70.5	65.2
	Upper	0	0.0	37.5	0	0.0	29.5	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	7	2.5	4.2	3,585	9.5	4.3	4.6
	Middle	179	62.8	61.3	19,754	52.4	58.7	65.2
	Upper	99	34.7	34.6	14,340	38.1	37.0	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>285</b>	<b>100.0</b>	<b>100.0</b>	<b>37,679</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

### Small Business Loans

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The 2020 small business loan sample includes 113 loans originated within the assessment area. The bank originated 0.9 percent of its small business loans in the moderate-income census tract. This is significantly lower than the percentage of businesses located in the tract (8.1 percent) and is attributed to competition.

Iowa State Bank originated 72.6 percent of the small business loans in the middle-income census tracts, which is higher than the percentage of businesses located in these tracts (68.0 percent). The bank originated 26.5 percent of its small business loans in upper-income census tracts, which is above the demographic of assessment area businesses located in these tracts (23.9 percent).

The following table presents the geographic distribution of small business loans from January 1, 2020 through October 31, 2020. The institution’s lending distribution table for November 1, 2019 through December 31, 2019 can be found in Appendix C and will not alter the conclusion based on the analysis of 2020 lending.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2020 IA Non MSA</b>						
	Tract Income Levels	Bank & Demographic Comparison				
		Count		2020		Total
		Bank		Dollar	Bank	
#	%	\$ 000s	\$ %	%		
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	1	0.9	12	0.1	8.1
	Middle	82	72.6	6,801	69.3	68.0
	Upper	30	26.5	3,003	30.6	23.9
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>113</b>	<b>100.0</b>	<b>9,816</b>	<b>100.0</b>	<b>100.0</b>

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Small Farm Loans

Iowa State Bank’s performance with respect to small farm lending is reasonable. While the bank did not originate any loans in the moderate-income census tract during the evaluation period, only 1.0 percent of assessment area farms are located in the moderate-income tract.

The bank originated 90.6 percent of small farm loans in middle-income census tracts which is higher than the total farms within these tracts (81.0). Iowa State Bank originated 9.4 percent of its small farm loans in upper-income tracts, which is significantly below the demographic as 18.0

percent of total farms are located in these tracts.

The following table presents the geographic distribution of small farm loans from January 1, 2020 through October 31, 2020. The institution’s lending distribution table for November 1, 2019 through December 31, 2019 can be found in Appendix C and will not alter the conclusion based on the analysis of 2020 lending.

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2020 IA Non MSA</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				<b>Total Farms</b>
		<b>Count Bank</b>		<b>2020 Dollar Bank</b>		
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	
<b>Small Farm</b>	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	1.0
	Middle	106	90.6	11,071	89.5	81.0
	Upper	11	9.4	1,295	10.5	18.0
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>117</b>	<b>100.0</b>	<b>12,366</b>	<b>100.0</b>	<b>100.0</b>

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

**Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes**

The bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment area. The bank’s primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products will not be evaluated due to low volumes of originations.

**HMDA-Reportable Loans**

The borrower distribution of HMDA-reportable loans to individuals of different income levels is reasonable. The bank’s HMDA data contains a number of loans to borrowers with unknown income levels. The volume of loans originated to borrowers of unknown income is due to loans originated to businesses, which while they are HMDA-reportable loans they are not required to report income.

In 2019, Iowa State Bank originated 8.8 percent of their total HMDA-reportable loans to low-income borrowers, which is above aggregate lending (6.0 percent) but below the demographic

percentage of low-income families in the assessment area (12.9 percent). The bank originated 19.6 percent of HMDA-reportable loans to moderate-income borrowers, which is slightly below the aggregate (20.1 percent) but above the demographic (16.6 percent). The bank originated 20.7 percent of HMDA-reportable loans to middle-income borrowers, below aggregate and the demographic at 25.1 percent and 23.7 percent, respectively. Similarly, the bank originated 42.5 percent of HMDA-reportable loans to upper-income borrowers, above the aggregate of lenders (39.2 percent) and below the percentage of upper-income families in the assessment area (46.8 percent). Lastly, the bank originated 8.4 percent of HMDA-reportable loans to borrowers with unknown income, which is below the aggregate of lenders (9.5 percent). Borrower distribution of 2018 HMDA-reportable loans is comparable to the bank's performance in 2019, as shown in Appendix C.

#### *Home Purchase*

In 2019, Iowa State Bank originated 17.4 percent of their home purchase loans to low-income borrowers, which was significantly above aggregate lending (8.3 percent) and the percentage of low-income families (12.9 percent) in the assessment area. Home purchase loans to moderate-income borrowers (21.5 percent) was below aggregate (25.4 percent) but above the demographic percentage of moderate-income families (16.6 percent). Iowa State Bank originated 17.4 percent of home purchase loans to middle-income borrowers, which was below aggregate and the demographic at 24.1 and 23.7, respectively. Further, the bank originated 34.7 percent of its home purchase loans to upper-income borrowers, which was above aggregate lending (31.6 percent) but below the demographic (46.8 percent). Finally, 9.1 percent of the bank's HMDA reportable home purchase loans were originated to borrowers of unknown income, which is below the aggregate (10.6 percent).

The borrower distribution of HMDA-reportable home purchase loans in 2018 was consistent with the bank's performance in 2019. Please refer to Appendix C for the 2018 borrower distribution lending table.

#### *Refinance*

In 2019, Iowa State Bank originated 2.6 percent of refinance loans to low-income borrowers, which was below aggregate lending (4.1 percent) and well below the demographic percentage of low-income families (12.9 percent), showing the bank has the opportunity to lend. The bank originated 17.8 percent of its refinance loans to moderate-income borrowers, which is above both the aggregate (16.6 percent) and demographic (16.6 percent). Conversely, the bank originated 22.4 percent of refinance loans to middle-income borrowers, which is below both the aggregate and demographic of middle-income families at 26.5 percent and 23.7 percent, respectively. Iowa State Bank originated 50.7 percent of refinance loans to upper-income borrowers, which was above the aggregate and the demographic at 46.1 percent and 46.8 percent, respectively. Finally, 6.6 percent of the bank's refinance loans were originated to borrowers of unknown income, slightly below the

aggregate (6.8 percent).

The borrower distribution of HMDA-reportable refinance loans in 2018 was consistent with the pattern of lending in 2019. The bank's 2018 HMDA-reportable lending is included in Appendix C.

The following table summarizes the bank's 2019 borrower distribution of HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2019 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2019			Dollar			
		Count Bank		Agg %	Bank		Agg \$ %	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	21	17.4	8.3	1,371	10.0	4.1	12.9
	Moderate	26	21.5	25.4	2,227	16.2	19.2	16.6
	Middle	21	17.4	24.1	2,887	21.0	24.5	23.7
	Upper	42	34.7	31.6	6,522	47.4	41.8	46.8
	Unknown	11	9.1	10.6	741	5.4	10.5	0.0
	<b>Total</b>		<b>121</b>	<b>100.0</b>	<b>100.0</b>	<b>13,748</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	2.6	4.1	311	1.6	1.9	12.9
	Moderate	27	17.8	16.6	2,700	13.6	11.2	16.6
	Middle	34	22.4	26.5	3,956	19.9	23.7	23.7
	Upper	77	50.7	46.1	11,539	58.0	56.1	46.8
	Unknown	10	6.6	6.8	1,394	7.0	7.1	0.0
	<b>Total</b>		<b>152</b>	<b>100.0</b>	<b>100.0</b>	<b>19,900</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	4.9	0	0.0	4.0	12.9
	Moderate	1	33.3	14.7	165	39.7	13.1	16.6
	Middle	1	33.3	24.5	7	1.7	21.0	23.7
	Upper	1	33.3	50.0	244	58.7	58.4	46.8
	Unknown	0	0.0	5.9	0	0.0	3.5	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>416</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	12.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.6
	Middle	0	0.0	4.3	0	0.0	1.0	23.7
	Upper	0	0.0	17.4	0	0.0	5.1	46.8
	Unknown	3	100.0	78.3	3,478	100.0	93.9	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>3,478</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	3.2	0	0.0	3.2	12.9
	Moderate	0	0.0	6.5	0	0.0	2.4	16.6
	Middle	0	0.0	32.3	0	0.0	37.8	23.7
	Upper	0	0.0	54.8	0	0.0	54.7	46.8
	Unknown	0	0.0	3.2	0	0.0	1.9	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	7.1	0	0.0	10.3	12.9
	Moderate	2	33.3	17.9	22	16.1	10.5	16.6
	Middle	3	50.0	32.1	75	54.7	29.1	23.7
	Upper	1	16.7	42.9	40	29.2	50.2	46.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	12.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.6
	Middle	0	0.0	0.0	0	0.0	0.0	23.7
	Upper	0	0.0	0.0	0	0.0	0.0	46.8
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	25	8.8	6.0	1,682	4.5	2.8	12.9
	Moderate	56	19.6	20.1	5,114	13.6	14.2	16.6
	Middle	59	20.7	25.1	6,925	18.4	22.9	23.7
	Upper	121	42.5	39.2	18,345	48.7	47.0	46.8
	Unknown	24	8.4	9.5	5,613	14.9	13.0	0.0
	<b>Total</b>		<b>285</b>	<b>100.0</b>	<b>100.0</b>	<b>37,679</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Businesses with \$1 million or less in annual revenue comprise 81.4 percent of small business loan originations by number, which is below the demographic of total small businesses (89.2 percent) in the assessment area. However, of the loans made to small businesses, 83.7 percent were in dollar amounts of \$100,000 or less, which is deemed most beneficial to small business borrowers, thus indicating the bank’s willingness to meet the credit needs of small businesses. Although the bank’s performance is below the demographic of total businesses designated as small businesses within the assessment area, high competition within the non-metropolitan area provides challenges for the bank to be able to increase its small business lending.

The following table presents the borrower distribution of small business loans from January 1, 2020 through October 31, 2020. The institution’s lending distribution table for November 1, 2019 through December 31, 2019 can be found in Appendix C and will not alter the conclusion based on the analysis of 2020 lending.

<b>Small Business Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2020 IA Non MSA</b>							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses %	
	Revenue	Count Bank		Dollar Bank	\$ %		
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	92	81.4	6,292	64.1	89.2
		Over \$1 Million or Unknown	21	18.6	3,524	35.9	10.8
		<b>Total</b>	<b>113</b>	<b>100.0</b>	<b>9,816</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	90	79.6	2,317	23.6	
		\$100,001 - \$250,000	10	8.8	2,140	21.8	
		\$250,001 - \$1 Million	13	11.5	5,359	54.6	
		<b>Total</b>	<b>113</b>	<b>100.0</b>	<b>9,816</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	77	83.7	1,831	29.1	
		\$100,001 - \$250,000	8	8.7	1,686	26.8	
		\$250,001 - \$1 Million	7	7.6	2,775	44.1	
		<b>Total</b>	<b>92</b>	<b>100.0</b>	<b>6,292</b>	<b>100.0</b>	
	Originations & Purchases						
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							



### Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. Of the 117 farm loan originations in the sample, 95 (81.2 percent) were to farms with gross revenues equal to or less than \$1 million. Although this is below the demographic composition of small farms in the assessment area (98.3 percent), 68.4 percent of the small farm loans were originated in amounts of \$100,000 or less, which are considered most beneficial to small farms, thus indicating the bank’s willingness to meet the credit needs of small farms. Further, high competition within the non-metropolitan area provides challenges for the bank to be able to increase its small farm lending.

The following table presents the geographic distribution of small business loans from January 1, 2020 through October 31, 2020. The institution’s lending distribution table for November 1, 2019 through December 31, 2019 can be found in Appendix C and will not alter the conclusion based on the analysis of 2020 lending.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Farms	
		Count		Dollar			
		Bank		Bank			
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	95	81.2	8,988	72.7	98.3
		Over \$1 Million or Unknown	22	18.8	3,378	27.3	1.7
		<b>Total</b>	<b>117</b>	<b>100.0</b>	<b>12,366</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	75	64.1	2,538	20.5	
		\$100,001 - \$250,000	27	23.1	4,824	39.0	
		\$250,001 - \$500,000	15	12.8	5,004	40.5	
		<b>Total</b>	<b>117</b>	<b>100.0</b>	<b>12,366</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	65	68.4	2,143	23.8	
		\$100,001 - \$250,000	20	21.1	3,461	38.5	
		\$250,001 - \$500,000	10	10.5	3,384	37.7	
		<b>Total</b>	<b>95</b>	<b>100.0</b>	<b>8,988</b>	<b>100.0</b>	
	Originations & Purchases						
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

## COMMUNITY DEVELOPMENT TEST

### Lending, Investments, and Services Activities

Iowa State Bank's community development activities are **satisfactory**. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and donations, and community development services. The bank made the majority of loans and investments to revitalize and stabilize in underserved census tracts. Additionally, the bank made a majority of its donations and devoted community services towards low- and moderate-income individuals and families.

### Lending

During the evaluation period, the bank originated 11 qualified loans totaling \$15.7 million toward the community development purposes of revitalize and stabilize and community services within the assessment area. The bank increased community development lending in the Non-MSA Iowa assessment area since the previous evaluation period in which the bank qualified four community development loans totaling \$11.8 million. The increase can be attributed to the bank's involvement with the Small Business Administration's (SBA's) Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. This involvement is responsive to the needs of the community, as identified by a representative in the area, who indicated a need for participation and tailoring of products to benefit those impacted by COVID-19.

### Investments

The bank made 15 new investments during the evaluation period totaling \$6.0 million. In addition, 11 investments with an outstanding balance from the prior period totaling \$4.0 million qualified during this evaluation. The 15 new investments were towards urban renewal projects and various capital improvements within the assessment area. In comparison, the bank made 13 new investments for \$3.4 million during the previous evaluation.

In addition, the bank made 67 qualified donations, totaling \$106,975, to community organizations with a focus on community services that benefit low- and moderate-income individuals and families within the assessment area. The number and dollar amount of donations decreased since the previous evaluation (89 qualified donations for a total of \$127,276).

### Services

During the evaluation period, the bank logged 1,385 hours of community development services for 21 different organizations, which represented a significant increase from the 433 hours qualified for 10 different organizations at the previous evaluation. Of the total number of service hours, 722 hours were dedicated to organizations with a community service focus for low- and moderate-income individuals and families; 584 hours were dedicated to organizations that support economic

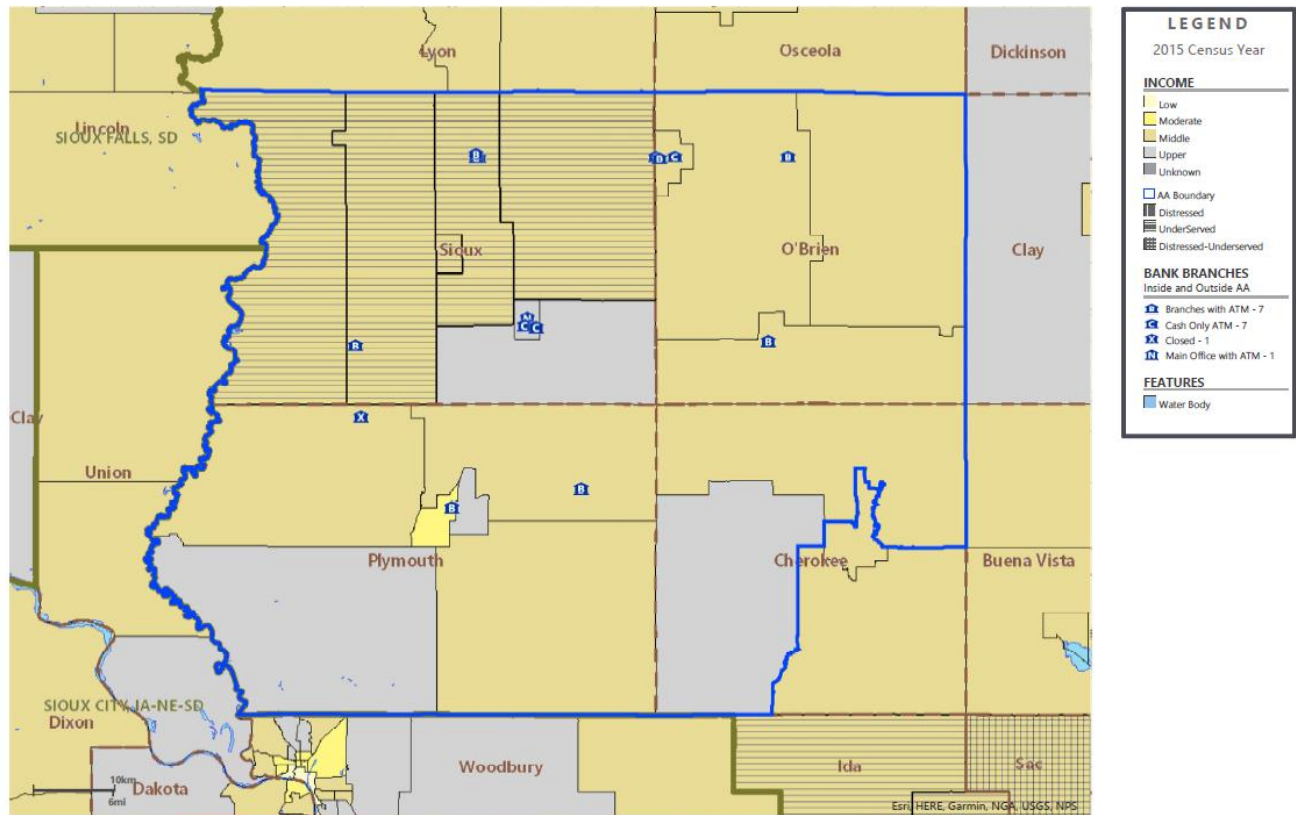
development; and 79 hours were dedicated to organizations that help to revitalize or stabilize the assessment area.

The following table presents the bank's community development activities during the evaluation period.

Summary of CD Activities, Review Period (December 19, 2017 – March 8, 2021)										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	0	0	0	9	15,667,678	2	56,000	11	15,723,678
Investment	0	0	0	0	15	5,960,000	0	0	15	5,960,000
Donations	2	2,500	1	850	5	31,000	59	72,626	67	106,976
Services	0	0	8	584	2	79	11	722	21	1,385

### APPENDIX A – Maps of Assessment Areas

Iowa State Bank 982348  
IA Non MSA



### APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	HMDA-Reportable Lending: January 1, 2018-December 31, 2019 Small Business Lending: November 1, 2019-October 31, 2020 Small Farm Lending: November 1, 2019-October 31, 2020 Community Development Activities: December 19, 2017 – March 8, 2021		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Iowa State Bank			HMDA Reportable Small Business Small Farm
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
IA Non MSA	Full scope review	None	The Office of Management and Budget (OMB) previously designated Plymouth County as part of the Sioux City, IA MSA #43580. Beginning in 2019, Plymouth County is now part of Non-Metropolitan IA.

**APPENDIX C – ADDITIONAL TABLES**

Assessment Area: 2018 Combined IA Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,708	12.9
Moderate-income	1	5.3	1,025	4.9	119	11.6	3,478	16.6
Middle-income	13	68.4	13,948	66.5	687	4.9	4,968	23.7
Upper-income	5	26.3	6,012	28.6	313	5.2	9,831	46.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19</b>	<b>100.0</b>	<b>20,985</b>	<b>100.0</b>	<b>1,119</b>	<b>5.3</b>	<b>20,985</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,679	1,068	4.6	63.6	509	30.3	102	6.1
Middle-income	21,124	15,100	65.2	71.5	4,473	21.2	1,551	7.3
Upper-income	9,088	7,008	30.2	77.1	1,504	16.5	576	6.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>31,891</b>	<b>23,176</b>	<b>100.0</b>	<b>72.7</b>	<b>6,486</b>	<b>20.3</b>	<b>2,229</b>	<b>7.0</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	359	7.9	306	7.6	48	10.8	5	6.3
Middle-income	3,116	68.4	2,767	68.6	300	67.4	49	61.3
Upper-income	1,082	23.7	959	23.8	97	21.8	26	32.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>4,557</b>	<b>100.0</b>	<b>4,032</b>	<b>100.0</b>	<b>445</b>	<b>100.0</b>	<b>80</b>	<b>100.0</b>
	Percentage of Total Businesses:			88.5		9.8		1.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	15	1.0	15	1.0	0	0.0	0	0.0
Middle-income	1,191	80.6	1,171	80.8	19	76.0	1	50.0
Upper-income	271	18.3	264	18.2	6	24.0	1	50.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,477</b>	<b>100.0</b>	<b>1,450</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>
	Percentage of Total Farms:			98.2		1.7		0.1
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of HMDA Reportable Loans								
Assessment Group: 2018 Combined IA Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2018						
		Count Bank	Agg %	Dollar Bank	Agg \$ %	Agg \$ %		
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	2	1.8	6.4	189	1.4	6.7	4.6
	Middle	82	75.2	63.2	9,255	70.7	58.7	65.2
	Upper	25	22.9	30.4	3,640	27.8	34.7	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>109</b>	<b>100.0</b>	<b>100.0</b>	<b>13,084</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	2.1	4.2	62	1.1	3.2	4.6
	Middle	32	68.1	61.3	3,575	63.1	58.0	65.2
	Upper	14	29.8	34.5	2,031	35.8	38.8	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>5,668</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	6.8	0	0.0	4.0	4.6
	Middle	5	55.6	47.9	537	72.2	59.3	65.2
	Upper	4	44.4	45.3	207	27.8	36.7	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>744</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 0.0
	Moderate	1	33.3	10.0	2,353	60.5	32.3	4.2
	Middle	1	33.3	70.0	165	4.2	44.6	66.8
	Upper	1	33.3	20.0	1,370	35.2	23.1	29.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>3,888</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	3.3	0	0.0	0.8	4.6
	Middle	0	0.0	46.7	0	0.0	43.3	65.2
	Upper	0	0.0	50.0	0	0.0	56.0	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	8.5	0	0.0	3.0	4.6
	Middle	0	0.0	48.9	0	0.0	52.1	65.2
	Upper	1	100.0	42.6	28	100.0	44.9	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	4.6
	Middle	0	0.0	41.7	0	0.0	35.0	65.2
	Upper	0	0.0	58.3	0	0.0	65.0	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	2.4	5.8	2,604	11.1	6.6	4.6
	Middle	120	71.0	60.8	13,532	57.8	57.6	65.2
	Upper	45	26.6	33.3	7,276	31.1	35.8	30.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>169</b>	<b>100.0</b>	<b>100.0</b>	<b>23,412</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data  
*Note: Percentages may not add to 100.0 percent due to rounding*

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Group: 2018 Combined IA Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018						
		Count Bank		Agg	Dollar Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	10	9.2	8.8	624	4.8	5.2	12.9
	Moderate	36	33.0	29.3	3,743	28.6	23.1	16.6
	Middle	34	31.2	23.7	4,118	31.5	23.0	23.7
	Upper	24	22.0	28.3	4,065	31.1	39.1	46.8
	Unknown	5	4.6	10.0	534	4.1	9.6	0.0
	<b>Total</b>		<b>109</b>	<b>100.0</b>	<b>100.0</b>	<b>13,084</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	4.3	7.9	106	1.9	5.2	12.9
	Moderate	7	14.9	20.0	577	10.2	14.1	16.6
	Middle	11	23.4	28.4	1,020	18.0	25.8	23.7
	Upper	21	44.7	35.2	2,891	51.0	43.2	46.8
	Unknown	6	12.8	8.6	1,074	18.9	11.7	0.0
	<b>Total</b>		<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>5,668</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	5.1	0	0.0	1.4	12.9
	Moderate	1	11.1	12.0	92	12.4	11.5	16.6
	Middle	4	44.4	27.4	320	43.0	23.6	23.7
	Upper	1	11.1	48.7	185	24.9	51.4	46.8
	Unknown	3	33.3	6.8	147	19.8	12.1	0.0
	<b>Total</b>		<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>744</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	5.0	0	0.0	1.2	12.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.6
	Middle	0	0.0	5.0	0	0.0	4.0	23.7
	Upper	0	0.0	15.0	0	0.0	6.2	46.8
	Unknown	3	100.0	75.0	3,888	100.0	88.6	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>3,888</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	12.9
	Moderate	0	0.0	33.3	0	0.0	20.3	16.6
	Middle	0	0.0	16.7	0	0.0	19.4	23.7
	Upper	0	0.0	50.0	0	0.0	60.3	46.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	8.5	0	0.0	3.3	12.9
	Moderate	0	0.0	25.5	0	0.0	17.9	16.6
	Middle	0	0.0	8.5	0	0.0	7.6	23.7
	Upper	1	100.0	48.9	28	100.0	64.3	46.8
	Unknown	0	0.0	8.5	0	0.0	6.9	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	12.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.6
	Middle	0	0.0	8.3	0	0.0	11.0	23.7
	Upper	0	0.0	0.0	0	0.0	0.0	46.8
	Unknown	0	0.0	91.7	0	0.0	89.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	12	7.1	8.0	730	3.1	4.8	12.9
	Moderate	44	26.0	24.9	4,412	18.8	19.3	16.6
	Middle	49	29.0	24.3	5,458	23.3	22.7	23.7
	Upper	47	27.8	32.2	7,169	30.6	39.4	46.8
	Unknown	17	10.1	10.5	5,643	24.1	13.7	0.0
	<b>Total</b>		<b>169</b>	<b>100.0</b>	<b>100.0</b>	<b>23,412</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2019 IA Non MSA</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				
		<b>2019</b>				
		<b>Count Bank</b>		<b>Dollar Bank</b>		<b>Total Businesses</b>
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	7.9
	Middle	6	50.0	431	46.8	68.2
	Upper	6	50.0	491	53.3	23.9
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>		<b>12</b>	<b>100.0</b>	<b>921</b>	<b>100.0</b>

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

<b>Small Business Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2019 IA Non MSA</b>							
<b>Product Type</b>	<b>Bank &amp; Demographic Comparison</b>						
	<b>2019</b>						
	<b>Count Bank</b>		<b>Dollar Bank</b>		<b>Total Businesses</b>		
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>	
<b>Small Business</b>	<b>Revenue</b>	\$1 Million or Less	12	100.0	921	100.0	88.7
		Over \$1 Million or Unknown	0	0.0	0	0.0	11.3
		<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>921</b>	<b>100.0</b>	<b>100.0</b>
	<b>Loan Size</b>	\$100,000 or Less	9	75.0	186	20.2	
		\$100,001 - \$250,000	2	16.7	385	41.8	
		\$250,001 - \$1 Million	1	8.3	350	38.0	
		<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>921</b>	<b>100.0</b>	
	<b>Loan Size &amp; Rev \$1 Mill or Less</b>	\$100,000 or Less	9	75.0	186	20.2	
		\$100,001 - \$250,000	2	16.7	385	41.8	
		\$250,001 - \$1 Million	1	8.3	350	38.0	
		<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>921</b>	<b>100.0</b>	

Originations & Purchases  
 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2019 IA Non MSA</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				
		<b>2019</b>				
		<b>Count Bank</b>		<b>Dollar Bank</b>		<b>Total Farms</b>
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	1.0
	Middle	29	93.5	4,506	87.6	81.0
	Upper	2	6.5	639	12.4	18.0
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>		<b>31</b>	<b>100.0</b>	<b>5,144</b>	<b>100.0</b>
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

<b>Small Farm Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2019 IA Non MSA</b>							
Product Type	<b>Bank &amp; Demographic Comparison</b>						
	<b>2019</b>						
	<b>Count Bank</b>		<b>Dollar Bank</b>		<b>Total Farms</b>		
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>	
Revenue	\$1 Million or Less	27	87.1	4,186	81.4	98.3	
	Over \$1 Million or Unknown	4	12.9	958	18.6	1.7	
	<b>Total</b>	<b>31</b>	<b>100.0</b>	<b>5,144</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size	\$100,000 or Less	15	48.4	819	15.9		
	\$100,001 - \$250,000	9	29.0	1,665	32.4		
	\$250,001 - \$500,000	7	22.6	2,660	51.7		
	<b>Total</b>	<b>31</b>	<b>100.0</b>	<b>5,144</b>	<b>100.0</b>		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	13	48.1	711	17.0		
	\$100,001 - \$250,000	9	33.3	1,665	39.8		
	\$250,001 - \$500,000	5	18.5	1,810	43.2		
	<b>Total</b>	<b>27</b>	<b>100.0</b>	<b>4,186</b>	<b>100.0</b>		
Originations & Purchases							
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

## APPENDIX D – Glossary

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>1</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

**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, which is further classified into “male householder” (a family with a male household and no wife present) or “female householder” (a family with a female householder and no husband present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

**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.

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an 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 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan product office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.322 billion. Intermediate small bank means a small bank with assets of at least \$330 million as of December 31 of both of the prior two calendar years and less than \$1.322 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.



**Small Farm Loan:** This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).