

PUBLIC DISCLOSURE

July 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Home Trust & Savings Bank
RSSD# 60545

628 Main Street
P.O. Box 150
Osage, Iowa 50461

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.

TABLE OF CONTENTS

PERFORMANCE EVALUATION 2

SCOPE OF EXAMINATION 2

DESCRIPTION OF INSTITUTION..... 3

DESCRIPTION OF ASSESSMENT AREA 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA 9

LENDING TEST..... 9

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW15

APPENDIX A – MAP OF ASSESSMENT AREA.....16

APPENDIX B – SCOPE OF EXAMINATION17

APPENDIX C – GLOSSARY18

BANK'S CRA RATING

The Home Trust & Savings Bank is rated Satisfactory.

The Home Trust & Savings Bank is meeting the credit needs of its community based on an analysis of lending activities. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A substantial majority of the bank's loans are originated within the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and lending reflects reasonable penetration among borrowers of different incomes and businesses and farms of different revenue sizes. Neither The Home Trust & Savings Bank nor this Reserve Bank received any Community Reinvestment Act (CRA) related complaints since the previous examination.

SCOPE OF EXAMINATION

The Home Trust & Savings Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for small institutions. The evaluation analyzed information about the institution and its assessment area, such as asset size, financial condition, economic and demographic characteristics, and competition. Lending performance was assessed within the bank's single, non-metropolitan (non-MSA) assessment area comprised of Floyd and Mitchell Counties, Iowa in their entirety.

Loan products reviewed include residential real estate, small business, and small farm loans. These products are considered the bank's primary business lines based on volume by number and dollar amount.

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 17-quarter average for the period of June 30, 2019, through June 30, 2023, loan-to-deposit ratio was calculated for the bank and a sample of local competitors.
- ***Lending in the Assessment Area*** – Samples of the bank's residential real estate, small business, and small farm loans originated from January 1, 2022 – December 31, 2022, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – Samples of the bank's residential real estate, small business, and small farm loans originated in the assessment area, from January 1, 2022 – December 31, 2022, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – Samples of the bank’s residential real estate, small business, and small farm loans originated in the assessment area, from January 1, 2022 – December 31, 2022, 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.

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.

DESCRIPTION OF INSTITUTION

According to the Uniform Bank Performance Report (UBPR), The Home Trust & Savings Bank is a community bank with \$271.9 million in assets as of June 30, 2023. The bank operates one full-service office and one automated teller machine (ATM), in Osage, Iowa. The bank has not opened nor closed any branches or ATMs since the previous evaluation.

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2022, ranks The Home Trust & Savings Bank third among seven FDIC-insured institutions operating in the assessment area. The bank holds an 18.6 percent market share, compared to the market leader First Security Bank and Trust Company (Charles City, Iowa) which holds 28.6 percent of the assessment area’s deposits. The seven banks competing for deposits and loans with The Home Trust & Savings Bank have 15 offices located throughout the assessment area.

The bank offers a variety of standard non-complex loan and deposit products to meet the banking needs of its consumers, small businesses, and small farms operating within its assessment area. The bank is primarily an agricultural lender, but also provides residential real estate, commercial, and consumer loans. Deposit product offerings include checking, savings, money market, certificates of deposit (CD), and debit cards. The bank offers in-person banking and a website with customer account access, loan payment, check ordering, and general communication capabilities.

As of June 30, 2023, the bank’s largest loan categories are agricultural (52.1 percent), residential real estate (27.6 percent), commercial (17.0 percent), and consumer loans (2.6 percent). Details of the composition of the bank’s loan portfolio are shown below.

Composition of Loan Portfolio as of June 30, 2023		
(\$ are in 000s)		
Type	\$	%
Agriculture	92,751	52.1
Residential Real Estate	49,148	27.6
Commercial	30,224	17.0
Consumer	4,619	2.6
Other	1,194	0.7
Gross Loans	177,936	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 July 15, 2019.

DESCRIPTION OF ASSESSMENT AREA

The Home Trust & Savings Bank’s assessment area is comprised of Floyd and Mitchell Counties, Iowa in their entirety. Floyd County is comprised of one moderate-income and four middle-income census tracts and Mitchell County includes three middle-income census tracts. There are no distressed or underserved middle-income tracts in the assessment area. No changes have been made to the bank’s assessment area since the previous evaluation.

Demographic information for the assessment area is presented in the following table.

2022 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,167	16.5
Moderate	1	12.5	738	10.4	155	21.0	1,435	20.3
Middle	7	87.5	6,346	89.6	288	4.5	1,533	21.6
Upper	0	0.0	0	0.0	0	0.0	2,949	41.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8	100.0	7,084	100.0	443	6.3	7,084	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,609	851	9.9	52.9	618	38.4	140	8.7
Middle	10,949	7,784	90.1	71.1	2,118	19.3	1,047	9.6
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	12,558	8,635	100.0	68.8	2,736	21.8	1,187	9.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	127	8.7	118	8.8	7	6.9	2	8.3
Middle	1,335	91.3	1,218	91.2	95	93.1	22	91.7
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,462	100.0	1,336	100.0	102	100.0	24	100.0
Percentage of Total Businesses:				91.4		7.0		1.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	0.5	2	0.5	0	0.0	0	0.0
Middle	421	99.5	419	99.5	2	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	423	100.0	421	100.0	2	100.0	0	0.0
Percentage of Total Farms:				99.5		0.5		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

According to the 2020 U.S Census Bureau data, the assessment area experienced a slight decrease (2.3 percent) in population since 2015. In addition, non-MSA Iowa experienced a 1.4 percent decrease during that same period, while the total population within the state of Iowa increased 3.1 percent. While the majority of the assessment area’s population resides in Floyd County, Mitchell County experienced the lowest population decline at 1.8 percent. According to community representatives, the assessment area’s population decline is attributed to fewer younger individuals moving to or returning to the rural assessment area, given the lack of amenities and resources.

The table below presents the population trends for the assessment area, Floyd, and Mitchell Counties, the non-MSA Iowa, and the state of Iowa from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	26,812	26,192	-2.3
Floyd County	16,050	15,627	-2.6
Mitchell County	10,762	10,565	-1.8
Non-MSA Iowa	1,250,756	1,232,642	-1.4
State of Iowa	3,093,526	3,190,369	3.1

*Source: 2020—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau American Community Survey*

Income Characteristics

The assessment area is comprised of 7,084 families, of which 16.5 percent are designated as low-income, 20.3 percent are moderate-income, 21.6 percent are middle-income, and 41.6 percent are upper-income families. Approximately 6.3 percent of the families residing within the assessment area live below the poverty line, which is slightly below the state of Iowa’s poverty rate of 7.1 percent.

The assessment area experienced an increase in median family income (MFI) between 2015 and 2020, with Floyd County experiencing a significantly higher rate of increase (22.4 percent) compared to Mitchell County (5.1 percent). The state of Iowa experienced an increase more consistent with Mitchell County at 7.4 percent. Although the assessment area has seen a greater increase of MFI during the period, it is below the MFI of the state of Iowa. According to community representatives, large pharmaceutical companies Zoetis and Cambrex proactively increased wages in Floyd County to attract and retain employees. In addition, MFI in the assessment area has benefited from manufacturing expansion, which is attributed to Iowa Economic Development grants and local agreements for job creation. New available job opportunities and increases in pay have been prevalent to attract workers to the area.

The following table compares the MFI for the assessment area, Floyd, and Mitchell Counties, non-MSA Iowa, and the state of Iowa from 2015 to 2020.

Median Family Income Change 2015 and 2020			
Area	2015 Median Family Income	2020 Median Family Income	Percentage Change (%)
Assessment Area	64,392	74,254	15.3
Floyd County	61,189	74,894	22.4
Mitchell County	70,010	73,550	5.1
Non-MSA Iowa	67,391	71,763	6.5
State of Iowa	73,712	79,186	7.4

*Source: Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.
2011-2015—U.S. Census Bureau: American Community Survey
2016-2020—U.S. Census Bureau: American Community Survey*

Housing Characteristics

According to 2022 FFIEC Census Data, the assessment area has a median housing value of \$113,115 and median gross rent of \$547. Overall, there are a total of 12,558 housing units in the assessment area with the majority of housing units being owner-occupied at 68.8 percent, while 21.8 percent are rental units and 9.5 percent are vacant housing units. The state of Iowa has a similar percentage of owner-occupied housing units at 64.4 percent, a higher percentage of rental units at 26.1 percent, and a consistent percentage of vacant units at 9.5 percent.

Households are considered housing cost burdened when gross monthly housing costs in relation to gross monthly income is above 30.0 percent. As shown in the table below, large percentages of low-income households in the assessment area, whether they are renters or homeowners, are housing cost burdened. Mitchell County has significantly lower rates of housing cost burden for low-income renters (37.7 percent) when compared to Floyd County (63.0 percent) and the state of Iowa (70.6 percent). However, moderate-income renters in Floyd County (8.7 percent) experience this burden at lower rates than Mitchell County (19.0 percent) and the state of Iowa (17.7 percent). The housing cost burden for homeowners in Mitchell County is higher than Floyd County for both low- and moderate-income owners. This is consistent with the data that shows Floyd County having a slightly higher MFI compared to Mitchell County. According to FFIEC data, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area’s counties and the broader region. These trends suggest a continued increase in demand for home purchases, causing an increase in home values, which indicates housing cost burden for low- and moderate-income homeowners will remain elevated.

Community representatives noted housing and rental stock in the area is a concern, as there is a strong need for all types of housing including affordable housing, high-end housing, and senior living facilities. Regardless of the number of jobs that are brought into the area, the limited housing availability has an adverse impact on the assessment area’s population. The affordable housing

stock that is currently available is considered less than desirable.

The following table presents the recent housing cost burden within the assessment area, Floyd, and Mitchell Counties, the non-MSA Iowa, and the state of Iowa.

2022 IA Non MSA Housing Cost Burden (%)						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	57.4	11.9	32.9	48.0	20.9	13.6
Floyd County	63.0	8.7	39.0	41.8	16.0	12.2
Mitchell County	37.7	19.0	18.5	55.1	29.5	15.5
Non-MSA Iowa	63.7	13.0	32.5	53.8	19.0	14.5
State of Iowa	70.6	17.7	37.7	56.8	22.5	15.0

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

Employment Characteristics

Overall, all geographies experienced an increase in unemployment rates in 2020, largely due to the COVID-19 pandemic, which led some employers to lay off employees. In 2021, unemployment rates across all areas declined with Mitchell County having a lower unemployment rate (3.0 percent) than Floyd County (4.3 percent) and the state of Iowa (4.2 percent). Community representatives accredited the lower unemployment rates in the area to well established corporations and manufacturing expansions. Manufacturing expansion was supported by Iowa Economic Development grants with local agreements that included job creation.

The following table presents the unemployment trends for the assessment area, Floyd, and Mitchell Counties, non-MSA Iowa, and the state of Iowa from 2017 to 2021.

2022 IA Non MSA Unemployment Rates (%)					
Area	2017	2018	2019	2020	2021
Assessment Area	2.7	2.3	2.6	4.8	3.8
Floyd County, IA	3.2	2.7	3.4	5.9	4.3
Mitchell County, IA	2.1	1.8	1.6	3.3	3.0
Non-MSA Iowa	3.2	2.6	2.7	4.8	4.1
Iowa	3.1	2.5	2.6	5.1	4.2

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Industry Characteristics

The assessment area is home to multiple industries with the majority in manufacturing, construction, and retail trade. Additionally, the area's industry is impacted by a large percentage of government workers. According to community representatives, industries in the area have benefited from Iowa Economic Development grants, attracting new corporations, and supporting the expansion of those already established. A community representative highlighted two large pharmaceutical corporations that expanded operations which positively impacted economic conditions. No notable employers have left the area since the previous evaluation.

Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area. Both representatives indicated a continued need for housing, including affordable housing units, as well as high-end housing to continue to attract professionals to existing corporations. Commercial and retail development is also vital for the continued success of both Floyd and Mitchell Counties. The Home Trust & Savings Bank was identified as one of the local financial institutions that is responsive and helps meet community needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

The Home Trust & Savings Bank's performance relative to the lending test is rated Satisfactory, as the bank is meeting the credit needs of its community based on the analysis of its lending activities. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of local competitors, current economic conditions, and the credit needs of its assessment area. A substantial majority of residential real estate, small business, and small farms loans are originated inside the assessment area. Residential real estate, small business, and small farms loans reflect reasonable geographic distribution throughout the assessment area. Lending also reflects reasonable penetration among individuals of different income levels and to businesses and farms of different revenue sizes.

Loan-to-Deposit Ratio

The Home Trust & Savings Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, and the credit needs of the assessment area. The bank's 17-quarter average LTD ratio was 73.3 percent, which is comparable to its local competitors and to the previous evaluation at 74.4 percent. The LTD ratio was evaluated relative to the bank's financial condition, capacity to lend, its competitors, and its peers' LTD ratios. Also considered were

demographic factors, economic conditions, and lending opportunities present in the assessment area. The following table illustrates the bank’s average LTD ratio for the 17 quarters from June 30, 2019, through June 30, 2023, in comparison to its local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
The Home Trust & Savings Bank	73.3
Competitors	
CUSB	84.2
Saint Ansgar State Bank	76.0
First Citizens Bank	75.5
Fidelity B&T	69.2
First Security B&TC	69.2
Farmers State Bank	62.3

Assessment Area Concentration

A substantial majority of The Home Trust & Savings Bank’s residential real estate, small business, and small farm loans were originated within the assessment area. Of the 184 loans originated during the evaluation period, 84.8 percent of loans by number and 84.1 percent by dollar were originated within the assessment area. The bank’s lending concentration indicates the bank is responsive to the credit needs of consumers, small businesses, and small farms in the assessment area. The table below summarizes the bank’s lending inside and outside of the assessment area by product.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	58	82.9	7,926	82.5	12	17.1	1,677	17.5
Small Business Loans	56	84.8	5,162	88.9	10	15.2	643	11.1
Small Farm Loans	70	86.4	7,456	82.7	11	13.6	1,562	17.3
Total Loans	184	84.8	20,544	84.1	33	15.2	3,882	15.9

Geographic Distribution of Loans

The geographic distribution of residential real estate, small business, and small farm loans reflects a reasonable dispersion of lending throughout the assessment area. A gap analysis was completed as part of the evaluation. The Home Trust & Savings Bank made loans in 87.5 percent of the census tracts in the assessment area. The gap analysis indicates the bank is lending to the majority of the census tracts within its assessment area. Based upon this analysis, it appears there are no conspicuous geographic lending gaps. A detailed discussion of residential real estate, small business, and small farm loans in relation to census demographics is provided below.

Residential Real Estate Lending

Residential real estate lending reflects a reasonable dispersion throughout the assessment area. The Home Trust & Savings Bank originated 100.0 percent of their residential real estate loans in middle-income census tracts, which aligns with where the majority of all owner-occupied units (90.1 percent) are located. The sample included no residential real estate loans to borrowers in moderate-income census tracts which is below the percentage of owner-occupied units within the moderate-income tract (9.9 percent). The absence of originations in the moderate-income census tract can be attributed to the proximity of the bank’s sole location, which is centrally situated in the assessment area (Mitchell County), to the lone moderate-income census tract that is located in the southern portion of the bank’s assessment area (Floyd County). This distance makes it more difficult for the bank to attract business from this census tract.

Distribution of 2022 Residential Lending By Income Level of Geography					
Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	9.9
Middle	58	100.0	7,926	100.0	90.1
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	58	100.0	7,926	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

Small business lending reflects a reasonable dispersion throughout the assessment area. The Home Trust & Savings Bank originated 100.0 percent of their small business loans in middle-income census tracts, which aligns with where the majority of total businesses (91.3 percent) are located. The sample included no small business loans to businesses in the moderate-income census tract which is below the percentage of total businesses within the moderate-income tract (8.7 percent). The absence of originations in the moderate-income census tract can be attributed to the proximity of the bank’s sole location, which is centrally situated in the assessment area (Mitchell County), to the lone moderate-income census tract that is located in the southern portion of the bank’s assessment area (Floyd County). This distance makes it more difficult for the bank to attract business from this census tract.

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	8.7
Middle	56	100.0	5,162	100.0	91.3
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	56	100.0	5,162	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

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

Small Farm Lending

Small Farm lending reflects a reasonable dispersion throughout the assessment area. A substantial majority of The Home Trust & Savings Bank’s small farm loans (98.6 percent) were originated in middle-income census tracts, which aligns with where the majority of total farms (99.5 percent) are located. The sample included one small farm loan to a borrower in a moderate-income census tract (1.4 percent), which is comparable to the percentage of total farms within these tracts (0.5 percent). The limited number of originations in the moderate-income census tracts can be attributed to limited opportunity as well as to the proximity of the bank’s sole location, which is centrally situated in the assessment area (Mitchell County), to the lone moderate-income census tract that is located in the southern portion of the bank’s assessment area (Floyd County).

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	1	1.4	45	0.6	0.5
Middle	69	98.6	7,411	99.4	99.5
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	70	100.0	7,456	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

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

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

The Home Trust & Savings Bank’s distribution of lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals and businesses and farms of different revenue sizes, including those with annual revenues of \$1 million or less. A detailed discussion of residential real estate, small business, and small farm loans in relation to census demographics is provided below.

Residential Real Estate Lending

The distribution of residential real estate loans reflects reasonable penetration among borrowers of different income levels. The Home Trust & Savings Bank originated 15.5 percent of residential real estate loans to low-income borrowers, which is consistent with the assessment area demographic (16.5 percent). Lending to moderate-income borrowers (12.1 percent) was below the assessment area demographics (20.3 percent). The bank originated 24.1 percent of residential real estate loans to middle-income borrowers which is above the demographic (21.6 percent), and 31.0 percent to upper-income borrowers which is below the demographic (41.6 percent). Additionally, the bank originated 17.2 percent of residential real estate loans to borrowers of unknown income.

Distribution of 2022 Residential Lending By Borrower Income Level					
Assessment Area: IA Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	%	\$(000)	%	
Low	9	15.5	534	6.7	16.5
Moderate	7	12.1	695	8.8	20.3
Middle	14	24.1	2,618	33.0	21.6
Upper	18	31.0	3,323	41.9	41.6
Unknown	10	17.2	756	9.5	0.0
Total	58	100.0	7,926	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

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

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. The Home Trust & Savings Bank originated 89.3 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which is comparable to the percentage of small businesses operating within the assessment area (91.4 percent). Of the 50 loans originated to small businesses with annual revenues of \$1 million or less, 86.0 percent were in amounts of \$100,000 or less which is considered most beneficial to small businesses. The following table summarizes the bank’s small business lending in the assessment area.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: IA Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	50	89.3	3,262	63.2	91.4
Over \$1 Million	6	10.7	1,900	36.8	7.0
Revenue Unknown	0	0.0	0	0.0	1.6
Total	56	100.0	5,162	100.0	100.0
By Loan Size					
\$100,000 or Less	44	78.6	1,821	35.3	
\$100,001 - \$250,000	8	14.3	1,232	23.9	
\$250,001 - \$1 Million	4	7.1	2,109	40.9	
Total	56	100.0	5,162	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	43	86.0	1,724	52.9	
\$100,001 - \$250,000	5	10.0	729	22.3	
\$250,001 - \$1 Million	2	4.0	809	24.8	
Total	50	100.0	3,262	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. The Home Trust & Savings Bank originated 82.9 percent of its small farm loans to farms reporting annual revenues of \$1 million or less. While this is lower than the percentage of small farms operating within the assessment area (99.5 percent), it is still considered reasonable. Of the 58 loans originated to small farms with annual revenues of \$1 million or less, 65.5 percent were in amounts of \$100,000 or less which is considered most beneficial to small businesses. The following table summarizes the bank's small farm lending in the assessment area.

Distribution of 2022 Small Farm Lending By Revenue Size of Farms					
Assessment Area: IA Non MSA					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	58	82.9	5,631	75.5	99.5
Over \$1 Million	12	17.1	1,826	24.5	0.5
Revenue Unknown	0	0.0	0	0.0	0.0
Total	70	100.0	7,456	100.0	100.0
By Loan Size					
\$100,000 or Less	44	62.9	1,863	25.0	
\$100,001 - \$250,000	20	28.6	3,418	45.8	
\$250,001 - \$500,000	6	8.6	2,176	29.2	
Total	70	100.0	7,456	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	38	65.5	1,628	28.9	
\$100,001 - \$250,000	18	31.0	3,153	56.0	
\$250,001 - \$500,000	2	3.4	850	15.1	
Total	58	100.0	5,631	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Response to Complaints

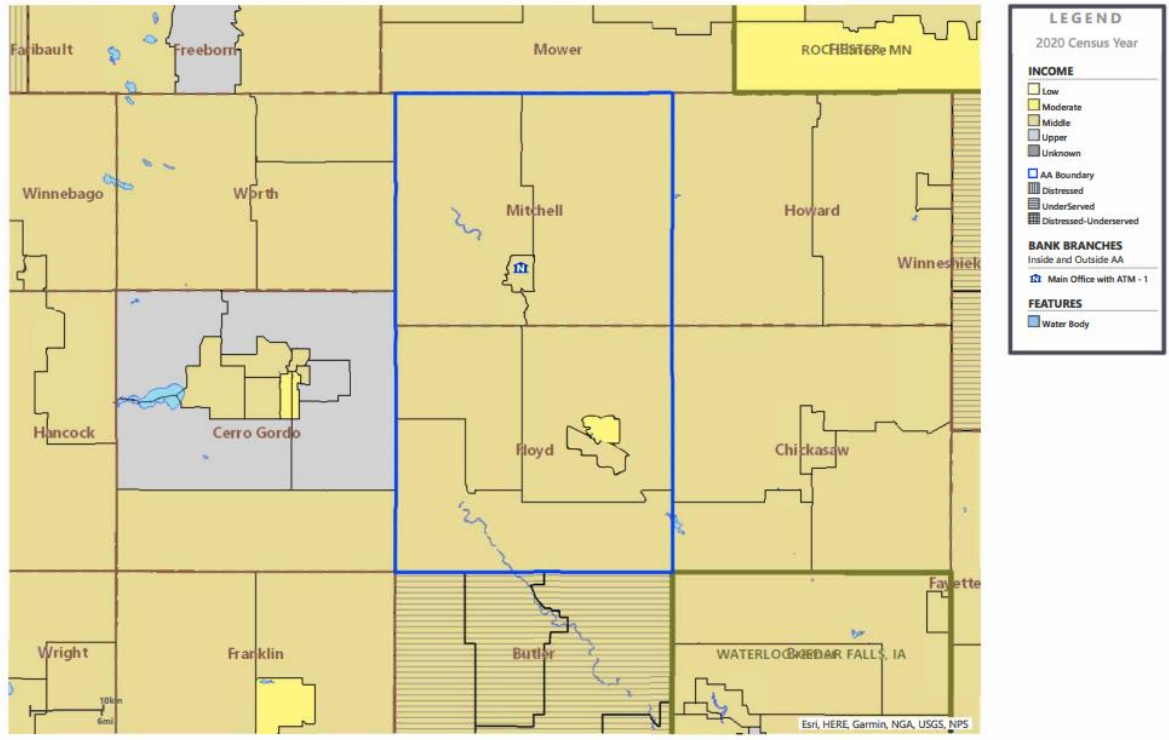
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

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 – Map of Assessment Area

The Home Trust & Savings Bank 60545
IA Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Residential Real Estate Loans – January 1, 2022 – December 31, 2022 Small Business Loans – January 1, 2022 – December 31, 2022 Small Farm Loans – January 1, 2022 – December 31, 2022 Loan-to-Deposit Ratio – June 30, 2019 – June 30, 2023		
FINANCIAL INSTITUTION The Home Trust & Savings Bank			PRODUCTS REVIEWED <ul style="list-style-type: none"> • Residential Real Estate • Small Business • Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Non-metropolitan Iowa	Full scope review	None	None

APPENDIX C – 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.¹

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

¹ 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 nonmetropolitan 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, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement 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).