

PUBLIC DISCLOSURE

August 19, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Titonka Savings Bank
RSSD# 334648

173 Main Street North
Titonka, Iowa 50480

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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BANK'S CRA RATING

Titonka Savings Bank is rated Satisfactory.

Titonka Savings Bank is meeting the credit needs of its community based on an analysis of its lending activities. Specifically, the loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of competitors, and economic and demographic conditions. The majority of loans reviewed were made inside the delineated assessment area. The distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, the loan distribution reflects reasonable penetration among borrowers of different income levels and farms of different revenue sizes. Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous CRA performance evaluation.

SCOPE OF EXAMINATION

Titonka Savings Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for Small Institutions. The evaluation was performed within the context of information about the institution and its assessment area such as asset size, financial condition, competition, and economic and demographic characteristics. The non-metropolitan assessment area includes Winnebago and Hancock Counties in their entirety, as well as the eastern portion of Kossuth County. Lending activities for the bank's major products, which included home mortgage and small farm loans, were reviewed.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 21-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage loans, originated from May 5, 2014 through December 31, 2018, and small farm loans, originated from January 1, 2018 through December 31, 2018, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's home mortgage loans, originated from May 5, 2014 through December 31, 2018, and small farm loans, originated from January 1, 2018 through December 31, 2018, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels.
- ***Lending to Borrowers of Different Income and to Farms of Different Sizes*** – A sample of the home mortgage loans, originated from May 5, 2014 through December 31, 2018, and small

farm loans, originated from January 1, 2018 through December 31, 2018, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to 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.

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: an economic development organization and an affordable housing organization.

DESCRIPTION OF INSTITUTION

Titonka Savings Bank (TSB) is a wholly-owned subsidiary of Titonka Bancshares, a one-bank holding company. Both the main office and the bank holding company are located in Titonka, Iowa. In addition to the main office, the bank delivers its products and services through two branch offices and five cash-only automated teller machines (ATMs). The two branch offices are located in Forest City and Thompson, Iowa. Three of the five ATMs are at the bank locations, one at each branch. The two additional cash-only ATMs are located at Hometown Market in Thompson and on the Waldorf College campus in Forest City. Applications for all loan products are accepted at each branch location. No branch offices or ATMs have opened or closed since the previous evaluation.

As of March 31, 2019, the bank reported assets of \$182.6 million. The bank is predominantly an agricultural lender with real estate secured and operating agricultural loans comprising 66.7 percent of the loan portfolio by dollar volume. Residential real estate loans represent 19.1 percent of the portfolio and commercial loans represent 10.4 percent. Loan and deposit products are standard and generally non-complex in nature. They include, but are not limited to the following: commercial, agricultural, residential real estate, home equity lines of credit, and consumer installment loans. Deposit products include traditional checking and savings accounts, negotiable orders of withdrawal, and certificates of deposits. Customers may conduct online banking transactions through the institution’s website at <http://www.tsbbank.com>.

Composition of Loan Portfolio as of March 31, 2019 (\$ are in 000s)		
Type	\$	%
Residential Real Estate	16,791	19.1
Commercial	9,132	10.4
Agricultural	58,453	66.7
Consumer	2,628	3.0
Other	685	0.8
Total Loans	86,092	100.0
<i>Note: Percentages may not total 100.0 due to rounding</i>		

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 May 5, 2014.

DESCRIPTION OF ASSESSMENT AREA¹

Titonka Savings Bank maintains all operations in non-metropolitan Iowa, which includes three contiguous counties located in the northwestern portion of the state of Iowa. Specifically, the assessment area consists of nine census tracts that comprise Winnebago and Hancock Counties in their entirety, as well as the eastern portion of Kossuth County (census tracts 9501.00 and 9502.00). All census tracts are designated as middle-income geographies. The two census tracts located in Kossuth County are classified by the Federal Financial Institutions Examination Council as underserved due to their distance from population centers. The bank's assessment area has contracted since the previous evaluation as the bank has eliminated one middle-income census tract in Kossuth County in its delineation.

According to the June 30, 2018 FDIC Market Share Report, TSB ranked fourth out of 15 FDIC-insured depository financial institutions operating in the assessment area with a market share of 10.3 percent. The top three financial institutions in the area are Iowa State Bank, Algona; Manufacturers Bank & Trust Company, Forest City; and Farmers Trust and Savings Bank, Buffalo Center with market share of 15.3, 13.8, and 13.5 percent, respectively. The bank identified the three

¹ Census tract designations are based on American Community Survey income data. For years 2017 and after, the designations are based on 2011-2015 ACS data. For years 2016 and before, the designations are based on 2006-2010 ACS data. For examinations that include performance before and after 2017, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

aforementioned institutions as well Farmers & Traders Savings Bank, Bancroft; Farmers State Bank, Algona; First Citizens Bank, Mason City; First State Bank, Britt; and Security State Bank, Algona, as local competitors. Overall, the banking environment in the assessment area is competitive, stemming from several community banks, credit unions, and branches of larger financial institutions serving the area.

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). The income data used to calculate geographic income designations changed between 2016 and 2017. Accordingly, lending activity that took place in calendar years up to and including 2016 are evaluated based on ACS income level definitions from the five-year survey data set 2006-2010. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	0	0	0
Middle	9	9	0
Upper	0	0	0
Unknown	0	0	0
Total	9	9	0
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015</i>			

Assessment Area Demographics

The following table presents demographic data specific to the institution’s assessment area based on 2018 FFEIC Census Data as well as Dun & Bradstreet information according to the 2015 American Community Survey. The assessment area is mostly rural and is not densely populated. The nine census tracts are home to 7,462 families, of which 6.4 percent are living in poverty. There are 12,930 housing units and the majority (69.7 percent) of units are owner-occupied. The state of Iowa’s average owner-occupied rate is 65.2 percent. There are 575 farms operating in the assessment area and the majority (99.8 percent) have gross annual revenues under \$1.0 million. The demographics presented do not vary significantly when compared to 2010 census data of the same area.

Based on family income, low- and moderate-income families represent 16.9 percent and 18.5 percent, respectively, of all families living in the assessment area. This data suggests that

opportunities exist for institutions to lend credit to borrowers of different income levels. Additionally, of the 575 farms operating in the assessment area, only one (0.2 percent) had gross annual revenue over \$1.0 million dollars. This indicates agriculture, particularly small farms, is an important industry in the area.

Assessment Area: 2018 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	1,259	16.9
Moderate-income	0	0.0	0	0.0	0	0.0	1,381	18.5
Middle-income	9	100.0	7,462	100.0	476	6.4	1,856	24.9
Upper-income	0	0.0	0	0.0	0	0.0	2,966	39.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	9	100.0	7,462	100.0	476	6.4	7,462	100.0
	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	
Moderate-income	0	0.0	0.0	0	0.0	0	0.0	
Middle-income	12,930	9,017	100.0	69.7	2,417	18.7	1,496	11.6
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	12,930	9,017	100.0	69.7	2,417	18.7	1,496	11.6
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	1,556	100.0	1,391	100.0	119	100.0	46	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,556	100.0	1,391	100.0	119	100.0	46	100.0
Percentage of Total Businesses:			89.4		7.6		3.0	
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	575	100.0	574	100.0	1	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	575	100.0	574	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.8		0.2		0.0	
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2006-2010 and 2011-2015.

Population Characteristics

As presented in the following table, the assessment area’s population has declined slightly, by 2.0 percent, from 2010 to 2015, while the state of Iowa as a whole has grown modestly at 1.6 percent during the same time period. From 2000 to 2010, there was an 8.6 percent population decline, attributed to residents moving to more metropolitan areas for job opportunities. According to community contacts, the much smaller population decline rate of 2.0 percent is attributed to the generally aging population and natural mortality rates. The population of individuals age 65 and over accounts for approximately 20.2 percent of total population in assessment area, compared to 15.5 percent in the state of Iowa as a whole. Though low immigration attributed to the decline in population from 2010 to 2015, community contacts also stated they have already seen immigration increase since 2015 and expect a modest population uptick at the 2020 census due to an increase in manufacturing jobs.

Population			
Area	2006-2010 Population	2011-2015 Population	Percentage Change
Assessment Area	27,172	26,618	-2.0
Hancock County, IA	11,341	11,092	-2.2
Kossuth County, IA	15,543	15,280	-1.7
Winnebago County, IA	10,866	10,614	-2.3
State of Iowa	3,046,355	3,093,526	1.6
<i>Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2006-2010 U.S. Census Bureau: American Community Survey Data: 2011-2015</i>			

Income Characteristics

The table below presents average incomes for families living in the assessment area and the state of Iowa. According to the 2015 American Community Survey, the median family income for the assessment area was \$62,819, 6.9 percent lower than state of Iowa’s average, and has increased 9.5 percent since 2010, on par with the state of Iowa’s growth rate. Community contacts stated that well-paying jobs are available in the assessment area.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Assessment Area	57,361	62,819	9.5
Hancock County, IA	55,922	64,403	15.2
Kossuth County, IA	61,012	64,974	6.5
Winnebago County, IA	58,700	60,086	2.4
State of Iowa	61,804	67,466	9.2

Source: U.S. Census Bureau: American Community Survey Data: 2006-2010

Housing Characteristics

The following table presents recent housing cost trends within the assessment area and the state of Iowa. As stated previously, the assessment area contains a total of 12,930 housing units, of which the majority are owner-occupied. Based on the 2015 American Community Survey, the median housing value (MHV) and median gross rent (MGR) in the assessment area are \$90,268 and \$537 a month, respectively. Housing values and gross rents have increased since 2010 at similar rates as the state average for both figures. Community contacts noted multi-family housing has not been developed in the area in recent years, thus limiting the amount of units available for rent and increasing the cost significantly. In addition, the assessment area faces a generally aging housing stock, and contacts stated that new construction development is a credit need in the area. Specifically, the median age of housing stock in the assessment area is 61 years old. Comparatively, the median age of housing stock for the state of Iowa is 48 years.

The following table also shows the affordability ratio for the geographies reviewed. The affordability ratio is calculated by dividing median household income by median housing value. An area with a high ratio generally has more affordable housing than an area with a low ratio. Based on the 2015 American Community Survey, the assessment area has a higher affordability ratio than the state of Iowa.

Trends in Housing Costs 2006-2010 and 2011-2015							
Location	2006- 2010 MHV	2011- 2015 MHV	Change in MHV	2006- 2010 MGR	2011- 2015 MGR	Change in MGR	Affordability Ratio
Assessment Area	83,328	90,268	8.3	475	537	13.1	0.55
Hancock County, IA	81,200	91,600	12.8	500	551	10.2	0.58
Kossuth County, IA	84,700	92,300	9.0	435	579	33.1	0.56
Winnebago County, IA	90,900	94,100	3.5	457	515	12.7	0.51
State of Iowa	119,200	129,200	8.4	617	697	13.0	0.41

Source: U.S. Census Bureau: American Community Survey Data: 2006-2010
U.S. Census Bureau: 2011-2015 American Community Survey: 2011-2015

Employment Characteristics

The following table presents the unemployment trends for the assessment area and the state of Iowa from 2013 to 2016. The unemployment rate for the overall assessment area remains relatively low. The unemployment rate in all three counties remains below the state average. Community contacts stated that continuing unemployment rates below 3.0 percent have had a notable impact on finding qualified workers for many businesses. The largest employers within the assessment area are also detailed below.

Unemployment Rates				
Region	2013	2014	2015	2016
Hancock County, IA	4.1	3.4	2.8	2.7
Kossuth County, IA	3.2	3.4	2.9	2.7
Winnebago County, IA	4.8	4.4	4.0	3.5
State of Iowa	4.6	4.4	3.8	3.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The largest employers within the bank’s assessment area are listed below. Based on data collected by the U.S. Department of Labor, the assessment area has a diverse employment base but is heavily impacted by manufacturing. Winnebago Industries remains the largest employer in the area. Community contacts stated that Winnebago Industries is heavily relied upon for career opportunities and is vital to the economy of the area. Community contacts noted new jobs are emerging in the renewable energy sector, specifically in wind energy production.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Winnebago Industries Inc.	2,100	Recreational Vehicles & Campers-Manufacturers
Cummins Filtration	599	Air Purification & Filtration Equipment
Iowa Mold Tooling Co Inc.	400	Truck-Manufacturers
Snap-On Tools	350	Tools (Wholesalers)
CDI LLC	256	Automobile Body-Repairing & Painting
Stellar Industries Inc.	251	Service Industry Machinery NEC (Manufacturers)
Kiefer Manufacturing	250	Trailer-Manufacturers & Designers
Mosaic	250	Non-Profit Organizations
Larson Manufacturing Co Inc.	200	Doors
Pharmacists Life Insurance Co	180	Insurance-Life (Agents)

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

Community Representatives

Interviews with two community organizations were conducted in conjunction with this evaluation, one with an economic development organization and one with an organization that works with community outreach, including workforce training and homeownership. Community representatives indicated the assessment area has a critical agricultural economy with a low unemployment rate. The agricultural sector is home to family farms as well as to several worldwide agribusinesses and production facilities. National policies on trade tariffs have had negatively impacted grain prices and adversely impacted small farms, as well as the local economy. Start-up loans for small farms were cited as a key credit need in the community. According to contacts, while there are good employment prospects in the area, lack of affordable and new construction housing has been a deterrent for people to move into the area. Financial literacy and first time homeownership assistance to new immigrants were also cited as key credit needs in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and farms of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

LENDING TEST

Titonka Savings Bank's performance relative to the lending test is rated satisfactory based on the following factors. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of competitors, trend of the ratio, and economic and demographic conditions. The majority of loans were made inside the assessment area, with the geographic distribution reflecting reasonable dispersion throughout. In addition, the loan distribution reflects reasonable penetration among borrowers of different income levels and farms of different revenue sizes.

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable when compared to the performance of local competitors, the trend of the bank's ratio, and concentration of effort to improve the ratio. The calculated 21-quarter average LTD was 50.0 percent, while LTD ratios for local competitors range from a high of 108.3 percent to a low of 59.4 percent. The bank's loan portfolio is largely agricultural, and the bank competes with the Farm Credit System and several larger, nationwide

non-bank institutions such as John Deere Credit, for agricultural borrowers. Additionally, TSB has increased its average LTD since the last evaluation by 7.7 percent and the most recent LTD reviewed (for the quarter ending June 30, 2019) was 60.8 percent.

Comparative Loan-to-Deposit Ratios June 30, 2014 – June 30, 2019	
Institution	Loan-to-Deposit Ratio (%)
	21 – Quarter Average
Titonka Savings Bank	50.0
Competitors	
Farmers Trust & Savings Bank	108.3
State Savings Bank	96.6
Iowa State Bank	87.1
Manufacturers Bank & Trust Company	85.3
Farmers & Traders Savings Bank	85.7
Security State Bank	85.5
Farmers State Bank	80.2
First State Bank	59.4

Assessment Area Concentration

The majority of home mortgage and small farm loans reviewed were originated in the assessment area, indicating the bank is actively serving the needs of its community. Specifically, the bank extended 88.4 percent of all loans by number and 87.6 percent by dollar amount inside the assessment area. These percentages are similar to the previous evaluation.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	79	85.9	6,531	82.7	13	14.1	1,369	17.3
Small Farm	111	90.2	10,767	90.9	12	9.8	1,077	9.1
Total Loans	190	88.4	17,298	87.6	25	11.6	2,445	12.4

Geographic Distribution of Loans

The assessment area is comprised only of middle-income census tracts and therefore a meaningful analysis could not be performed. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no conspicuous unexplained gaps in contiguous census tracts.

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

For the purposes of this review, loans made in calendar year 2016 or before were analyzed based on 2006-2010 American Community Survey income designations for individuals². Loans made in calendar year 2017 or after were analyzed based on 2011-2015 American Community Survey income designations for individuals.

The borrower distribution of home mortgage and small farm loans reflects reasonable penetration among borrowers of different income levels and farms of different revenue sizes. Greater weight was given to small farm performance, as agricultural loans represent the majority of the bank's loan portfolio. Lending tables for 2018 and 2017 home mortgage loans and 2018 small farm loans are presented below, while tables for home mortgage loans from 2014 to 2016 can be found in Appendix A.

Home Mortgage Lending

The borrower distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. Based on the 2015 American Community Survey, the median family income for the combined assessment area is \$62,819. Please see Appendix D for definitions of income levels. From January 1, 2017 to December 31, 2018, the bank originated 38.7 percent of home mortgage loans to low- and moderate-income borrowers. Specifically, 18.2 percent of the bank's loans over the time period were originated to low-income borrowers while 20.5 percent were originated to moderate-income borrowers. These percentages slightly outpaced the composition of the families within the assessment area as 16.9 percent of families in the assessment area are low-income borrowers and 18.5 percent are designated as moderate-income. From May 4, 2014 to December 31, 2016, the bank originated no loans to low-income borrowers and 25.7 percent of home mortgage loans to moderate-income borrowers.

² *Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).*

Borrower Distribution of Home Mortgage Loans					
Assessment Area: 2017 & 2018 IA Non MSA					
Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income %
	Count		Dollar		
	#	%	\$ (000s)	\$ %	
Low	8	18.2	272	7.4	16.9
Moderate	9	20.5	327	8.9	18.5
Middle	11	25.0	673	18.2	24.9
Upper	16	36.4	2,422	65.6	39.7
Unknown	0	0.0	0	0.0	0.0
Totals	44	100.0	3,694	100.0	100.0

2017 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

The borrower distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. During the review period, the bank originated 97.3 percent of agricultural loans to farms with annual revenues of \$1.0 million or less. Performance was similar to assessment area demographics as 99.8 percent of all farms in the area have annual revenues of less than \$1.0 million. In addition, 72.2 percent of the loans originated to small farms with annual revenues of \$1.0 million or less were in dollar amounts of \$100,000 or less, demonstrating the bank's willingness to meet the credit needs of small farms.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2018 IA Non MSA								
Product Type		Bank & Demographic Comparison						
		2018		2018		Total Farms		
		Count Bank		Dollar Bank				
		#	%	\$ 000s	\$ %	%		
Small Farm	Revenue	\$1 Million or Less	108	97.3	10,046	93.3	99.8	
		Over \$1 Million or Unknown	3	2.7	721	6.7	0.2	
		Total	111	100.0	10,767	100.0	100.0	
	Loan Size	\$100,000 or Less	79	71.2	2,685	24.9		
		\$100,001 - \$250,000	18	16.2	3,054	28.4		
		\$250,001 - \$500,000	14	12.6	5,028	46.7		
		Total	111	100.0	10,767	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	78	72.2	2,614	26.0		
		\$100,001 - \$250,000	18	16.7	3,054	30.4		
		\$250,001 - \$500,000	12	11.1	4,378	43.6		
		Total	108	100.0	10,046	100.0		
	Originations & Purchases							
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>								

Response to Complaints

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

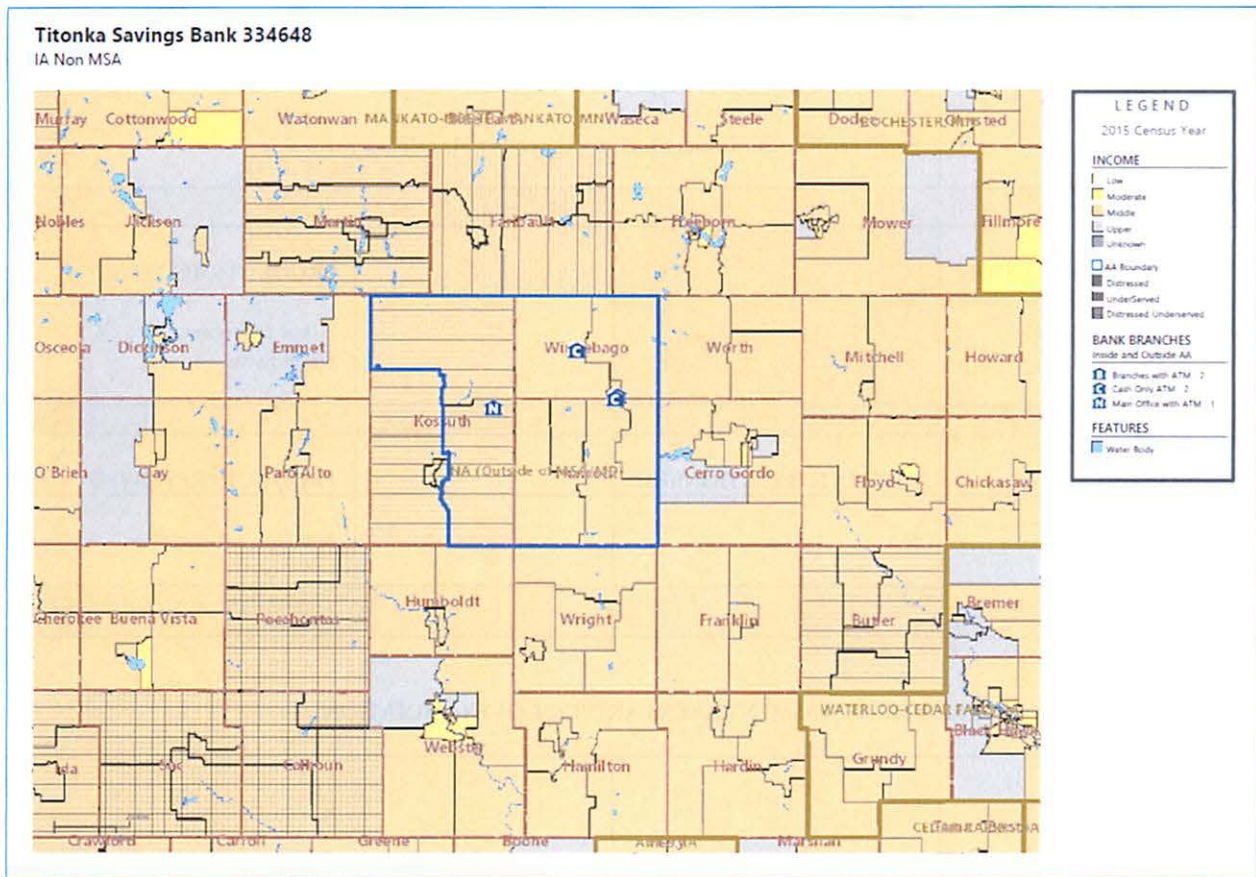
No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Additional Tables

Borrower Distribution of Home Mortgage Loans					
Assessment Area: 5/5/2014 through 12/31/2016 IA Non MSA					
Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income %
	Count		Dollar		
	#	%	\$ (000s)	\$ %	
Low	0	0.0	0	0.0	15.7
Moderate	9	25.7	434	15.3	18.9
Middle	11	31.4	858	30.2	27.2
Upper	15	42.9	1,545	54.5	38.2
Unknown	0	0.0	0	0.0	0.0
Totals	35	100.0	2,837	100.0	100.0
2014 FFIEC Census Data					
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>					

Assessment Area: 2016 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	1,249	15.7	
Moderate-income	0	0.0	0	0.0	0	0.0	1,502	18.9	
Middle-income	9	100.0	7,949	100.0	495	6.2	2,159	27.2	
Upper-income	0	0.0	0	0.0	0	0.0	3,039	38.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	9	100.0	7,949	100.0	495	6.2	7,949	100.0	
	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	0	0	0.0	0.0	0	0.0	0	0.0	
Middle-income	12,933	9,216	100.0	71.3	2,338	18.1	1,379	10.7	
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	12,933	9,216	100.0	71.3	2,338	18.1	1,379	10.7	
	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	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	1,602	100.0	1,444	100.0	117	100.0	41	100.0	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	1,602	100.0	1,444	100.0	117	100.0	41	100.0	
	Percentage of Total Businesses:			90.1		7.3		2.6	
	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	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	649	100.0	649	100.0	0	0.0	0	0.0	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	649	100.0	649	100.0	0	0.0	0	0.0	
	Percentage of Total Farms:			100.0		0.0		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

APPENDIX B – Map of Assessment Area



APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Home Mortgage Loans: May 5, 2014 – December 31, 2018 Small Farm Loans: January 1, 2018 – December 31, 2018	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Titonka Savings Bank			Home Mortgage Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
NA	NA		NA
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Iowa Non-MSA Iowa: Full Hancock County, Full Winnebago County, Partial Kossuth County	Full Scope	None	NA

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.³

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

³ 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 \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 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: 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).