

PUBLIC DISCLOSURE

June 6, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Central State Bank
RSSD# 678744

102 North Main Street
Elkader, Iowa 52043

Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S CRA RATING

Central State Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Central State Bank is meeting the credit needs of its community based on an analysis of lending and community development activities. The bank's average loan-to-deposit (LTD) ratio is more than reasonable considering the characteristics of the bank, its local competitors, and the credit needs of the assessment area. A majority of loans are located in 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 Central State Bank, nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous examination.

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

SCOPE OF EXAMINATION

Central State Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). This is the bank's first time being evaluated using the Intermediate Small Institution Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics.

The evaluation included a full scope review of the bank's Non-Metropolitan Statistical Area (Non-MSA) Iowa assessment area. The Non-MSA Iowa assessment area consists of Clayton County, Iowa in its entirety and portions of Allamakee County, Iowa and Crawford County, Wisconsin. A full scope review was deemed appropriate given the distribution of the bank's branch locations, including the main office, prevalence of low- and moderate-income populations, and volume of the bank's deposits and loans. The Iowa City, Iowa MSA #26980, which is made up of Johnson County, Iowa in its entirety and portions of Iowa County, Iowa, also received a full scope review due to the acquisition of Swisher Bank & Trust which increased the bank's deposit and lending volumes.

The Cedar Rapids, Iowa MSA #16300, which is delineated in its entirety, received a limited scope review. This limited review assessment area was evaluated for consistency with the bank's performance in its full scope review assessment areas, although it did not impact the overall CRA rating.

Loan products reviewed include Home Mortgage Disclosure Act (HMDA) reportable home mortgage loans, small business loans, and small farm loans. These products are considered the bank's primary business lines based on volume by number and dollar amount. Greater weight was given to small business performance, as commercial loans represent the majority of the bank's loan portfolio.

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

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2020 to December 31, 2021, and a sample of small business and small farm loans originated from January 1, 2021 to December 31, 2021 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2020 to December 31, 2021 and a sample of small business and small farm loans originated from January 1, 2021 to December 31, 2021, 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*** – The bank's HMDA-reportable loans originated from January 1, 2020 to December 31, 2021 and a sample of small business and small farm loans originated from January 1, 2021 to December 31, 2021, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, and community development services, from May 15, 2018 to June 6, 2022 were reviewed

considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, four 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: affordable housing and economic development.

DESCRIPTION OF INSTITUTION

Central State Bank is a subsidiary of AJJ Bancorp, a one-bank holding company, with one additional subsidiary, AJJ Bancorp Statutory Trust 1, all of which are headquartered in Elkader, Iowa. The bank maintains its main office in Elkader, Iowa along with six full-service branch locations and six automated teller machines (ATM) in Elkader, Marquette, Coralville, Swisher, Cedar Rapids, and Walford, Iowa. Since the previous examination, the bank acquired the Swisher, Iowa branch, which is located in an upper-income tract. Additionally, the bank relocated its branch activities from its McGregor, Iowa branch, which was located in a middle-income census tract, to its office in Marquette, also located within a middle-income census tract.

Central State Bank offers a range of traditional loan and deposit products and services. While the bank is primarily a commercial lender, it offers residential real estate, agricultural, and consumer loan products. In addition, traditional deposit products are offered and are inclusive of checking and savings, certificates of deposit, money market, and business accounts. Additionally, Central State Bank offers Small Business Administration (SBA) commercial loan financing options.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$404.2 million and total deposits of \$345.2 million as of March 31, 2022.

As of the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Central State Bank ranks 12th out of 56 financial institutions operating within the assessment area. The bank held \$333.4 million in deposits, representing a market share of 2.0 percent. The financial institutions with the largest percentage of the deposit market share are Hills Bank and Trust Company (18.5 percent), U.S. Bank National Association (9.7 percent), and Luana Savings Bank (8.6 percent).

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

Composition of Loan Portfolio as of March 31, 2022 (000's)		
Type	\$	%
Commercial	182,183	54.9
Residential Real Estate	83,101	25.0
Agriculture	58,841	17.7
Consumer	6,007	1.8
Other	1,764	0.5
Total	331,896	100.0
<i>Note: Percentages may not total 100.0 percent 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 14, 2018.

DESCRIPTION OF ASSESSMENT AREA

Central State Bank is an intrastate bank that operates in three assessment areas throughout the state of Iowa. One of those assessment areas includes a small portion of the state of Wisconsin, however the bank does not maintain any branches in Wisconsin. The designated assessment areas include Non-MSA Iowa; Iowa City, Iowa MSA; and Cedar Rapids, Iowa MSA. The Non-MSA Iowa assessment area includes Clayton County, Iowa in its entirety and portions of Allamakee County, Iowa and Crawford County, Wisconsin. The Iowa City MSA assessment area includes the entirety of Johnson County, Iowa and the majority of Iowa County, Iowa. The Cedar Rapids MSA assessment area includes the Cedar Rapids MSA in its entirety. The combined assessment area includes a total of 93 census tracts, and is comprised of three low-, 21 moderate-, 55 middle-, 13 upper-, and one unknown-income census tracts. The unknown census tract is located in downtown Cedar Rapids, Iowa. All tracts within Clayton County are designated as underserved by the FFIEC due to their remote and rural location. The assessment area remains unchanged since the prior examination.

Additional assessment area demographic information is provided in the following table.

Assessment Area: 2021 Combined Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	3.2	761	0.7	246	32.3	20,324	18.7
Moderate-income	21	22.6	18,125	16.6	2,382	13.1	19,443	17.9
Middle-income	55	59.1	67,102	61.6	3,802	5.7	26,086	24.0
Upper-income	13	14.0	22,665	20.8	525	2.3	43,014	39.5
Unknown-income	1	1.1	214	0.2	99	46.3	0	0.0
Total Assessment Area	93	100.0	108,867	100.0	7,054	6.5	108,867	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,657	607	0.5	22.8	1,653	62.2	397	14.9
Moderate-income	39,031	19,690	15.8	50.4	16,341	41.9	3,000	7.7
Middle-income	116,278	78,033	62.7	67.1	29,190	25.1	9,055	7.8
Upper-income	32,207	25,973	20.9	80.6	5,082	15.8	1,152	3.6
Unknown-income	991	128	0.1	12.9	703	70.9	160	16.1
Total Assessment Area	191,164	124,431	100.0	65.1	52,969	27.7	13,764	7.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	780	3.8	678	3.6	99	6.3	3	1.2
Moderate-income	3,788	18.5	3,454	18.4	307	19.7	27	11.2
Middle-income	11,418	55.6	10,462	55.9	796	51.0	160	66.1
Upper-income	4,016	19.6	3,700	19.8	270	17.3	46	19.0
Unknown-income	525	2.6	430	2.3	89	5.7	6	2.5
Total Assessment Area	20,527	100.0	18,724	100.0	1,561	100.0	242	100.0
Percentage of Total Businesses:			91.2		7.6		1.2	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1	0.1	1	0.1	0	0.0	0	0.0
Moderate-income	47	2.7	45	2.6	2	14.3	0	0.0
Middle-income	1,428	82.9	1,413	82.9	12	85.7	3	100.0
Upper-income	245	14.2	245	14.4	0	0.0	0	0.0
Unknown-income	1	0.1	1	0.1	0	0.0	0	0.0
Total Assessment Area	1,722	100.0	1,705	100.0	14	100.0	3	100.0
Percentage of Total Farms:			99.0		0.8		0.2	
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Central State Bank’s performance relative to the lending test is **Satisfactory**. Overall, the bank is meeting the credit needs of its assessment area based on an analysis of the bank’s lending activities. The LTD is more than reasonable given the bank’s size, financial condition, and assessment area credit needs. The majority of small business, small farm, and home mortgage loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration among individuals of different income levels, and businesses and farms of different revenue sizes. Lastly, no CRA-related complaints were received by the institution or the Reserve Bank since the previous examination.

Loan-to-Deposit Ratio

Central State Bank had a more than reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment areas. As of December 31, 2021, the bank’s LTD ratio averaged 93.9 percent over a 17-quarter period. The LTD has remained stable since the previous examination during which time the bank had an average LTD ratio of 90.5 percent. The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of December 31, 2021	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
Central State Bank	93.9
Peer Avg – Local	82.2
Competitors	
Freedom Bank	93.1
Grinnell State Bank	91.0
Mound City Bank	90.3
Ohnward Bank & Trust Company	90.0
Peoples Community Bank	89.8
Waukon State Bank	86.9
Community Savings Bank	85.6
Northeast Security Bank	71.5
Citizens State Bank	62.7
Farmers Savings Bank	61.1

Assessment Area Concentration

During the evaluation period, Central State Bank made a majority of its loans in the assessment area. Specifically, the bank originated 81.4 percent of total loans by count and 77.9 percent by dollar amount inside the assessment area. HMDA-reportable and small business loans saw a similar dispersion of loans by count inside the assessment area with 82.8 percent and 81.4 percent, respectively, while small farm loans saw a slightly lower percent of loans by count within the assessment area at 74.0 percent. Similar to loans by number, 79.0 percent of HMDA-reportable loans, 78.7 percent of small business loans, and 66.0 percent of small farm loans by dollar were made within the assessment area. Performance indicates the bank is actively serving the credit needs of the local community.

The following table summarizes the bank's lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2020 to December 31, 2021 and small business and small farm loans from January 1, 2021 to December 31, 2021.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	28	82.4	\$4,715	86.1	6	17.6	\$761	13.9
Home Purchase - Conventional	93	83.0	\$17,280	84.2	19	17.0	\$3,241	15.8
Multi-Family Housing	4	80.0	\$10,297	90.0	1	20.0	\$1,140	10.0
Refinancing	96	82.8	\$24,673	71.1	20	17.2	\$10,025	28.9
Total HMDA related	221	82.8	\$56,965	79.0	46	17.2	\$15,167	21.0
Small Business	57	81.4	\$21,571	78.7	13	18.6	\$5,825	21.3
Total Small Bus. related	57	81.4	\$21,571	78.7	13	18.6	\$5,825	21.3
Small Farm	37	74.0	\$5,578	66.0	13	26.0	\$2,873	34.0
Total Small Farm related	37	74.0	\$5,578	66.0	13	26.0	\$2,873	34.0
TOTAL LOANS	315	81.4	\$84,114	77.9	72	18.6	\$23,864	22.1

Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable, small business and small farm loans reflects reasonable dispersion throughout the assessment area. In addition, the distribution of lending reflects, given the product lines offered, reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Additional information with respect to the bank's geographic and borrower distribution is found within the full review assessment area sections for Non-MSA Iowa and the Iowa City, Iowa MSA.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is **Satisfactory**. The bank's community development performance demonstrates adequate responsiveness to the needs of the assessment area through community development loans, investments, donations, and community development services, as appropriate, considering the bank's capacity and the availability of such opportunities for community development in the assessment area. At the previous examination, the bank's CRA performance was evaluated using the FFIEC's Small Institution Examination Procedures and therefore did not include a review of community development activity.

Lending, Investment, and Services Activities

During the evaluation period, Central State Bank originated seven community development loans totaling \$11.8 million towards affordable housing and revitalizing and stabilizing underserved middle-income tracts and COVID-19 designated disaster areas within its assessment area. In addition, the bank participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. The bank originated a total of 436 PPP loans totaling \$26.8 million during the evaluation period. As PPP loans are in direct response to the COVID-19 pandemic and are specifically designed to benefit small businesses and retain jobs during the pandemic, these loans are considered very responsive and flexible.

During the evaluation period, the bank made four qualified investments totaling approximately \$2.0 million, as well as 18 qualified donations totaling \$9,065 within its assessment area. The majority of qualified investments and donations were made to revitalize or stabilize moderate-income and middle-income underserved geographies and areas. The remainder of qualified investments and donations were made toward community services targeted to low- and moderate-income individuals.

During the evaluation period, bank staff provided 1,683 hours of community development services. Of the total number of service hours, 160 were dedicated to organizations with a community service focus, 1,343 service hours were dedicated to organizations with an economic development focus, and 180 service hours were to organizations dedicated to the revitalization or stabilization of a low-income or middle-income underserved census tract.

Additional information with respect to the bank's community development activities is found within the full review assessment area sections for Non-MSA Iowa and the Iowa City, Iowa MSA.

Qualified Community Development Activities May 15, 2018 to June 6, 2022								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
Full Review								
Non-MSA IA	3	8,847,100	2	615,000	14	5,240	11	1,559
Iowa City MSA	4	2,997,806	0	0	1	200	0	0
Limited Review								
Cedar Rapids MSA	0	0	2	1,390,000	3	3,625	1	24
Other								
Regional	0	0	0	0	0	0	1	100
Total	7	11,844,906	4	2,005,000	18	9,065	13	1,683

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

NON-MSA IOWA– FULL REVIEW

SCOPE OF EXAMINATION

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA IOWA

The bank’s Non-MSA Iowa assessment area has nine census tracts comprised of Clayton County, Iowa in its entirety, one census tract (9604.00) in Allamakee County, Iowa and two census tracts (9605.00 and 9606.00) in Crawford County, Wisconsin. All census tracts within the assessment area are middle-income. There are no low- or moderate-income geographies within the assessment area. All six census tracts in Clayton County are designated underserved by the FFIEC due to their rural location. The assessment area remains unchanged since the previous examination.

Within the assessment area, the bank operates a main office and two branches with full-service ATMs. All offices are located in middle-income census tracts. Since the previous examination, the bank relocated the operations of the McGregor Branch, which was located in a middle-income census tract, to the Marquette Branch. The full-service ATM located at the McGregor branch was closed as part of the consolidation.

According to the June 30, 2021, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Central State Bank ranked sixth of 15 FDIC-insured financial institutions operating in Allamakee, Clayton, and Crawford Counties. The bank held \$147.2 million in deposits, representing 4.5 percent of the total deposit market share in the three counties. In comparison, the first ranked institution, Luana Savings Bank held \$1.4 billion in deposits, representing 43.5 percent of the deposit market share. The second ranked institution, Peoples State Bank, held \$465.4 million in deposits, representing 14.3 percent of the deposit market share.

In 2020, Central State Bank ranked fourth among 85 HMDA-reporters, originating 67 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Luana Savings Bank, originated 153 HMDA loans, and second ranked institution, Community Savings Bank originated 96 HMDA loans.

Additional assessment area demographic information is provided in the following table.

Assessment Area: 2021 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	1,279	18.4
Moderate-income	0	0.0	0	0.0	0	0.0	1,408	20.3
Middle-income	9	100.0	6,950	100.0	551	7.9	1,709	24.6
Upper-income	0	0.0	0	0.0	0	0.0	2,554	36.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	9	100.0	6,950	100.0	551	7.9	6,950	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	13,432	8,352	100.0	62.2	2,600	19.4	2,480	18.5
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	13,432	8,352	100.0	62.2	2,600	19.4	2,480	18.5
	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	1,397	100.0	1,281	100.0	80	100.0	36	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	1,397	100.0	1,281	100.0	80	100.0	36	100.0
		Percentage of Total Businesses:		91.7		5.7		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	377	100.0	375	100.0	1	100.0	1	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	377	100.0	375	100.0	1	100.0	1	100.0
		Percentage of Total Farms:		99.5		0.3		0.3
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Characteristics

The table below presents the population trends for the assessment area and the states of Iowa and Wisconsin from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the assessment area's population is 25,867. The assessment area decreased in population by 1.7 percent between 2010 and 2015, while the states of Iowa and Wisconsin grew by 1.5 percent and 1.0 percent, respectively. All counties that make up the assessment area saw a decrease in population. According to community representatives, the decrease in population is attributed to young people leaving the area to pursue higher education and other employment opportunities within larger metropolitan cities. Other factors cited by community representatives contributing to the decrease include a lack of affordable child-care options and housing availability. Community representatives mentioned that due to the COVID-19 pandemic, more businesses are offering fully remote working capabilities. They are optimistic the elimination of proximity as a barrier to job opportunity will lead to population retention, while drawing others to the area due to the low cost of living.

Population Change			
Area	2010 Population	2015 Population	Percent Change (%)
Assessment Area	26,304	25,867	-1.7
Allamakee County, IA	14,330	14,060	-1.9
Clayton County, IA	18,129	17,806	-1.8
Crawford County, WI	16,644	16,483	-1.0
State of Iowa	3,046,355	3,093,526	1.5
State of Wisconsin	5,686,986	5,742,117	1.0

*Source: 2010 U.S. Census Bureau Decennial Census
2011 - 2015 U.S. Census Bureau American Community Survey*

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 6,950 families, of which 18.4 percent are designated as low-income, 20.3 percent are moderate-income, 24.6 percent are middle-income, and 36.8 percent are upper-income. However, 7.9 percent of families residing within the assessment area live below the poverty line, slightly below the state of Iowa's poverty rate at 8.1 percent and the state of Wisconsin poverty rate at 8.6 percent. According to the 2011-2015 American Community Survey (ACS), the median family income (MFI) for the assessment area is \$59,153, which is below the MFI for the state of Iowa and the state of Wisconsin at \$67,466 and \$68,064, respectively. The largest change in MFI was experienced in Allamakee County at -7.0 percent from 2010 to 2015, while Clayton County, Iowa and Crawford County, Wisconsin both saw increases of 1.9 percent. A community representative attributed Allamakee County's decrease to its large seasonal construction workforce, while another mentioned the decrease is due to a steady decline of high paying manufacturing jobs. Throughout the assessment area, the community

representative stated they are anticipating higher-than-normal increases in MFI in coming years due to the increased pressure on the labor market as a result of low unemployment rates.

Median Family Income Change			
Area	2010 Median Family Income (\$)	2015 Median Family Income (\$)	Percent Change (%)
Assessment Area	54,180	59,153	9.2
Allamakee County, IA	60,901	56,614	-7.0
Clayton County, IA	58,700	59,837	1.9
Crawford County, WI	56,044	57,098	1.9
State of Iowa	67,302	67,466	0.2
State of Wisconsin	70,639	68,064	-3.6

*Source: 2006 - 2010 U.S. Census Bureau American Community Survey
2011 - 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

Housing Characteristics

The bank’s assessment area includes 13,432 housing units. The majority of housing units are owner-occupied at 62.2 percent, whereas rental units account for 19.4 percent of total units. Within the assessment area, 18.5 percent of housing units are vacant, which is higher than the percentage of vacant units within the state of Iowa and the state of Wisconsin, which is 8.7 percent and 13.0 percent of total housing units, respectively.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.42, which is on par with the state of Iowa at 0.41, and above the state of Wisconsin at 0.32. As such, the affordability ratio suggests that housing within the assessment area and the state of Iowa as a whole is more affordable than housing within the state of Wisconsin.

The following table represents recent housing cost burden for individuals within the assessment area, as well as the state of Iowa and state of Wisconsin. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the table below, low-income individuals are generally impacted at a higher rate than moderate-income individuals as both renters and owners. Of the three counties that comprise the assessment area, Allamakee County has the lowest proportion of both renters and owners that meet the cost burden criteria, with 24.6 percent and 17.4 percent, respectively. The proportion of renters that meet the cost burden criteria in the state of Iowa is 38.2 percent, with the state of Wisconsin seeing a higher proportion at 40.9 percent. All three counties comprising the assessment area have a lower proportion of renters

meeting the cost burden criteria than the state of Iowa and the state of Wisconsin. However, the state of Iowa has a lower proportion of owners that meet the cost burden criteria than any of the three counties comprising the assessment area at 15.4 percent, while the state of Wisconsin has a higher proportion meeting the cost burden criteria than all three counties at 20.2 percent.

Community representatives indicated that there is a lack of supply of affordable housing units within the assessment area, stating that both rental and housing stock are old and in need of significant maintenance and/or rehabilitation. This is contributing to high vacancy rates in the area, as aging housing stock makes ownership expensive due to the cost of repairs. Community representatives noted that although affordable units are in short supply, the prices of rentals are low due to poor quality. Additionally, many local landlords have long-standing relationships with tenants and often refrain from raising rental prices due to those relationships. One community representative noted that well-managed rental assistance programs also keep rent low in the area. Both representatives mentioned a lack of developers willing to invest in building new homes in the area further contributing to the lack of new affordable housing.

2020 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
Allamakee County, IA	54.9	4.7	24.6	52.1	24.7	17.4
Clayton County, IA	63.7	10.3	31.5	63.4	22.2	18.8
Crawford County, WI	59.1	20.4	36.1	59.9	21.1	18.6
State of Iowa	71.3	21.3	38.2	57.5	25.1	15.4
State of Wisconsin	75.6	27.5	40.9	68.8	35.2	20.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

The table below shows unemployment statistics for the counties comprising the assessment area, as well as the state of Iowa and the state of Wisconsin. In 2020, the state of Iowa experienced 5.3 percent unemployment, while the state of Wisconsin experienced unemployment at the rate of 6.3 percent. Clayton County, Iowa’s unemployment rate exceeded the state of Iowa at 5.7 percent, while Crawford County, Wisconsin experienced the highest unemployment rate at 7.3 percent, exceeding the state of Iowa and the state of Wisconsin. Overall, the counties making up the assessment area appear to experience unemployment at a similar rate as the rest of the state of Iowa and the state of Wisconsin.

Community representatives indicated that unemployment rates were high in 2020 due to the COVID-19 pandemic, but most areas have since returned to pre-pandemic unemployment levels.

The representatives mentioned that the unemployment rate in Crawford County, Wisconsin was much higher than the other counties in the assessment area due to the state of Wisconsin's strict COVID-19 protocols that led to more business closures.

Unemployment Rates (%)					
Area	2016	2017	2018	2019	2020
Allamakee County, IA	4.9	4.0	3.1	3.5	5.1
Clayton County, IA	4.2	3.9	3.3	3.7	5.7
Crawford County, WI	4.8	4.1	3.7	4.1	7.3
State of Iowa	3.6	3.1	2.6	2.8	5.3
State of Wisconsin	3.9	3.3	3.0	3.3	6.3

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

Industry Characteristics

According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of manufacturing, retail, and local government. Community representatives mentioned manufacturers have been reducing operations in the area due to automation as well as a lack of available workforce. Representatives also mentioned an increase in municipal funding which has provided for more jobs related to general infrastructure, including road and internet improvements.

Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area, as well as providing information about how the COVID-19 pandemic affected the economy in the area. The representatives stated that there are challenges within their respective areas in which local financial institutions can assist. Community representatives indicated that there is a substantial need for additional affordable housing in the assessment area, which is contributing to the declining population. One representative suggested banks could help by creating down payment assistance programs to make homeownership possible for people who need the initial financial support. In addition, community representatives noted that there has been a growing competition amongst companies to attract and retain staff, resulting in higher wages and better benefits. One representative suggested that banks could help by creating innovative and flexible lending programs for new business startups and entrepreneurs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA

LENDING TEST

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 or unexplained gaps in contiguous census tracts within the assessment area. Therefore, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different sizes. Central State Bank's loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, and businesses and farms of different sizes.

Due to minimal loan volume in 2020 and 2021, multi-family and other purpose closed exempt loans were not evaluated. Additionally, peer aggregate data was not available for 2021, therefore analysis was primarily compared to local demographic data.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2020, the bank originated 4.7 percent of its total HMDA-reportable loans to low-income borrowers, which is comparable to the aggregate at 5.4 percent but below the percentage of low-income families in the assessment area at 18.4 percent. The bank originated 31.3 percent of its HMDA-reportable loans to moderate-income borrowers. This performance is significantly above both the aggregate at 19.8 percent and the 20.3 percent of moderate-income families within the assessment area. The bank originated 17.2 percent of its HMDA-reportable loans to middle-income borrowers, below the aggregate at 22.5 percent and the proportion of middle-income families within the assessment area at 24.6 percent. The bank originated 34.4 percent of its HMDA-reportable loans to upper-income borrowers, which is marginally below aggregate and the proportion of upper-income families living within the assessment area, both at 36.7 percent. Further, the bank originated 12.5 percent of its HMDA-reportable loans to borrowers of unknown-income, below the aggregate at 15.6 percent.

Home Purchase Loans

In 2020, Central State Bank originated no home purchase loans to low-income borrowers, which is below the aggregate at 8.0 percent and below the percentage of low-income families within the assessment area at 18.4 percent. The bank originated 42.9 percent of its home purchase loans to moderate-income borrowers, which is above both aggregate at 28.1 percent and the 20.3 percent of moderate-income families within the assessment area. The bank originated 21.4 percent of its home purchase loans to middle-income borrowers, which is comparable to aggregate at 21.5 percent and marginally below the 24.6 percent of middle-income families within the assessment area. The bank originated 25.0 percent of its home purchase loans to upper-income borrowers, which is marginally below aggregate at 28.8 percent and below the 36.7 percent of upper-income families within the assessment area. Further, the bank originated 10.7 percent of its home purchase loans to borrowers of unknown-income, marginally below the aggregate at 13.5 percent.

Refinance Loans

In 2020, Central State Bank originated 8.7 percent of its refinance loans to low-income borrowers, which is above the aggregate at 3.7 percent but below the percentage of low-income families within the assessment area at 18.4 percent. The bank originated 26.1 percent of its refinance loans to moderate-income borrowers, which is above both aggregate at 16.3 percent and the 20.3 percent of moderate-income families within the assessment area. The bank originated 13.0 percent of its refinance loans to middle-income borrowers, which is below both aggregate at 22.6 percent and the 24.6 percent of middle-income families within the assessment area. The bank originated 39.1 percent of its refinance loans to upper-income borrowers, which is marginally below aggregate at 41.3 percent and marginally above the 36.7 percent of upper-income families within the assessment area. Further, the bank originated 13.0 percent of its refinance loans to borrowers of unknown-income, marginally below the aggregate at 16.1 percent.

Home improvement Loans

In 2020, Central State Bank originated 7.7 percent of its home improvement loans to low-income borrowers, which is above the aggregate at 4.3 percent but below the percentage of low-income families within the assessment area at 18.4 percent. The bank originated 15.4 percent of its home improvement loans to moderate-income borrowers, which is above aggregate at 4.3 percent but below the 20.3 percent of moderate-income families within the assessment area. The bank originated 15.4 percent of its home improvement loans to middle-income borrowers, which is below both aggregate at 26.1 percent and the 24.6 percent of middle-income families within the assessment area. The bank originated 46.2 percent of its home improvement loans to upper-income borrowers, which is below aggregate at 60.9 percent but above the 36.7 percent of upper-income families within the assessment area. Further, the bank originated 15.4 percent of its home improvement loans to borrowers of unknown-income, above the aggregate at 4.3 percent. Community representatives highlighted aging and deteriorating housing stock as a major barrier

to affordable housing in the area. Therefore, home improvement loans made by the bank to low- and moderate-income individuals are particularly responsive to the credit needs of the area.

The following table summarizes the bank's 2020 HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2020 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2020						
		Count Bank		Agg		Dollar Bank		
#	%	%	\$ (000s)	\$ %	\$ %			
Home Purchase	Low	0	0.0	8.0	0	0.0	5.5	18.4
	Moderate	12	42.9	28.1	906	34.4	24.2	20.3
	Middle	6	21.4	21.5	438	16.6	19.6	24.6
	Upper	7	25.0	28.8	1,028	39.0	36.2	36.7
	Unknown	3	10.7	13.5	264	10.0	14.6	0.0
	Total	28	100.0	100.0	2,635	100.0	100.0	100.0
Refinance	Low	2	8.7	3.7	135	4.7	2.2	18.4
	Moderate	6	26.1	16.3	646	22.3	11.6	20.3
	Middle	3	13.0	22.6	280	9.7	17.9	24.6
	Upper	9	39.1	41.3	1,415	48.9	48.9	36.7
	Unknown	3	13.0	16.1	416	14.4	19.6	0.0
	Total	23	100.0	100.0	2,892	100.0	100.0	100.0
Home Improvement	Low	1	7.7	4.3	36	2.3	3.1	18.4
	Moderate	2	15.4	4.3	129	8.1	4.3	20.3
	Middle	2	15.4	26.1	337	21.1	17.6	24.6
	Upper	6	46.2	60.9	728	45.7	72.4	36.7
	Unknown	2	15.4	4.3	363	22.8	2.6	0.0
	Total	13	100.0	100.0	1,593	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.4
	Moderate	0	0.0	0.0	0	0.0	0.0	20.3
	Middle	0	0.0	12.5	0	0.0	3.4	24.6
	Upper	0	0.0	12.5	0	0.0	6.5	36.7
	Unknown	0	0.0	75.0	0	0.0	90.2	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	11.1	0	0.0	7.6	18.4
	Moderate	0	0.0	22.2	0	0.0	20.6	20.3
	Middle	0	0.0	66.7	0	0.0	71.7	24.6
	Upper	0	0.0	0.0	0	0.0	0.0	36.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	12.5	0	0.0	14.3	18.4
	Moderate	0	0.0	6.3	0	0.0	6.9	20.3
	Middle	0	0.0	18.8	0	0.0	21.9	24.6
	Upper	0	0.0	56.3	0	0.0	45.5	36.7
	Unknown	0	0.0	6.3	0	0.0	11.4	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	18.4
	Moderate	0	0.0	0.0	0	0.0	0.0	20.3
	Middle	0	0.0	0.0	0	0.0	0.0	24.6
	Upper	0	0.0	0.0	0	0.0	0.0	36.7
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	3	4.7	5.4	172	2.4	3.4	18.4
	Moderate	20	31.3	19.8	1,681	23.6	15.5	20.3
	Middle	11	17.2	22.5	1,055	14.8	18.3	24.6
	Upper	22	34.4	36.7	3,170	44.5	43.7	36.7
	Unknown	8	12.5	15.6	1,043	14.6	19.0	0.0
	Total	64	100.0	100.0	7,120	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Performance context related to aggregate lending data was unavailable for 2021, therefore the bank's performance is primarily considered in relation to the local demographic data of the area.

In 2021, Central State Bank originated 13.9 percent of its total HMDA-reportable loans to low-income borrowers, which is below the percentage of low-income families in the assessment area at 18.4 percent, but this is a marked improvement from the bank's HMDA-reportable lending to low-income borrowers in 2020. The bank originated 25.0 percent of its HMDA-reportable loans to moderate-income borrowers, which is above the 20.3 percent of moderate-income families within the assessment area. The bank originated 22.2 percent of its HMDA-reportable loans to middle-income borrowers, marginally below the proportion of middle-income families within the assessment area at 24.6 percent. The bank originated 36.1 percent of its HMDA-reportable loans to upper-income borrowers, which is comparable to the proportion of upper-income families living within the assessment area at 36.7 percent. Further, the bank originated 2.8 percent of its HMDA-reportable loans to borrowers of unknown-income.

Home Purchase Loans

In 2021, the bank originated 15.4 percent of its home purchase loans to low-income borrowers, which is marginally below the percentage of low-income families within the assessment area at 18.4 percent. The bank originated 23.1 percent of its home purchase loans to moderate-income borrowers, which is marginally above the 20.3 percent of moderate-income families within the assessment area. The bank originated 46.2 percent of its home purchase loans to middle-income borrowers, above the 24.6 percent of middle-income families within the assessment area. Further, the bank originated 15.4 percent of its home purchase loans to upper-income borrowers, which is below the 36.7 percent of upper-income families within the assessment area.

Refinance Loans

In 2021, the bank originated 18.8 percent of its refinance loans to low-income borrowers, which is comparable to the percentage of low-income families within the assessment area at 18.4 percent. The bank originated 25.0 percent of its refinance loans to moderate-income borrowers, which is above the 20.3 percent of moderate-income families within the assessment area. The bank originated 6.3 percent of its refinance loans to middle-income borrowers, which is below the 24.6 percent of middle-income families within the assessment area. The bank originated 43.8 percent of its refinance loans to upper-income borrowers, above the 36.7 percent of upper-income families within the assessment area. Further, the bank originated 6.3 percent of its refinance loans to borrowers of unknown-income.

Home Improvement Loans

In 2021, the bank originated no home improvement loans to low-income borrowers, which is below the percentage of low-income families within the assessment area at 18.4 percent. The bank

originated 28.6 percent of its home improvement loans to moderate-income borrowers, which is above the 20.3 percent of moderate-income families within the assessment area. The bank originated 14.3 percent of its home improvement loans to middle-income borrowers, which is below the 24.6 percent of middle-income families within the assessment area. Further, the bank originated 57.1 percent of its home improvement loans to upper-income borrowers, which is above the 36.7 percent of upper-income families within the assessment area. Home improvement loans to low- and moderate-income individuals are particularly responsive to the credit needs of the area.

The following tables summarize the bank's 2021 HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2021 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income %	
		2021			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	2	15.4	0.0	93	10.0	0.0	18.4
	Moderate	3	23.1	0.0	190	20.5	0.0	20.3
	Middle	6	46.2	0.0	486	52.5	0.0	24.6
	Upper	2	15.4	0.0	158	17.0	0.0	36.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		13	100.0	0.0	927	100.0	0.0
Refinance	Low	3	18.8	0.0	99	5.6	0.0	18.4
	Moderate	4	25.0	0.0	379	21.2	0.0	20.3
	Middle	1	6.3	0.0	88	4.9	0.0	24.6
	Upper	7	43.8	0.0	1,012	56.6	0.0	36.7
	Unknown	1	6.3	0.0	210	11.7	0.0	0.0
	Total		16	100.0	0.0	1,788	100.0	0.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	18.4
	Moderate	2	28.6	0.0	92	11.8	0.0	20.3
	Middle	1	14.3	0.0	102	13.1	0.0	24.6
	Upper	4	57.1	0.0	584	75.0	0.0	36.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		7	100.0	0.0	778	100.0	0.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.4
	Moderate	0	0.0	0.0	0	0.0	0.0	20.3
	Middle	0	0.0	0.0	0	0.0	0.0	24.6
	Upper	0	0.0	0.0	0	0.0	0.0	36.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	0.0	0	0.0	0.0
HMDA Totals	Low	5	13.9	0.0	192	5.5	0.0	18.4
	Moderate	9	25.0	0.0	661	18.9	0.0	20.3
	Middle	8	22.2	0.0	676	19.4	0.0	24.6
	Upper	13	36.1	0.0	1,753	50.2	0.0	36.7
	Unknown	1	2.8	0.0	210	6.0	0.0	0.0
	Total		36	100.0	0.0	3,492	100.0	0.0
Originations & Purchases 2021 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

The distribution of small business loans reflects poor penetration among businesses of different revenue sizes. A sample of small business loans originated in 2021 were reviewed, of which, none were to businesses with gross revenues equal to or less than \$1 million. This is substantially below the gross revenue composition of small businesses in the assessment area at 91.7 percent. Small business lending to businesses with revenues of \$1 million or less has decreased significantly since the previous examination, where of the sample of 39 small business loans reviewed, 100.0 percent went to businesses with revenues of \$1 million or less and 89.7 percent were in amounts of \$100,000 or less.

The following table presents the bank’s borrower distribution of small business loans in 2021.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2021 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Businesses %	
Revenue	Loan Size	Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %		
Small Business	\$1 Million or Less	0	0.0	0	0.0	91.7	
		Over \$1 Million	6	100.0	1,241	100.0	5.7
		Unknown	0	0.0	0	0.0	2.6
		Total	6	100.0	1,241	100.0	100.0
	\$100,000 or Less	1	16.7	84	6.8		
		\$100,001 - \$250,000	3	50.0	650		52.3
		\$250,001 - \$1 Million	2	33.3	508		40.9
		Total	6	100.0	1,242		100.0
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0		0.0
		\$100,001 - \$250,000	0	0.0	0		0.0
\$250,001 - \$1 Million		0	0.0	0	0.0		
Total		0	0.0	0	0.0		

Originations & Purchases
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2021 were reviewed, of which 100.0 percent were to farms with gross revenues equal to or less than \$1 million. This is above the gross revenue composition of small farms in the assessment area at 99.5 percent. A notable percentage, 42.9 percent, of those loans were in the amount of \$100,000 or less, which are considered the most beneficial to small farms, indicating the bank’s willingness to meet the credit needs of small farms.

Small farm lending is similar to the last examination, where, of the sample reviewed, 100.0 percent of small farm loans were to farms with revenues of \$1 million or less.

The following table presents the bank’s borrower distribution of small farm loans in 2021.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2021 IA Non MSA								
Product Type		Bank & Demographic Comparison						
		2021						
		Count Bank		Dollar Bank		Total Farms		
		#	%	\$ 000s	\$ %	%		
Small Farm	Revenue	\$1 Million or Less	28	100.0	3,703	100.0	99.5	
		Over \$1 Million	0	0.0	0	0.0	0.3	
		Unknown	0	0.0	0	0.0	0.3	
		Total	28	100.0	3,703	100.0	100.0	
	Loan Size	\$100,000 or Less	12	42.9	582	15.7		
		\$100,001 - \$250,000	14	50.0	2,371	64.0		
		\$250,001 - \$500,000	2	7.1	751	20.3		
		Total	28	100.0	3,704	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	12	42.9	582	15.7		
		\$100,001 - \$250,000	14	50.0	2,371	64.0		
		\$250,001 - \$500,000	2	7.1	751	20.3		
		Total	28	100.0	3,704	100.0		

Originations & Purchases
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

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

Lending

During the evaluation period, the bank originated three community development loans totaling approximately \$8.8 million. These loans were made as part of the SBA’s PPP. As PPP loans are in direct response to the COVID-19 pandemic and are specifically designed to benefit small businesses and retain jobs during the pandemic, these loans are considered very responsive and flexible.

Investments

The bank made two investments during the evaluation period totaling \$615,000. The investments were made with the purpose of revitalizing and stabilizing middle-income underserved census tracts by improving infrastructure and community services. The bank made 14 donations within the assessment area during the evaluation period totaling \$5,240. The donations were made to a variety of organizations, all with the purpose of revitalizing and stabilizing middle-income underserved geographies.

Services

During the evaluation period bank staff provided 1,559 qualified community development service hours and served at nine organizations. The bank's qualified community services hours were primarily served at organizations focusing on economic development, but also included organizations providing community services to low- and moderate-income individuals, as well as the revitalization and stabilization of middle-income underserved geographies.

Qualified Community Development Activities by Purpose May 15, 2018 to June 6, 2022										
Non-MSA Iowa	AH		CS		ED		R/S		Total #	Total \$/Hours
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours		
Lending	0	0	0	0	0	0	3	8,847,100	3	8,847,100
Investments	0	0	0	0	0	0	2	615,000	2	615,000
Donations	0	0	0	0	0	0	14	5,240	14	5,240
Services	0	0	2	160	7	1,219	2	180	11	1,559

IOWA CITY, IOWA MSA #26980– FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank’s performance in the Iowa City, Iowa assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the “Scope of Examination” section for details

DESCRIPTION OF INSTITUTION’S OPERATIONS IN IOWA CITY, IOWA MSA #26980

The bank’s Iowa City, Iowa MSA assessment area consists of 27 census tracts comprised of Johnson County, Iowa in its entirety and a portion of Iowa County, Iowa (census tracts 9601.00, 9602.00, and 9604.00). The assessment area is comprised of one low-income, seven moderate-income, 12 middle-income, and seven upper-income census tracts. The assessment area remains unchanged since the previous examination.

Within the assessment area, the bank operates two full-service branches located within Coralville and Swisher, Iowa. The Swisher branch was acquired during the evaluation period. Additionally, each branch has a full-service ATM. The Coralville branch is located within a moderate-income census tract, while the Swisher branch is located in an upper-income tract.

According to the June 30, 2021, FDIC Deposit Market Share Report, Central State Bank ranked sixth of 22 FDIC-insured financial institutions operating in Johnson and Iowa Counties. The bank held \$145.4 million in deposits, representing 2.8 percent of the total deposit market share in the two counties. In comparison, the first ranked institution, Hills Bank and Trust Company held \$2.3 billion in deposits, representing 43.9 percent of the total deposit market share. The second ranked institution, Midwestone Bank, held \$901.5 million in deposits, representing 17.4 percent of the total deposit market share.

In 2020, Central State Bank ranked 21st among 221 HMDA-reporters, originating 61 HMDA-reportable loans in the assessment area. In comparison, the first ranked institution, GreenState Credit Union originated 3,757 HMDA loans, and second ranked Hills Bank and Trust Company originated 2,513.

Additional assessment area demographic information is provided in the following table.

Assessment Area: 2021 Iowa City, IA MSA 26980								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	3.7	61	0.2	5	8.2	6,351	18.5
Moderate-income	7	25.9	5,339	15.5	851	15.9	5,779	16.8
Middle-income	12	44.4	17,281	50.3	1,100	6.4	7,894	23.0
Upper-income	7	25.9	11,700	34.0	328	2.8	14,357	41.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	27	100.0	34,381	100.0	2,284	6.6	34,381	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	878	20	0.1	2.3	720	82.0	138	15.7
Moderate-income	13,460	4,875	13.1	36.2	7,863	58.4	722	5.4
Middle-income	31,444	19,058	51.3	60.6	11,092	35.3	1,294	4.1
Upper-income	17,908	13,215	35.6	73.8	3,962	22.1	731	4.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	63,690	37,168	100.0	58.4	23,637	37.1	2,885	4.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	307	4.3	279	4.2	27	6.5	1	1.9
Moderate-income	1,455	20.6	1,341	20.3	107	25.8	7	13.0
Middle-income	3,190	45.1	2,981	45.1	180	43.5	29	53.7
Upper-income	2,125	30.0	2,008	30.4	100	24.2	17	31.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	7,077	100.0	6,609	100.0	414	100.0	54	100.0
Percentage of Total Businesses:			93.4		5.8		0.8	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	11	2.4	11	2.4	0	0.0	0	0.0
Middle-income	303	66.0	297	65.6	5	100.0	1	100.0
Upper-income	145	31.6	145	32.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	459	100.0	453	100.0	5	100.0	1	100.0
Percentage of Total Farms:			98.7		1.1		0.2	
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Characteristics

The table below presents the population trends for the assessment area and the state of Iowa from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the assessment area’s population is 152,291. Johnson County’s population increased by 6.5 percent between 2010 and 2015, exceeding the state of Iowa at 1.5 percent, while Iowa County’s population decreased by 0.1 percent. According to community representatives, the population decrease in Iowa County and increase in Johnson County, where Iowa City is located, is due to individuals leaving rural counties for larger cities with more job opportunities. Representatives mentioned University of Iowa Hospital and Clinics is located within Johnson County and attracts individuals due to job opportunities and higher wages.

Population Change			
Area	2010 Population	2015 Population	Percent Change (%)
Assessment Area	N/A	152,291	N/A
Iowa County, IA	16,355	16,344	-0.1
Johnson County, IA	130,882	139,436	6.5
State of Iowa	3,046,355	3,093,526	1.5
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 34,381 families, of which 18.5 percent are designated as low-income, 16.8 percent are moderate-income, 23.0 percent are middle-income and 41.8 percent are upper-income. However, 6.6 percent of families residing within the assessment area live below the poverty line, slightly below the state of Iowa’s poverty rate of 8.1 percent. According to the 2011-2015 ACS, MFI for the assessment area is \$81,593, while the MFI for the state of Iowa is \$67,466. Iowa County’s MFI exceeds the state of Iowa but is below the assessment area at \$71,674, while Johnson County’s MFI exceeds the state of Iowa and the assessment area at \$83,245. Johnson County saw a larger increase in MFI during the period than Iowa County, with 2.5 percent and 1.9 percent, respectively. Community representatives attributed Johnson County’s high MFI to high paying jobs in education and healthcare at the University of Iowa and University of Iowa Hospitals and Clinics.

Median Family Income Change			
Area	2010 Median Family Income (\$)	2015 Median Family Income (\$)	Percent Change (%)
Assessment Area	N/A	81,593	N/A
Iowa County, IA	70,322	71,674	1.9
Johnson County, IA	81,178	83,245	2.5
State of Iowa	67,302	67,466	0.2
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Housing Characteristics

The bank’s assessment area includes 63,690 housing units. The majority of housing units are owner-occupied at 58.4 percent, whereas rental units account for 37.1 percent of total units. Within the assessment area, 4.5 percent of housing units are vacant, which is lower than the percentage of vacant units within the state of Iowa, which is 8.7 percent of total housing units.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.30, which is below the state of Iowa at 0.41. As such, the affordability ratio suggests that housing within the assessment area is less affordable when compared to the state of Iowa as a whole.

The following table represents recent housing cost burden for individuals within the counties that comprise the assessment area, as well as the state of Iowa. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the table below, low-income individuals are generally impacted at a higher rate than moderate-income individuals as both renters and owners. Iowa County has a significantly smaller proportion of renters who meet the cost burden criteria at 23.9 percent than Johnson County at 51.1 percent, while both counties have a similar proportion of owners who meet the cost burden criteria at 15.0 and 14.4 percent, respectively. The proportion of renters meeting the cost burden criteria in the state of Iowa is 38.2 percent, which is lower than Johnson County, but higher than Iowa County. The proportion of owners who meet the cost burden criteria in the state of Iowa is marginally higher than Iowa and Johnson Counties at 15.4 percent.

Both Community representatives indicated there is a lack of supply of affordable housing units within Johnson County, where the University of Iowa is located, as demand is high due to the population of college students in the area. They mentioned that single family homes are being converted into market rate rental units. One community representative attributed the smaller

percentage of renters meeting the housing cost burden criteria within Iowa County to its rural nature and the fact that many residents commute into Johnson County where there are higher paying jobs.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Iowa County, IA	51.5	4.9	23.9	69.2	17.9	15.0
Johnson County, IA	78.5	26.5	51.1	51.2	28.8	14.4
State of Iowa	71.3	21.3	38.2	57.5	25.1	15.4
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

The table below shows unemployment statistics for the counties that comprise the assessment area, as well as the state of Iowa. The unemployment rates within Iowa and Johnson Counties, 4.4 percent and 4.8 percent, respectively, are lower than the state of Iowa’s unemployment rate at 5.3 percent in 2020. Overall, the counties that comprise the assessment area appear to experience unemployment at a similar rate as the rest of the state of Iowa.

Community representatives indicated that unemployment within the assessment area generally remains stable due to the presence of the University of Iowa, University of Iowa Hospitals and Clinics, and large local governments. They indicated that the industries found within the area are generally not as greatly affected by recessions as other industries.

Unemployment Rates (%)					
Area	2016	2017	2018	2019	2020
Iowa County, IA	3.1	2.6	2.1	2.2	4.4
Johnson County, IA	2.6	2.5	2.0	2.0	4.8
State of Iowa	3.6	3.1	2.6	2.8	5.3
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>					

Industry Characteristics

According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of retail, manufacturing, and healthcare. Community contacts did not identify any major impacts caused by the COVID-19 pandemic on retail or hospitality services. Neither could identify any major changes in industry characteristics.

Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area, as well as providing information about how the COVID-19 pandemic affected the economy in the area. Community representatives indicated there is a substantial need for additional affordable housing in Johnson County. Renters struggle to find affordable housing due to rising rent prices and there is a lack of inventory for purchase due to single family homes being converted into rentals. Both representatives noted the stability of employment and the economy due to the University of Iowa and University of Iowa Hospitals and Clinics.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA CITY, IOWA MSA

LENDING TEST

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly low- and moderate-income census tracts. Overall, the bank's geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment area.

The bank's assessment area consists of one low-, seven moderate-, 12 middle-, and seven upper-income census tracts. In 2021, the bank originated loans in 74.1 percent of the 27 census tracts in the assessment area. There were no loans made within the low-income census tract; however, the bank originated loans in six of seven moderate-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

Due to minimal loan volume in 2020 and 2021, home improvement, multifamily, and other purpose closed exempt loans were not evaluated.

HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2020, the bank originated no HMDA-reportable loans in the assessment area's one low-income census tract, which is consistent with both aggregate and the percentage of owner-occupied units located within the tract at 0.1 percent. The bank originated 8.5 percent of total HMDA-reportable loans in moderate-income census tracts, which is below both the aggregate at 10.4 percent and the 13.1 percent of owner-occupied units located in moderate-income census tracts. The bank originated 49.2 percent of its HMDA-reportable loans in middle-income census

tracts, which is marginally below both aggregate at 51.4 percent and the 51.3 percent of owner-occupied units located in middle-income census tracts. Further, the bank originated 42.4 percent of its HMDA-reportable loans in upper-income census tracts, which is above both aggregate at 38.1 percent and the 35.6 percent of owner-occupied units located in upper-income census tracts.

Home Purchase Loans

In 2020, the bank originated 17.6 percent of its home purchase loans in moderate-income census tracts. The bank's performance is above the aggregate at 11.9 percent and the 13.1 percent of owner-occupied units located in moderate-income census tracts. The bank originated 35.3 percent of its home purchase loans in middle-income census tracts, which is below both aggregate at 52.7 percent and the 51.3 percent of owner-occupied units located in middle-income tracts. The bank originated 47.1 percent of its home purchase loans in upper-income census tracts, which is above both aggregate at 35.2 percent and the 35.6 percent of owner-occupied units located in upper-income census tracts.

Refinance Loans

In 2020, the bank originated 3.0 percent of its refinance loans in moderate-income census tracts, which is below the aggregate at 9.2 percent and the 13.1 percent of owner-occupied units located in moderate-income census tracts. The bank originated 57.6 percent of its refinance loans in middle-income census tracts, which is above both the aggregate at 50.7 percent and the 51.3 percent of owner-occupied units located in middle-income census tracts. Further, the bank originated 39.4 percent of its refinance loans in upper-income census tracts, which is comparable to the aggregate at 40.1 percent and marginally above the 35.6 percent of owner-occupied units located in upper-income census tracts.

The following table summarizes the bank's 2020 HMDA-reportable lending in the assessment area.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2020 Iowa City, IA MSA 26980								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		Count		Dollar				
		Bank	Agg	Bank	Agg	Agg		
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.1	0	0.0	0.4	0.1
	Moderate	3	17.6	11.9	570	8.3	9.0	13.1
	Middle	6	35.3	52.7	2,215	32.1	52.9	51.3
	Upper	8	47.1	35.2	4,116	59.6	37.8	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	17	100.0	100.0	6,901	100.0	100.0	100.0
Refinance	Low	0	0.0	0.1	0	0.0	0.1	0.1
	Moderate	1	3.0	9.2	185	1.6	6.0	13.1
	Middle	19	57.6	50.7	7,314	62.5	49.8	51.3
	Upper	13	39.4	40.1	4,195	35.9	44.1	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	33	100.0	100.0	11,694	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.1
	Moderate	0	0.0	7.6	0	0.0	5.7	13.1
	Middle	2	33.3	48.6	310	23.0	48.8	51.3
	Upper	4	66.7	43.8	1,035	77.0	45.5	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	6	100.0	100.0	1,345	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 4.6
	Moderate	1	33.3	34.6	5,359	59.8	36.4	31.6
	Middle	2	66.7	44.9	3,604	40.2	31.3	50.1
	Upper	0	0.0	20.5	0	0.0	32.3	13.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	3	100.0	100.0	8,963	100.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.1
	Moderate	0	0.0	9.9	0	0.0	7.0	13.1
	Middle	0	0.0	53.6	0	0.0	48.4	51.3
	Upper	0	0.0	36.5	0	0.0	44.6	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.1
	Moderate	0	0.0	13.0	0	0.0	19.5	13.1
	Middle	0	0.0	51.9	0	0.0	48.1	51.3
	Upper	0	0.0	35.1	0	0.0	32.4	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.1
	Moderate	0	0.0	20.0	0	0.0	19.2	13.1
	Middle	0	0.0	48.9	0	0.0	47.9	51.3
	Upper	0	0.0	31.1	0	0.0	32.9	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.1	0	0.0	0.2	0.1
	Moderate	5	8.5	10.4	6,113	21.2	9.4	13.1
	Middle	29	49.2	51.4	13,443	46.5	49.6	51.3
	Upper	25	42.4	38.1	9,346	32.3	40.9	35.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	59	100.0	100.0	28,902	100.0	100.0	100.0
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

In 2021, the bank originated no HMDA-reportable loans in the assessment area's one low-income census tract; however, only 0.1 percent of owner-occupied units are located in low-income census tracts, which limits the bank's opportunity to originate home mortgage loans. The bank originated 13.8 percent of total HMDA-reportable loans in moderate-income census tracts, which is consistent with the percent of owner-occupied units located in moderate-income census tracts at 13.1 percent. The bank originated 55.2 percent of its HMDA-reportable loans in middle-income census tracts, which is marginally above the 51.3 percent of owner-occupied units located in middle-income census tracts. Further, the bank originated 31.0 percent of its HMDA-reportable loans in upper-income census tracts, which is marginally below the 35.6 percent of owner-occupied units located in upper-income census tracts.

Home Purchase Loans

In 2021, the bank originated 18.8 percent of its home purchase loans in moderate-income census tracts, which exceeds the percent of owner-occupied units at 13.1 percent. The bank originated 62.5 percent of its home purchase loans in middle-income census tracts, which is above the 51.3 percent of owner-occupied units located in middle-income tracts. Further, the bank originated 18.8 percent of its home purchase loans in upper-income census tracts, which is below the 35.6 percent of owner-occupied units located in upper-income census tracts.

Refinance Loans

In 2021, the bank originated 9.1 percent of its refinance loans in moderate-income census tracts, which is below the 13.1 percent of owner-occupied units located in moderate-income census tracts. The bank originated 45.5 percent of its refinance loans in middle-income census tracts, which is below the 51.3 percent of owner-occupied units located in middle-income census tracts. Further, the bank originated 45.5 percent of its refinance loans in upper-income census tracts, which is above the 35.6 percent of owner-occupied units located in upper-income census tracts.

The following table summarizes the bank's 2021 HMDA-reportable lending in the assessment area.

Geographic Distribution of HMDA Reportable Loans						
Assessment Area: 2021 Iowa City, IA MSA 26980						
Product Type	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2021				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Home Purchase	Low	0	0.0%	0	0.0%	0.1
	Moderate	3	18.8%	1,562	38.0%	13.1
	Middle	10	62.5%	2,288	55.7%	51.3
	Upper	3	18.8%	258	6.3%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		16	100.0%	4,108	100.0%
Refinance	Low	0	0.0%	0	0.0%	0.1
	Moderate	1	9.1%	185	3.3%	13.1
	Middle	5	45.5%	3,224	58.2%	51.3
	Upper	5	45.5%	2,128	38.4%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		11	100.0%	5,538	100.0%
Home Improvement	Low	0	0.0%	0	0.0%	0.1
	Moderate	0	0.0%	0	0.0%	13.1
	Middle	1	50.0%	990	99.0%	51.3
	Upper	1	50.0%	10	1.0%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		2	100.0%	1,000	100.0%
Multi-Family	Low	0	0.0%	0	0.0%	Multi-Family 4.6
	Moderate	0	0.0%	0	0.0%	31.6
	Middle	0	0.0%	0	0.0%	50.1
	Upper	0	0.0%	0	0.0%	13.8
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Other Purpose LOC	Low	0	0.0%	0	0.0%	0.1
	Moderate	0	0.0%	0	0.0%	13.1
	Middle	0	0.0%	0	0.0%	51.3
	Upper	0	0.0%	0	0.0%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	0.1
	Moderate	0	0.0%	0	0.0%	13.1
	Middle	0	0.0%	0	0.0%	51.3
	Upper	0	0.0%	0	0.0%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	0.1
	Moderate	0	0.0%	0	0.0%	13.1
	Middle	0	0.0%	0	0.0%	51.3
	Upper	0	0.0%	0	0.0%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
HMDA Totals	Low	0	0.0%	0	0.0%	0.1
	Moderate	4	13.8%	1,748	16.4%	13.1
	Middle	16	55.2%	6,502	61.1%	51.3
	Upper	9	31.0%	2,396	22.5%	35.6
	Unknown	0	0.0%	0	0.0%	0.0
	Total		29	100.0%	10,646	100.0%
Originations & Purchases						
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2021, the bank originated 12.1 percent of its small business loans in moderate-income census tracts, below the percentage of total businesses located in moderate-income census tracts at 20.6 percent. The bank originated no small business loans in the low-income tract. The lack of lending within that tract is justified, as only 4.3 percent of total businesses are located within the sole low-income census tract. Small business lending is consistent with the previous examination, where the bank made 3.8 percent of small business loans in moderate-income tracts and no small business loans in the low-income tract.

The following table presents the bank’s geographic distribution of small business loans in 2021.

Geographic Distribution of Small Business Loans						
Assessment Area: 2021 Iowa City, IA MSA 26980						
	Tract Income Levels	Bank & Demographic Comparison				
		Count		2021		Total Businesses
		#	%	Dollar Bank	%	
				\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	4.3
	Moderate	4	12.1	1,356	11.7	20.6
	Middle	14	42.4	4,597	39.5	45.1
	Upper	15	45.5	5,678	48.8	30.0
	Unknown	0	0.0	0	0.0	0.0
	Total	33	100.0	11,632	100.0	100.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. In 2021, the bank originated no small farm loans in low- and moderate-income tracts. The lack of lending in low- and moderate-income tracts is justified due to the fact that there are no small farms located in the sole low-income census tract and only 2.4 percent of small farms are located in moderate-income census tracts. Small farm lending is similar to the last examination, where no loans were originated within low- and moderate-income tracts.

The following table presents the bank’s geographic distribution of small business loans in 2021.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2021 Iowa City, IA MSA 26980						
	Tract Income Levels	Bank & Demographic Comparison				
		Count		Dollar		Total Farms
		Bank		Bank		
#	%	\$ 000s	\$ %	%		
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	2.4
	Middle	3	37.5	209	13.5	66.0
	Upper	5	62.5	1,341	86.5	31.6
	Unknown	0	0.0	0	0.0	0.0
	Total	8	100.0	1,550	100.0	100.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different revenues. Overall, Central State Bank’s loan distribution reflects poor penetration among individuals of different income levels, including low- and moderate-income borrowers, and businesses and farms of different sizes.

Due to minimal loan volume in 2020 and 2021, home improvement, multi-family, and other purpose closed exempt loans were not evaluated.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects poor penetration among individuals of different income levels, including low- and moderate-income borrowers.

In 2020, the bank originated 1.7 percent of its total HMDA-reportable loans to low-income borrowers, which is below the aggregate and the percentage of low-income families in the assessment area at 8.3 and 18.5 percent, respectively. The bank originated 3.4 percent of its HMDA-reportable loans to moderate-income borrowers, which is below both the aggregate at 17.9 percent and the 16.8 percent of moderate-income families within the assessment area. The bank originated 11.9 percent of its HMDA-reportable loans to middle-income borrowers, below the aggregate at 18.8 percent and the proportion of middle-income families within the assessment area at 23.0 percent. The bank originated 59.3 percent of its HMDA-reportable loans to upper-income borrowers, which is above both aggregate at 32.1 percent and the proportion of upper-income families living within the assessment area at 41.8 percent. Further, the bank originated 23.7 percent

of its HMDA-reportable loans to borrowers of unknown-income, consistent with the aggregate at 22.9 percent.

Home Purchase Loans

In 2020, the bank originated no home purchase loans to low- or moderate-income borrowers, which is below the aggregate at 11.4 and 21.2 percent, respectively. It is also below the 18.5 percent of low-income and 16.8 percent of moderate-income families living within the assessment area. The bank originated 5.9 percent of its home purchase loans to middle-income borrowers, which is below both aggregate at 19.0 percent and the 23.0 percent of middle-income families within the assessment area. The bank originated 64.7 percent of its home purchase loans to upper-income borrowers, which is above both aggregate at 25.0 percent and the 41.8 percent of upper-income families within the assessment area. Further, the bank originated 29.4 percent of its home purchase loans to borrowers of unknown-income, above the aggregate at 23.3 percent.

Refinance Loans

In 2020, the bank originated no refinance loans to low-income borrowers, while the aggregate and the percent of low-income families within the assessment area are 6.0 and 18.5 percent, respectively. The bank originated 6.1 percent of its refinance loans to moderate-income borrowers, which is below both aggregate at 15.8 percent and the 16.8 percent of moderate-income families within the assessment area. The bank originated 9.1 percent of its refinance loans to middle-income borrowers, which is below both aggregate at 18.5 percent and the 23.0 percent of middle-income families within the assessment area. The bank originated 66.7 percent of its refinance loans to upper-income borrowers, which is above both aggregate at 36.0 percent and the 41.8 percent of upper-income families within the assessment area. Further, the bank originated 18.2 percent of its refinance loans to borrowers of unknown-income, below the aggregate at 23.6 percent.

The following table summarizes the bank's 2020 HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2020 Iowa City, IA MSA 26980								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2020		2020		2020		
		Count Bank #	%	Agg %	Dollar Bank \$ (000s)	%	Agg \$ %	
Home Purchase	Low	0	0.0	11.4	0	0.0	6.8	18.5
	Moderate	0	0.0	21.2	0	0.0	16.2	16.8
	Middle	1	5.9	19.0	162	2.3	18.3	23.0
	Upper	11	64.7	25.0	4,541	65.8	32.2	41.8
	Unknown	5	29.4	23.3	2,198	31.9	26.5	0.0
	Total	17	100.0	100.0	6,901	100.0	100.0	100.0
Refinance	Low	0	0.0	6.0	0	0.0	3.0	18.5
	Moderate	2	6.1	15.8	186	1.6	10.8	16.8
	Middle	3	9.1	18.5	564	4.8	16.1	23.0
	Upper	22	66.7	36.0	9,274	79.3	44.7	41.8
	Unknown	6	18.2	23.6	1,670	14.3	25.4	0.0
	Total	33	100.0	100.0	11,694	100.0	100.0	100.0
Home Improvement	Low	1	16.7	9.5	122	9.0	6.0	18.5
	Moderate	0	0.0	14.3	0	0.0	11.0	16.8
	Middle	3	50.0	23.2	528	39.3	20.4	23.0
	Upper	2	33.3	49.0	695	51.7	55.9	41.8
	Unknown	0	0.0	4.1	0	0.0	6.7	0.0
	Total	6	100.0	100.0	1,345	100.0	100.0	100.0
Multi-Family	Low	0	0.0	1.3	0	0.0	0.1	18.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.8
	Middle	0	0.0	2.6	0	0.0	0.4	23.0
	Upper	0	0.0	0.0	0	0.0	0.0	41.8
	Unknown	3	100.0	96.2	8,963	100.0	99.4	0.0
	Total	3	100.0	100.0	8,963	100.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	7.7	0	0.0	4.4	18.5
	Moderate	0	0.0	24.3	0	0.0	17.3	16.8
	Middle	0	0.0	15.3	0	0.0	13.2	23.0
	Upper	0	0.0	44.6	0	0.0	56.2	41.8
	Unknown	0	0.0	8.1	0	0.0	8.9	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	11.7	0	0.0	7.4	18.5
	Moderate	0	0.0	15.6	0	0.0	10.2	16.8
	Middle	0	0.0	28.6	0	0.0	18.8	23.0
	Upper	0	0.0	39.0	0	0.0	58.7	41.8
	Unknown	0	0.0	5.2	0	0.0	4.9	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	18.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.8
	Middle	0	0.0	0.0	0	0.0	0.0	23.0
	Upper	0	0.0	0.0	0	0.0	0.0	41.8
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	1	1.7	8.3	122	0.4	4.2	18.5
	Moderate	2	3.4	17.9	186	0.6	12.0	16.8
	Middle	7	11.9	18.8	1,254	4.3	15.8	23.0
	Upper	35	59.3	32.1	14,510	50.2	37.1	41.8
	Unknown	14	23.7	22.9	12,831	44.4	30.9	0.0
	Total	59	100.0	100.0	28,902	100.0	100.0	100.0
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Performance context related to aggregate lending data was unavailable for 2021, therefore the bank's performance is primarily considered in relation to the local demographic data of the area.

In 2021, the bank originated 3.4 percent of its total HMDA-reportable loans to low-income borrowers, which is below the percentage of low-income families in the assessment area at 18.5 percent. The bank originated 27.6 percent of its HMDA-reportable loans to moderate-income borrowers, which is above the 16.8 percent of moderate-income families within the assessment area. The bank originated no HMDA-reportable loans to middle-income borrowers, below the proportion of middle-income families within the assessment area at 23.0 percent. The bank originated 48.3 percent of its HMDA-reportable loans to upper-income borrowers, which is above the proportion of upper-income families living within the assessment area at 41.8 percent. Further, the bank originated 20.7 percent of its HMDA-reportable loans to borrowers of unknown-income.

Home Purchase Loans

In 2021, the bank originated 6.3 percent of its total home purchase loans to low-income borrowers, which is below the 18.5 percent of low-income families within the assessment area. The bank originated 37.5 percent of its total home purchase loans to moderate-income borrowers, which is above the 16.8 percent of moderate-income families living within the assessment area. The bank originated no home purchase loans to middle-income borrowers, which is below the 23.0 percent of middle-income families within the assessment area. The bank originated 43.8 percent of its home purchase loans to upper-income borrowers, which is marginally above the 41.8 percent of upper-income families within the assessment area. Further, the bank originated 12.5 percent of its home purchase loans to borrowers of unknown-income.

Refinance Loans

In 2021, the bank originated no refinance loans to low-income borrowers, while the percent of low-income families within the assessment area at 18.5 percent. The bank originated 9.1 percent of its refinance loans to moderate-income borrowers, which is below the 16.8 percent of moderate-income families within the assessment area. The bank originated no refinance loans to middle-income borrowers, which is below the 23.0 percent of middle-income families within the assessment area. The bank originated 63.6 percent of its refinance loans to upper-income borrowers, which is above the 41.8 percent of upper-income families within the assessment area. Further, the bank originated 27.3 percent of its refinance loans to borrowers of unknown-income.

The following table summarizes the bank's 2021 HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans						
Assessment Area: 2021 Iowa City, IA MSA 26980						
Product Type	Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income %
		2021		2021		
		Count Bank	%	Dollar Bank	%	
		#	%	\$(000s)	\$ %	
Home Purchase	Low	1	6.3%	173	4.2%	18.5
	Moderate	6	37.5%	540	13.1%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	7	43.8%	2,359	57.4%	41.8
	Unknown	2	12.5%	1,036	25.2%	0.0
	Total		16	100.0%	4,108	100.0%
Refinance	Low	0	0.0%	0	0.0%	18.5
	Moderate	1	9.1%	258	4.7%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	7	63.6%	3,177	57.4%	41.8
	Unknown	3	27.3%	2,103	38.0%	0.0
	Total		11	100.0%	5,538	100.0%
Home Improvement	Low	0	0.0%	0	0.0%	18.5
	Moderate	1	50.0%	10	1.0%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	0	0.0%	0	0.0%	41.8
	Unknown	1	50.0%	990	99.0%	0.0
	Total		2	100.0%	1,000	100.0%
Multi-Family	Low	0	0.0%	0	0.0%	18.5
	Moderate	0	0.0%	0	0.0%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	0	0.0%	0	0.0%	41.8
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Other Purpose LOC	Low	0	0.0%	0	0.0%	18.5
	Moderate	0	0.0%	0	0.0%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	0	0.0%	0	0.0%	41.8
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	18.5
	Moderate	0	0.0%	0	0.0%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	0	0.0%	0	0.0%	41.8
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	18.5
	Moderate	0	0.0%	0	0.0%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	0	0.0%	0	0.0%	41.8
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
HMDA Totals	Low	1	3.4%	173	1.6%	18.5
	Moderate	8	27.6%	808	7.6%	16.8
	Middle	0	0.0%	0	0.0%	23.0
	Upper	14	48.3%	5,537	52.0%	41.8
	Unknown	6	20.7%	4,129	38.8%	0.0
	Total		29	100.0%	10,646	100.0%
Originations & Purchases						
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

The distribution of small business loans reflects poor penetration among businesses of different revenue sizes. A sample of small business loans originated in 2021 were reviewed, of which 66.7 percent by number were to businesses with gross revenues equal to or less than \$1 million. This is below the gross revenue composition of small businesses in the assessment area, at 93.4 percent. A small percentage, 9.1 percent, of those loans were in amounts of \$100,000 or less, which are considered the most beneficial to small businesses, indicating an opportunity to enhance the bank’s efforts in meeting the credit needs of small businesses. Small business lending to businesses with revenues of \$1 million or less has decreased since the previous examination, where, of the sample of small business loans reviewed, 100.0 percent went to businesses with revenues of \$1 million or less and 42.3 percent were in amounts of \$100,000 or less.

The following table presents the bank’s borrower distribution of small business loans in 2021.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2021 Iowa City, IA MSA 26980							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Businesses %	
Revenue	Loan Size	Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	22	66.7	8,066	69.3	93.4
		Over \$1 Million	11	33.3	3,566	30.7	5.8
		Unknown	0	0.0	0	0.0	0.8
		Total	33	100.0	11,632	100.0	100.0
Small Business	Loan Size	\$100,000 or Less	3	9.1	273	2.3	
		\$100,001 - \$250,000	13	39.4	2,406	20.7	
		\$250,001 - \$1 Million	17	51.5	8,953	77.0	
		Total	33	100.0	11,632	100.0	
Small Business	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	9.1	180	2.2	
		\$100,001 - \$250,000	8	36.4	1,368	17.0	
		\$250,001 - \$1 Million	12	54.5	6,518	80.8	
		Total	22	100.0	8,066	100.0	
Originations & Purchases							
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2021 were reviewed, of which 100.0 percent were to farms with gross revenues equal to or less than \$1 million. This is above the gross revenue composition of small farms in the assessment area, at 98.7 percent. Of the sample of eight small farm loans reviewed, 50.0 percent were in amounts of \$100,000 or less, which are considered

the most beneficial to small farms. Small farm lending is similar to the last examination, where, of the sample of five small farm loans reviewed, 100.0 percent were to small farms with revenues of \$1 million or less.

The following table presents the bank’s borrower distribution of small farm loans in 2021.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2021 Iowa City, IA MSA 26980								
Product Type		Bank & Demographic Comparison						
		2021		2021		Total Farms		
Revenue	Loan Size	Count		Dollar				
		#	%	\$ 000s	\$ %	%		
Small Farm	Revenue	\$1 Million or Less	8	100.0	1,550	100.0	98.7	
		Over \$1 Million	0	0.0	0	0.0	1.1	
		Unknown	0	0.0	0	0.0	0.2	
		Total	8	100.0	1,550	100.0	100.0	
Small Farm	Loan Size	\$100,000 or Less	4	50.0	234	15.1		
		\$100,001 - \$250,000	2	25.0	445	28.7		
		\$250,001 - \$500,000	2	25.0	871	56.2		
		Total	8	100.0	1,550	100.0		
Small Farm	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	4	50.0	234	15.1		
		\$100,001 - \$250,000	2	25.0	445	28.7		
		\$250,001 - \$500,000	2	25.0	871	56.2		
		Total	8	100.0	1,550	100.0		

Originations & Purchases
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

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

Lending

During the evaluation period, the bank originated four community development loans totaling approximately \$3.0 million. Two of these loans, totaling \$224,820, were to an organization providing affordable multi-family housing within the assessment area. Community representatives stated affordable housing was greatly needed within the assessment area, as such the bank’s ability to find opportunities to lend for affordable housing is particularly responsive.

Additionally, the bank originated two community development loans, totaling \$2.8 million, as part of the SBA’s PPP. As PPP loans are in direct response to the COVID-19 pandemic and are specifically designed to benefit small businesses and retain jobs during the pandemic, these loans are considered very responsive and flexible.

Investments

The bank did not make any new investments during the evaluation period within the assessment area. The bank made one donation within the assessment area during the evaluation period. The \$200 donation was made to a community service organization, specifically a food pantry.

Services

During the evaluation period, bank staff did not provide any qualified community development service hours.

Qualified Community Development Activities by Purpose May 15, 2018 to June 6, 2022										
Iowa City, Iowa MSA	AH		CS		ED		R/S		Total #	Total \$/Hours
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours		
Lending	2	224,820	0	0	0	0	2	2,772,986	4	2,997,806
Investments	0	0	0	0	0	0	0	0	0	0
Donations	0	0	1	200	0	0	0	0	1	200
Services	0	0	0	0	0	0	0	0	0	0

CEDAR RAPIDS, IOWA MSA #16300 – LIMITED REVIEW

SCOPE OF EXAMINATION

The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the “Scope of Examination” section for details.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CEDAR RAPIDS, IOWA MSA #16300

Central State Bank’s assessment area is comprised of the Cedar Rapids, Iowa MSA in its entirety. The assessment area is comprised of 57 census tracts, including two low-, 14 moderate-, 34 middle-, and six upper-income census tracts. Additionally, there is one unknown-income census tract located in downtown Cedar Rapids, Iowa. The bank operates two full-service branch locations, each with one full-service ATM, within the assessment area. Both branches are located within middle-income census tracts. The assessment area remains unchanged since the previous examination.

According to the June 30, 2021 FDIC Deposit Market Share Report, Central State Bank ranked 30th among 38 FDIC-insured financial institutions operating in the assessment area. The bank held \$40.9 million in deposits, representing 0.5 percent of the total deposit market share in the Cedar Rapids, Iowa MSA. The financial institutions comprising the largest percentage of the deposit market share are Cedar Rapids Bank and Trust Company, holding \$1.2 billion in deposits, representing 15.4 percent of the total deposit market share, and U.S. National Bank Association, holding \$1.1 billion and representing 14.1 percent of the total deposit market share.

In 2020, Central State Bank ranked 52nd among 235 HMDA-reporters, originating 20 HMDA-reportable loans. In comparison, the first ranked institution, GreenState Credit Union, originated 3,576 HMDA loans, and second ranked Collins Community Credit Union originated 2,258 HMDA loans.

Additional assessment area demographic information is provided in the following table.

Assessment Area: 2021 Cedar Rapids, IA MSA 16300								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	3.5	700	1.0	241	34.4	12,694	18.8
Moderate-income	14	24.6	12,786	18.9	1,531	12.0	12,256	18.1
Middle-income	34	59.6	42,871	63.5	2,151	5.0	16,483	24.4
Upper-income	6	10.5	10,965	16.2	197	1.8	26,103	38.7
Unknown-income	1	1.8	214	0.3	99	46.3	0	0.0
Total Assessment Area	57	100.0	67,536	100.0	4,219	6.2	67,536	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,779	587	0.7	33.0	933	52.4	259	14.6
Moderate-income	25,571	14,815	18.8	57.9	8,478	33.2	2,278	8.9
Middle-income	71,402	50,623	64.2	70.9	15,498	21.7	5,281	7.4
Upper-income	14,299	12,758	16.2	89.2	1,120	7.8	421	2.9
Unknown-income	991	128	0.2	12.9	703	70.9	160	16.1
Total Assessment Area	114,042	78,911	100.0	69.2	26,732	23.4	8,399	7.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	473	3.9	399	3.7	72	6.7	2	1.3
Moderate-income	2,333	19.4	2,113	19.5	200	18.7	20	13.2
Middle-income	6,831	56.7	6,200	57.2	536	50.2	95	62.5
Upper-income	1,891	15.7	1,692	15.6	170	15.9	29	19.1
Unknown-income	525	4.4	430	4.0	89	8.3	6	3.9
Total Assessment Area	12,053	100.0	10,834	100.0	1,067	100.0	152	100.0
	Percentage of Total Businesses:			89.9		8.9		1.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1	0.1	1	0.1	0	0.0	0	0.0
Moderate-income	36	4.1	34	3.9	2	25.0	0	0.0
Middle-income	748	84.4	741	84.5	6	75.0	1	100.0
Upper-income	100	11.3	100	11.4	0	0.0	0	0.0
Unknown-income	1	0.1	1	0.1	0	0.0	0	0.0
Total Assessment Area	886	100.0	877	100.0	8	100.0	1	100.0
	Percentage of Total Farms:			99.0		0.9		0.1
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CEDAR RAPIDS, IOWA
MSA#16300**

LENDING TEST

The institution's Lending performance in the area is consistent with the institution's lending performance overall.

Geographic Distribution of Loans

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2020 Cedar Rapids, IA MSA 16300								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2020		2020				
		Count Bank		Agg %	Dollar Bank		Agg %	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	1.5	0	0.0	1.0	0.7
	Moderate	1	11.1	19.1	70	5.1	12.7	18.8
	Middle	6	66.7	57.7	596	43.6	56.7	64.2
	Upper	2	22.2	21.7	700	51.3	29.6	16.2
	Unknown	0	0.0	0.1	0	0.0	0.1	0.2
	Total	9	100.0	100.0	1,366	100.0	100.0	100.0
Refinance	Low	0	0.0	0.5	0	0.0	0.3	0.7
	Moderate	0	0.0	9.7	0	0.0	5.7	18.8
	Middle	9	100.0	60.6	1,671	100.0	58.8	64.2
	Upper	0	0.0	29.2	0	0.0	35.2	16.2
	Unknown	0	0.0	0.1	0	0.0	0.0	0.2
	Total	9	100.0	100.0	1,671	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.5	0	0.0	0.8	0.7
	Moderate	0	0.0	13.3	0	0.0	7.9	18.8
	Middle	0	0.0	61.1	0	0.0	59.3	64.2
	Upper	0	0.0	24.9	0	0.0	31.5	16.2
	Unknown	0	0.0	0.1	0	0.0	0.5	0.2
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	6.1	0	0.0	18.1	4.1
	Moderate	0	0.0	40.9	0	0.0	13.8	31.3
	Middle	1	100.0	49.6	1,335	100.0	67.5	59.5
	Upper	0	0.0	2.6	0	0.0	0.5	2.1
	Unknown	0	0.0	0.9	0	0.0	0.1	2.9
	Total	1	100.0	100.0	1,335	100.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.7
	Moderate	0	0.0	10.9	0	0.0	7.7	18.8
	Middle	0	0.0	62.0	0	0.0	58.6	64.2
	Upper	0	0.0	27.0	0	0.0	33.8	16.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.2
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	2.1	0	0.0	1.2	0.7
	Moderate	0	0.0	14.6	0	0.0	10.0	18.8
	Middle	0	0.0	64.6	0	0.0	65.2	64.2
	Upper	0	0.0	18.8	0	0.0	23.6	16.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.2
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	1.7	0	0.0	1.0	0.7
	Moderate	0	0.0	25.8	0	0.0	20.8	18.8
	Middle	0	0.0	61.3	0	0.0	60.4	64.2
	Upper	0	0.0	10.8	0	0.0	17.5	16.2
	Unknown	0	0.0	0.4	0	0.0	0.3	0.2
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.9	0	0.0	1.2	0.7
	Moderate	1	5.3	14.0	70	1.6	8.7	18.8
	Middle	16	84.2	59.5	3,602	82.4	58.3	64.2
	Upper	2	10.5	25.5	700	16.0	31.8	16.2
	Unknown	0	0.0	0.1	0	0.0	0.0	0.2
	Total	19	100.0	100.0	4,372	100.0	100.0	100.0
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of HMDA Reportable Loans						
Assessment Area: 2021 Cedar Rapids, IA MSA 16300						
Product Type	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2021		2021		
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Home Purchase	Low	0	0.0%	0	0.0%	0.7
	Moderate	4	40.0%	374	27.9%	18.8
	Middle	3	30.0%	380	28.3%	64.2
	Upper	3	30.0%	590	43.9%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	10	100.0%	1,344	100.0%	100.0
Refinance	Low	0	0.0%	0	0.0%	0.7
	Moderate	0	0.0%	0	0.0%	18.8
	Middle	1	25.0%	143	13.1%	64.2
	Upper	3	75.0%	946	86.9%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	4	100.0%	1,089	100.0%	100.0
Home Improvement	Low	0	0.0%	0	0.0%	0.7
	Moderate	0	0.0%	0	0.0%	18.8
	Middle	0	0.0%	0	0.0%	64.2
	Upper	0	0.0%	0	0.0%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	0	0.0%	0	0.0%	100.0
Multi-Family	Low	0	0.0%	0	0.0%	Multi-Family 4.1
	Moderate	0	0.0%	0	0.0%	31.3
	Middle	0	0.0%	0	0.0%	59.5
	Upper	0	0.0%	0	0.0%	2.1
	Unknown	0	0.0%	0	0.0%	2.9
	Total	0	0.0%	0	0.0%	100.0
Other Purpose LOC	Low	0	0.0%	0	0.0%	0.7
	Moderate	0	0.0%	0	0.0%	18.8
	Middle	0	0.0%	0	0.0%	64.2
	Upper	0	0.0%	0	0.0%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	0	0.0%	0	0.0%	100.0
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	0.7
	Moderate	0	0.0%	0	0.0%	18.8
	Middle	0	0.0%	0	0.0%	64.2
	Upper	0	0.0%	0	0.0%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	0	0.0%	0	0.0%	100.0
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	0.7
	Moderate	0	0.0%	0	0.0%	18.8
	Middle	0	0.0%	0	0.0%	64.2
	Upper	0	0.0%	0	0.0%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	0	0.0%	0	0.0%	100.0
HMDA Totals	Low	0	0.0%	0	0.0%	0.7
	Moderate	4	28.6%	374	15.4%	18.8
	Middle	4	28.6%	523	21.5%	64.2
	Upper	6	42.9%	1,535	63.1%	16.2
	Unknown	0	0.0%	0	0.0%	0.2
	Total	14	100.0%	2,432	100.0%	100.0
Originations & Purchases						
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Business Loans						
Assessment Area: 2021 Cedar Rapids, IA MSA 16300						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2021 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	3.9
	Moderate	2	11.1	782	9.0	19.4
	Middle	12	66.7	5,522	63.5	56.7
	Upper	3	16.7	1,855	21.3	15.7
	Unknown	1	5.6	540	6.2	4.4
	Total	18	100.0	8,698	100.0	100.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Farm Loans						
Assessment Area: 2021 Cedar Rapids, IA MSA 16300						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2021 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.1
	Moderate	0	0.0	0	0.0	4.1
	Middle	1	100.0	325	100.0	84.4
	Upper	0	0.0	0	0.0	11.3
	Unknown	0	0.0	0	0.0	0.1
	Total	1	100.0	325	100.0	100.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

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

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2020 Cedar Rapids, IA MSA 16300								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2020			Dollar			
		Count Bank	Agg	Dollar Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	4	44.4	15.1	328	24.0	8.8	18.8
	Moderate	0	0.0	24.3	0	0.0	18.9	18.1
	Middle	0	0.0	20.9	0	0.0	21.3	24.4
	Upper	2	22.2	22.1	525	38.4	30.9	38.7
	Unknown	3	33.3	17.6	513	37.6	20.2	0.0
	Total		9	100.0	100.0	1,366	100.0	100.0
Refinance	Low	0	0.0	6.2	0	0.0	3.1	18.8
	Moderate	1	11.1	16.2	146	8.8	11.1	18.1
	Middle	1	11.1	20.5	43	2.6	17.9	24.4
	Upper	4	44.4	37.2	764	45.7	45.5	38.7
	Unknown	3	33.3	19.9	718	42.9	22.4	0.0
	Total		9	100.0	100.0	1,671	100.0	100.0
Home Improvement	Low	0	0.0	8.8	0	0.0	5.2	18.8
	Moderate	0	0.0	16.6	0	0.0	13.4	18.1
	Middle	0	0.0	25.7	0	0.0	18.6	24.4
	Upper	0	0.0	42.6	0	0.0	48.6	38.7
	Unknown	0	0.0	6.3	0	0.0	14.2	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	2.6	0	0.0	0.3	18.8
	Moderate	0	0.0	0.0	0	0.0	0.0	18.1
	Middle	0	0.0	1.7	0	0.0	0.3	24.4
	Upper	0	0.0	1.7	0	0.0	1.2	38.7
	Unknown	1	100.0	93.9	1,335	100.0	98.2	0.0
	Total		1	100.0	100.0	1,335	100.0	100.0
Other Purpose LOC	Low	0	0.0	8.2	0	0.0	6.6	18.8
	Moderate	0	0.0	16.6	0	0.0	11.8	18.1
	Middle	0	0.0	26.6	0	0.0	24.6	24.4
	Upper	0	0.0	44.8	0	0.0	52.2	38.7
	Unknown	0	0.0	3.9	0	0.0	4.8	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	13.2	0	0.0	8.4	18.8
	Moderate	0	0.0	20.8	0	0.0	15.4	18.1
	Middle	0	0.0	27.1	0	0.0	21.6	24.4
	Upper	0	0.0	35.4	0	0.0	51.9	38.7
	Unknown	0	0.0	3.5	0	0.0	2.7	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	18.8
	Moderate	0	0.0	0.0	0	0.0	0.0	18.1
	Middle	0	0.0	0.0	0	0.0	0.0	24.4
	Upper	0	0.0	0.0	0	0.0	0.0	38.7
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	4	21.1	9.8	328	7.5	5.2	18.8
	Moderate	1	5.3	19.1	146	3.4	13.6	18.1
	Middle	1	5.3	20.7	43	1.0	18.5	24.4
	Upper	6	31.6	31.0	1,289	29.5	38.4	38.7
	Unknown	7	36.8	19.5	2,565	58.7	24.4	0.0
	Total		19	100.0	100.0	4,372	100.0	100.0

Originations & Purchases

2016 FFIEC Census Data

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

Borrower Distribution of HMDA Reportable Loans						
Assessment Area: 2021 Cedar Rapids, IA MSA 16300						
Product Type	Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income %
		2021		2021		
		Count Bank	%	Dollar Bank	%	
		#	%	\$(000s)	\$ %	
Home Purchase	Low	1	10.0%	170	12.6%	18.8
	Moderate	3	30.0%	337	25.1%	18.1
	Middle	2	20.0%	420	31.3%	24.4
	Upper	0	0.0%	0	0.0%	38.7
	Unknown	4	40.0%	417	31.0%	0.0
	Total		10	100.0%	1,344	100.0%
Refinance	Low	0	0.0%	0	0.0%	18.8
	Moderate	0	0.0%	0	0.0%	18.1
	Middle	0	0.0%	0	0.0%	24.4
	Upper	3	75.0%	571	52.5%	38.7
	Unknown	1	25.0%	518	47.5%	0.0
	Total		4	100.0%	1,089	100.0%
Home Improvement	Low	0	0.0%	0	0.0%	18.8
	Moderate	0	0.0%	0	0.0%	18.1
	Middle	0	0.0%	0	0.0%	24.4
	Upper	0	0.0%	0	0.0%	38.7
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Multi-Family	Low	0	0.0%	0	0.0%	18.8
	Moderate	0	0.0%	0	0.0%	18.1
	Middle	0	0.0%	0	0.0%	24.4
	Upper	0	0.0%	0	0.0%	38.7
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Other Purpose LOC	Low	0	0.0%	0	0.0%	18.8
	Moderate	0	0.0%	0	0.0%	18.1
	Middle	0	0.0%	0	0.0%	24.4
	Upper	0	0.0%	0	0.0%	38.7
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	18.8
	Moderate	0	0.0%	0	0.0%	18.1
	Middle	0	0.0%	0	0.0%	24.4
	Upper	0	0.0%	0	0.0%	38.7
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	18.8
	Moderate	0	0.0%	0	0.0%	18.1
	Middle	0	0.0%	0	0.0%	24.4
	Upper	0	0.0%	0	0.0%	38.7
	Unknown	0	0.0%	0	0.0%	0.0
	Total		0	0.0%	0	0.0%
HMDA Totals	Low	1	7.1%	170	7.0%	18.8
	Moderate	3	21.4%	337	13.8%	18.1
	Middle	2	14.3%	420	17.3%	24.4
	Upper	3	21.4%	571	23.5%	38.7
	Unknown	5	35.7%	935	38.4%	0.0
	Total		14	100.0%	2,432	100.0%
Originations & Purchases						
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2021 Cedar Rapids, IA MSA 16300								
Product Type		Bank & Demographic Comparison						
		2021		2021		Total Businesses		
Revenue	Loan Size	Count Bank		Dollar Bank			%	
		#	%	\$ 000s	\$ %			
Small Business	Revenue	\$1 Million or Less	9	50.0	5,491	63.1	89.9	
		Over \$1 Million	9	50.0	3,207	36.9	8.9	
		Unknown	0	0.0	0	0.0	1.3	
		Total	18	100.0	8,698	100.0	100.0	
	Loan Size	\$100,000 or Less	3	16.7	259	3.0		
		\$100,001 - \$250,000	2	11.1	370	4.3		
		\$250,001 - \$1 Million	13	72.2	8,069	92.8		
		Total	18	100.0	8,698	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0		
		\$100,001 - \$250,000	1	11.1	150	2.7		
		\$250,001 - \$1 Million	8	88.9	5,341	97.3		
		Total	9	100.0	5,491	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2021 Cedar Rapids, IA MSA 16300								
Product Type		Bank & Demographic Comparison						
		2021		2021		Total Farms		
Revenue	Loan Size	Count Bank		Dollar Bank			%	
		#	%	\$ 000s	\$ %			
Small Farm	Revenue	\$1 Million or Less	1	100.0	325	100.0	99.0	
		Over \$1 Million	0	0.0	0	0.0	0.9	
		Unknown	0	0.0	0	0.0	0.1	
		Total	1	100.0	325	100.0	100.0	
	Loan Size	\$100,000 or Less	0	0.0	0	0.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$500,000	1	100.0	325	100.0		
		Total	1	100.0	325	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$500,000	1	100.0	325	100.0		
		Total	1	100.0	325	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

COMMUNITY DEVELOPMENT TEST

Central State Bank’s community development performance in the assessment area is consistent with the bank’s overall community development performance.

Qualified Community Development Activities by Purpose May 15, 2018 to June 6, 2022										
Cedar Rapids, Iowa MSA	AH		CS		ED		R/S		Total #	Total \$/Hours
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours		
Lending	0	0	0	0	0	0	0	0	0	0
Investments	0	0	1	1,000,000	0	0	1	390,000	2	1,390,000
Donations	0	0	3	3,625	0	0	0	0	3	3,625
Services	0	0	0	0	1	24	0	0	1	24

APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Lending Test: HMDA-reportable Loans: January 1, 2020 to December 31, 2021 Small Business and Small Farm: January 1, 2021 to December 31, 2021 Community Development Test: May 15, 2018 to June 6, 2022		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Central State Bank			HMDA-Reportable Loans Small Business Loans Small Farm Loans
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-MSA Iowa	Full scope	N/A	N/A
Iowa City, Iowa MSA	Full scope	N/A	N/A
Cedar Rapids, Iowa MSA	Limited Scope	N/A	N/A

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 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 householder 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 Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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