

# **PUBLIC DISCLOSURE**

August 15, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Community State Bank  
RSSD# 790543

817 North Ankeny Boulevard  
Ankeny, Iowa 50023

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

**Community State Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

Community State Bank is meeting the credit needs of its community, consistent with its branch locations, asset size, and local economic conditions within its delineated assessment area. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, its local competitors, and the credit needs of the assessment area. A majority of the bank's loans are originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Loan distribution reflects reasonable distribution among individuals of different income levels, including low- and moderate-income families, and to businesses of different sizes. Neither Community State Bank, nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

Community State Bank's community development performance demonstrates excellent responsiveness to the needs of its assessment area through community development loans, qualified investments, and community development services, as 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

Community State Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). The CRA 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 sole assessment area located in the Des Moines-West Des Moines, Iowa Metropolitan Statistical Area (MSA) #19780. The assessment area consists of Polk County, Iowa in its entirety, and a contiguous portion of Dallas County, Iowa. The level of performance within the assessment area was assessed based on Home Mortgage Disclosure Act (HMDA)-reportable lending and a sample of small business loans originated from January 1, 2020 through December 31, 2021. These products are considered the bank's primary business lines by number and dollar amount. The bank's community development activities were evaluated from March 4, 2019 through August 15, 2022, to determine their responsiveness to the needs of the assessment area.

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

- ***Loan-to-Deposit Ratio*** – A 13-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, and a statistical sample of small business loans, originated from January 1, 2020 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, and a statistical sample of small business loans, originated within the assessment area, from January 1, 2020 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 of Different Sizes*** – The bank’s HMDA-reportable loans, and a statistical sample of small business loans, originated within the assessment area, from January 1, 2020 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 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 March 4, 2019 through August 15, 2022, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

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

## DESCRIPTION OF INSTITUTION

Community State Bank (CSB) is a wholly owned subsidiary of QCR Holdings, Inc. (QCRH), a multi-bank holding company located in Moline, Illinois. The company is publicly traded on the National Association of Securities Dealers Automated Quotations (NASDAQ) Small Cap Market under the symbol "QCR". The main office and eight branches each operate full-service automated teller machines (ATMs) within the Des Moines-West Des Moines, Iowa MSA #19780. CSB's main office, in addition to three branch locations and four full-service ATMs, are located in middle-

income census tracts. The bank also operates three branches and three full-service ATMs in upper-income census tracts, one branch and full-service ATM in a moderate-income census tract, and one branch and full-service ATM in a low-income census tract. Since the previous evaluation, the institution closed one branch located at 902 SW Oralabor Road, which was in a middle-income census tract. This was primarily due to CSB operating several branch locations within close proximity to the closed branch.

According to the March 31, 2022 Uniform Bank Performance Report (UBPR), CSB reported total assets of approximately \$1.2 billion. The 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. Consumer loan products include consumer secured and unsecured loans and lines of credit; and real estate secured loan products include home equity lines, and home purchase, commercial, and construction purpose loans. In addition, traditional deposit products consist of checking, savings, money market, negotiable order of withdrawal (NOW) accounts, and certificates of deposit.

CSB is primarily a commercial lender with 85.1 percent of its loan portfolio concentrated in commercial loans as of March 31, 2022. Residential real estate lending represents a much smaller portion of the loan portfolio at 8.2 percent. Loans defined as “other” comprise 5.4 percent of the loan portfolio. Lastly, agricultural and consumer loans constitute a relatively immaterial portion of the loan portfolio at 1.3 percent and 0.1 percent, respectively.

Details of the composition of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of March 31, 2022 (\$ in 000's)		
Type	\$	%
Commercial	777,140	85.1
Residential Real Estate	74,603	8.2
Other	49,212	5.4
Agriculture	11,874	1.3
Consumer	572	0.1
Total	913,401	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 March 4, 2019.

## DESCRIPTION OF ASSESSMENT AREA

CSB is an intrastate bank and maintains one assessment area within the Des Moines-West Des Moines, Iowa MSA #19780 (Des Moines-West Des Moines, IA MSA), and consists of Polk County in its entirety and eight census tracts within Dallas County. The assessment area has not changed since the previous evaluation.

Community State Bank is among the top ten of the market leaders in its assessment area. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2021, ranks CSB eighth out of 45 financial institutions operating within the assessment area. The bank held \$938.4 million in deposits, representing a market share of 3.9 percent. The financial institutions with the largest percentage share of the deposit market include Principal Bank (17.8 percent), Wells Fargo Bank, National Association (16.3 percent), and Banker's Trust Company (15.1 percent).

In total, the assessment area is comprised of 106 census tracts; nine low-, 27 moderate-, 41 middle-, 28 upper-, and one unknown-income census tract that is comprised of the Des Moines airport in its entirety. There are 36 total low- and moderate-income census tracts within the assessment area, located on the south side of Des Moines, Iowa, which is the largest city within the assessment area. Additionally, CSB's assessment area serves several colleges and universities in the assessment area, including the Des Moines Area Community College, Des Moines University, Grand View University, and Faith Baptist College. CSB maintains a branch in Johnston, Iowa where the Camp Dodge military base is located. There is also an Air Guard base located at the Des Moines airport.

Additional assessment area demographic information is provided in the following table. Demographics of the assessment area in 2020 are available in Appendix A.

Assessment Area: 2021 Des Moines-West Des Moines, IA MSA 19780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	8.5	6,000	4.7	1,837	30.6	26,034	20.5
Moderate-income	27	25.5	25,486	20.1	4,196	16.5	21,509	16.9
Middle-income	41	38.7	49,473	38.9	3,569	7.2	27,045	21.3
Upper-income	28	26.4	46,123	36.3	1,375	3.0	52,494	41.3
Unknown-income	1	0.9	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>106</b>	<b>100.0</b>	<b>127,082</b>	<b>100.0</b>	<b>10,977</b>	<b>8.6</b>	<b>127,082</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	11,086	3,902	2.9	35.2	5,840	52.7	1,344	12.1
Moderate-income	44,222	24,690	18.5	55.8	16,009	36.2	3,523	8.0
Middle-income	85,068	54,216	40.7	63.7	25,202	29.6	5,650	6.6
Upper-income	67,274	50,403	37.8	74.9	14,328	21.3	2,543	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>207,650</b>	<b>133,211</b>	<b>100.0</b>	<b>64.2</b>	<b>61,379</b>	<b>29.6</b>	<b>13,060</b>	<b>6.3</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1,002	4.0	873	3.8	121	5.4	8	3.2
Moderate-income	3,433	13.6	3,096	13.6	316	14.0	21	8.4
Middle-income	12,000	47.5	10,671	46.9	1,196	52.9	133	53.2
Upper-income	8,796	34.9	8,083	35.6	625	27.7	88	35.2
Unknown-income	8	0.0	6	0.0	2	0.1	0	0.0
<b>Total Assessment Area</b>	<b>25,239</b>	<b>100.0</b>	<b>22,729</b>	<b>100.0</b>	<b>2,260</b>	<b>100.0</b>	<b>250</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>		<b>90.1</b>		<b>9.0</b>		<b>1.0</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	3	0.7	3	0.7	0	0.0	0	0.0
Moderate-income	24	5.3	23	5.2	1	8.3	0	0.0
Middle-income	232	50.9	226	51.0	6	50.0	0	0.0
Upper-income	197	43.2	191	43.1	5	41.7	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>456</b>	<b>100.0</b>	<b>443</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	<b>Percentage of Total Farms:</b>		<b>97.1</b>		<b>2.6</b>		<b>0.2</b>	
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>								

### Population Characteristics

The following table presents population changes within the assessment area, the counties comprising the assessment area, the Des Moines-West Des Moines, Iowa MSA, as well as the state of Iowa from 2010 and 2015. According to the 2011 to 2015 U.S. Census Bureau American Community Survey (ACS), population in the assessment area in 2015 was 527,261. In addition, the assessment area experienced a 6.1 percent population increase. The majority of the assessment area's population resides in Polk County, which includes the city of Des Moines, Iowa. Polk County is the largest county in Iowa and accounts for approximately 70.9 percent of the entire Des Moines-West Des Moines, Iowa MSA population. Although Polk County is the largest county in the metropolitan area, Dallas County was the fastest growing county in 2015, as noted by the following table which reflects the population of Dallas County increased by 13.2 percent compared to the 5.0 percent growth in Polk County. During the same period, the state of Iowa saw a slight increase in population of 1.5 percent. According to a community representative, the increase within Dallas County is attributed to new housing and business development, as well as the school districts in the area. Population growth has also been impacted by the pandemic which saw individuals and families moving to the county for larger homes.

Population Change			
Area	2010 Population	2011-2015 Population	Percentage Change (%)
Assessment Area	496,775	527,261	6.1
Dallas County, IA	66,135	74,892	13.2
Polk County, IA	430,640	452,369	5.0
Des Moines-West Des Moines, IA MSA	606,475	637,913	5.2
State of Iowa	3,046,355	3,093,526	1.5

*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 127,082 families, of which 20.5 percent are designated as low-income, 16.9 percent are moderate-income, 21.3 percent are middle-income, and 41.3 percent are upper-income families. The percent of families below the poverty level within the assessment area is 8.6 percent, which is comparable with the state of Iowa poverty rate of 8.1 percent.

According to the 2011-2015 ACS, the median family income (MFI) for the assessment area was \$76,608 which is slightly above Polk County and the Des Moines-West Des Moines, IA MSA MFI figures of \$74,335 and \$75,653, respectively. Dallas County figures are significantly higher than the assessment area at \$92,428. A community representative noted that Dallas County is more affluent



because of the high wage potential of jobs located in the area. Conversely, one community representative stated that businesses in Polk County continue to have difficulty attracting employees at the pace they need, but that job growth in the county has been within the lower paying sectors.

The state of Iowa has experienced a relatively stable MFI since 2010, while the overall MFI in the bank’s assessment area experienced a slight decrease of 1.6 percent between 2010 and 2015. This, however, diverges at the county level. Polk County experienced a decrease in MFI (3.1 percent), whereas Dallas County experienced an increase in MFI (1.0 percent). The state of Iowa also experienced slight increase at 0.2 percent.

The following table presents the median family income change in the assessment area, the counties comprising the assessment area, the Des Moines-West Des Moines, Iowa MSA, and the state of Iowa from 2010 and 2015.

<b>Median Family Income Change 2010 and 2015</b>			
<b>Area</b>	<b>2010 Median Family Income (\$)</b>	<b>2015 Median Family Income (\$)</b>	<b>Percentage Change (%)</b>
Assessment Area	77,881	76,608	-1.6
Dallas County, IA	91,492	92,428	1.0
Polk County, IA	76,711	74,335	-3.1
Des Moines-West Des Moines, IA MSA	75,913	75,653	-0.3
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**

According to 2021 FFIEC Census data, there are a total of 207,650 housing units within the assessment area. The majority of the housing stock is owner-occupied at 64.2 percent. Rental units in the assessment area comprise 29.6 percent of the housing units. Vacant units make up 6.3 percent of the housing units in the assessment area. The majority of the assessment area’s housing stock is owner-occupied units located in middle- and upper-income census tracts (approximately 78.6 percent), with only 21.4 percent of owner-occupied housing units located in low- and moderate-income census tracts. Of the total housing units located in low-income census tracts, the majority of the housing stock is rental units (52.7 percent), which indicates fewer lending opportunities in these census tracts.

A method to understand poverty and housing outcomes is calculating housing cost burden, which

is outlined in the table below. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household’s housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

Across the assessment area, 39.7 percent of all renters are considered housing cost burdened. Of the cost burdened renters, 80.3 percent are low-income, and 30.4 percent are moderate-income. For homeowners, only 16.3 percent are experiencing housing cost burden within the assessment area, but like renters, the majority are low- and moderate-income owners at 68.8 percent and 35.0 percent, respectively. A community representative in Dallas County noted that housing prices have increased significantly in recent years and are too high for some people to afford. This has been exacerbated by the pandemic which saw individuals and families seeking larger homes located in the county. Further, a second community representative expressed a lack of supply in affordable housing for low-income borrowers in Polk County. Specifically, the representative stated there is a need for more homes priced at or below \$170,000 that are in better condition than the lower cost housing stock that currently exists in the county.

The following table presents the 2021 housing cost burden in the assessment area, the counties comprising the assessment area, the Des Moines-West Des Moines, Iowa MSA, and the state of Iowa.

2021 Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	80.3	30.4	39.7	68.8	35.0	16.3
Dallas County, IA	80.6	34.2	37.0	60.7	26.5	12.4
Polk County, IA	80.3	29.9	40.1	70.0	36.1	17.0
Des Moines-West Des Moines, IA MSA	78.3	29.4	39.1	66.8	34.0	16.5
State of Iowa	72.2	24.1	38.0	58.9	25.3	15.2
<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), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

### Employment Conditions

Based on 2017 through 2021 data available from the Bureau of Labor Statistics (BLS), unemployment rates across all geographic areas experienced declines between 2017 and 2018 but experienced a sharp increase in unemployment between 2019 and 2020 as a result of the COVID-19

pandemic. In 2021, the economy began to recover as evidenced by unemployment rates that dropped slightly across the geographic areas. A community representative confirmed the increase in unemployment was due to the COVID-19 pandemic; however, as pandemic measures began to alleviate, it allowed for a quicker economic recovery. The community representative further indicated that workers, who had not retired during the pandemic, were reabsorbed back into the economy faster than other parts of the country.

Dallas County maintained the lowest unemployment rate at 2.9 percent in 2021, when compared to all other areas. The table below presents the unemployment rate in the assessment area, the counties comprising the assessment area, the Des Moines-West Des Moines, Iowa MSA, and the state of Iowa.

Unemployment Rates (%)					
Area	2017	2018	2019	2020	2021
Assessment Area	2.9	2.4	2.6	5.5	4.2
Dallas County, IA	2.1	1.7	1.8	3.5	2.9
Polk County, IA	3.0	2.6	2.7	5.9	4.5
Des Moines-West Des Moines, IA MSA	2.9	2.4	2.6	5.4	4.2
State of Iowa	3.1	2.5	2.6	5.1	4.2

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

### Industry Characteristics

According to location quotients developed by the BLS, the assessment area contains a diverse employment base and is most heavily impacted by the professional and technical services, health care, retail, and wholesale trade industries. Of these industries, wholesale and retail experienced the most volatility within the assessment area. Each community representative indicated that some industries in the assessment area continue to face challenges attracting qualified workers since the COVID-19 pandemic.

### Community Representatives

Two community representatives were contacted during the evaluation to provide information on the local economic and demographic conditions within the assessment area. Each representative provided information on housing, employment, economic development needs, as well as providing information about how the COVID-19 pandemic affected the economy in the area. Additionally, each representative discussed the financial challenges within their respective areas and how local financial institutions could be more involved. One community representative indicated that banks should work on placing and retaining branch locations within majority-minority census tracts. According to the representative, new branches are built in places that largely serve upper-income tracts. One community representative explained how banks could

better serve the area in terms of economic development by being more knowledgeable of gap financing in effort to extend lending in areas where banks may not generally lend. Additionally, banks could do a better job working with other companies to secure Small Business Administration (SBA) funding for small businesses.

The consensus amongst each representative was the need for affordable housing and small business lending in low-and-moderate- income census tracts. One community representative discussed how current housing and business development has contributed to the recent growth in Dallas County. The representative discussed how the real estate market saw a trend of people moving from small houses and apartments to larger homes and apartments during the pandemic. Other developments such as the relocation of the Des Moines University campus, construction of the Microsoft Data Center, and the RecPlex are all attracting workers and families. School districts are also driving growth in areas such as Waukee and Van meter. On the other hand, one community representative noted the poor condition of the current affordable housing stock in the area. A community representative noted during the employment and industry discussion that the level of competition amongst companies to attract and retain staff is driving higher wages in Dallas County. Another community representative indicated that Polk County was already experiencing a workforce crisis prior to the pandemic.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Community State Bank's performance relative to the lending test is **Satisfactory**. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of HMDA-reportable and small business loans were originated in the assessment area. The geographic distribution of loans is reasonable. In addition, loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, and to businesses of different sizes.

#### Loan-to-Deposit Ratio

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

As of March 31, 2022, the bank's LTD ratio averaged 83.7 percent over a 13-quarter period. The LTD shows a minor decrease from the previous examination in which the bank had a ratio of 86.1 percent also over a 13-quarter period. Overall, the bank's LTD ratio was comparable to its local competitors over the same period. The following table compares the bank's LTD ratio to peer and local competitors.

Comparative Loan-to-Deposit Ratios as of March 31, 2022	
Comparative Data	13 Quarter Average (%)
Community State Bank	83.7
Peer Group Average	73.6
Competitors	
Bank Iowa	88.2
City State Bank	76.7
Iowa State Bank	88.1
Peoples Bank	41.4

### Assessment Area Concentration

CSB originated a majority of its loans in the bank’s assessment area. Specifically, the bank originated 87.5 percent of total loans by count and 78.6 percent by dollar amount inside the assessment area. Small business-related loans had the highest concentration originated inside the assessment area, with a total of 92.6 percent by number and 90.1 percent by dollar amount. The percentage of HMDA-reportable loans originated within the assessment area was 82.3 percent by number and 67.1 percent by dollar volume. CSB’s lending inside the assessment area indicates appropriate responsiveness to local community needs. The overall assessment area concentration of loans increased slightly since the previous evaluation when 86.5 percent were originated within the assessment area.

The following table summarizes CSB’s lending inside and outside its assessment area from January 1, 2020, through December 31, 2021.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	21	95.5	539	96.1	1	4.5	22	3.9
Home Purchase -Conventional	101	80.2	17,127	80.8	25	19.8	4,059	19.2
Multi-Family Housing	6	46.2	11,393	44.4	7	53.8	14,269	55.6
Refinancing	100	86.2	15,912	81.3	16	13.8	3,671	18.7
<b>Total HMDA related</b>	<b>228</b>	<b>82.3</b>	<b>44,970</b>	<b>67.1</b>	<b>49</b>	<b>17.7</b>	<b>22,020</b>	<b>32.9</b>
Small Business	823	92.6	110,326	90.1	66	7.4	12,089	9.9
<b>Total Small Bus. Related</b>	<b>823</b>	<b>92.6</b>	<b>110,326</b>	<b>90.1</b>	<b>66</b>	<b>7.4</b>	<b>12,089</b>	<b>9.9</b>
<b>Total Loans</b>	<b>1,051</b>	<b>87.5</b>	<b>155,296</b>	<b>78.6</b>	<b>115</b>	<b>12.6</b>	<b>34,109</b>	<b>21.4</b>

## Geographic Distribution of Loans

CSB demonstrated a reasonable geographic distribution of loans given the bank's assessment area. An analysis of the dispersion of loans throughout the assessment area was also conducted to identify any possible conspicuous gaps in lending. The assessment area contains 106 total census tracts, of which nine are low-income, and 27 are moderate-income. Overall, no substantial disparities were noted, and loans were originated in 44.3 percent of CSB's 106 census tracts. Furthermore, the gap analysis indicates the bank's lending patterns are well balanced across the census tracts within its assessment area, including the low- and moderate-income census tracts.

The bank's small business lending carried more weight than HMDA-reportable lending, given the bank's focus on commercial lending and based on the volume of loans originated within the assessment area. In addition, home purchase, refinance, and home improvement loans will be the only HMDA-reportable products discussed. Other HMDA-reportable products listed on the following distribution table will not be included in the analysis, based on limited to no volume.

## HMDA-Reportable Loans

Geographic distribution of HMDA-reportable loans reflects excellent dispersion throughout the assessment area. In 2021, CSB originated HMDA-reportable loans in 44.3 percent of the census tracts in the assessment area, including eight of the nine low-income census tracts (88.9 percent), and 14 of the 27 moderate-income census tracts (51.9 percent).

Of the bank's total 2021 HMDA-reportable loans, 15.1 percent were originated in low-income census tracts, significantly exceeding the rate of aggregate performance and the demographic figure at 1.7 percent and 2.9 percent, respectively. Additionally in 2021, the bank originated 28.3 percent of their total HMDA-reportable loans in moderate-income census tracts by number, well above both the aggregate figure of 13.1 percent and the demographic figure of 18.5 percent. With respect to the bank's distribution to middle-income census tracts, CSB originated 39.6 percent of their total HMDA-reportable loans in middle-income census tracts, which was comparable to the aggregate and demographic figure at 38.0 percent and 40.7 percent, respectively. The bank's HMDA-reportable loans originated in upper-income census accounted for the second lowest volume by number of originations among all census tract income levels at 17.0 percent. This is significantly below aggregate lenders at 47.2 percent and the demographic figure in upper-income census tracts at 37.8 percent.

Since the previous examination, CSB has improved originations in downtown Des Moines, which is the location of all low- and moderate-income census tracts in the bank's assessment area. Bank management noted that the downtown lending market is heavily saturated by various financial institutions resulting in a highly competitive lending market. The FDIC Market Share Report, which ranks CSB eighth among 45 FDIC-insured institutions within the assessment area, supports the highly competitive lending market. Additionally, there is limited supply of owner-occupied,

affordable housing units in low- and moderate-income areas. Further, discussions with bank management attributed the institution's improved performance to working closely with community organizations and representatives to understand the needs of the local area.

### *Home Purchase Loans*

In 2021, CSB originated 45 home purchase loans, or 42.5 percent of the bank's total HMDA-reportable loan portfolio. The bank originated 12 loans in low-income census tracts at 26.7 percent; resulting in the bank significantly outperforming the rate for aggregate lenders at 2.2 percent, and the demographic composition of owner-occupied housing units at 2.9 percent. The bank's home purchase origination volume in moderate-income census tracts during 2021 included 10 loans, or 22.2 percent of the total home purchase volume. This is moderately above aggregate lenders, which originated 15.5 percent of home purchase loans in moderate-income census tracts, as well as the demographic figure in which 18.5 percent of housing units are owner-occupied in moderate-income census tracts. The bank originated 17 loans or 37.8 percent of its home purchase loans in middle-income census tracts, which is comparable to the aggregate and demographic figures at 39.1 percent and 40.7 percent, respectively. Furthermore, the bank originated six loans or 13.3 percent of its home purchase loans in upper-income census tracts, which is significantly below both the aggregate figure of 43.2 percent and the demographic figure of 37.8 percent.

In 2020, the bank's geographic distribution of home purchase loans in low- income census tracts was slightly below its performance in 2021, however the bank's originations were still above the aggregate. The bank's 2020 lending performance in moderate-income census tracts was also slightly below its performance in 2021, yet still above the aggregate. Please refer to Appendix A for additional information.

### *Refinance Loans*

In 2021, the majority of CSB's originated HMDA-reportable loans consisted of refinance loans with a total of 47 loans, or 44.3 percent of the bank's total HMDA-reportable loan portfolio. The bank originated two refinance loans, or 4.3 percent, of its refinance loans in low-income census tracts; resulting in an origination percentage that nearly quadrupled aggregate lenders at 1.2 percent and exceeded the owner-occupied figure of 2.9 percent. Performance in moderate-income census tracts resulted in 20 originations or 42.6 percent, which was significantly above the aggregate performance and the demographic figure at 11.0 percent and 18.5 percent, respectively. Regarding middle-income census tracts, the bank originated 16 loans, or 34.0 percent, which was slightly below the aggregate of lenders at 37.1 percent as well as the demographic figure of 40.7 percent. Lastly, the bank originated nine or 19.1 percent of refinance loans in upper-income census tracts, which was significantly below the aggregate of lenders rate of 50.8 percent, and the owner-occupied figure of 37.8 percent.

In 2020, the bank's geographic distribution of refinance loans in low- income census tracts was slightly above its performance in 2021 and outperformed the aggregate and demographic. The bank's 2020 refinance lending performance in moderate-income census tracts was slightly below its performance in 2021, however it was above the aggregate. Please refer to Appendix A for additional information.

### *Home Improvement Loans*

In 2021, CSB originated a total of 12 home improvement loans or 11.3 percent of the bank's total HMDA-reportable loan portfolio. The bank originated one home improvement loan, or 8.3 percent, of its home improvement loans in low-income census tracts. This figure significantly exceeded the aggregate figure of 1.8 percent and the owner-occupied figure of 2.9 percent. The bank did not originate any home improvement loans in moderate-income census tracts, which was significantly below aggregate performance and demographic figure at 11.2 percent and 18.5 percent, respectively. In the middle-income census tracts, the bank originated eight loans, or 66.7 percent by number volume, which was significantly above the aggregate lender at 37.9 percent as well as the demographic figure of 40.7 percent. Lastly, the bank originated three loans or 25.0 percent of home improvement loans in upper-income census tracts, which was significantly below the aggregate lender rate of 49.1 percent, and the owner-occupied figure of 37.8 percent.

In 2020, the bank's geographic distribution of home improvement loans in low- income census tracts was below its performance in 2021, including the aggregate. The bank's 2020 lending performance in moderate-income census tracts was above its performance in 2021 as well as the aggregate. Please refer to Appendix A for additional information.



Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2021 Des Moines-West Des Moines, IA MSA 19780								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2021						
		Count Bank		Agg	Dollar Bank			Agg
#	%	%	\$ (000s)	\$ %	\$ %			
Home Purchase	Low	12	26.7	2.2	1,419	20.0	1.3	2.9
	Moderate	10	22.2	15.5	1,226	17.3	9.7	18.5
	Middle	17	37.8	39.1	2,901	40.9	37.7	40.7
	Upper	6	13.3	43.2	1,551	21.9	51.3	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>45</b>	<b>100.0</b>	<b>100.0</b>	<b>7,097</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	4.3	1.2	179	3.0	0.6	2.9
	Moderate	20	42.6	11.0	1,700	28.9	6.5	18.5
	Middle	16	34.0	37.1	2,614	44.4	34.2	40.7
	Upper	9	19.1	50.8	1,398	23.7	58.7	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>5,892</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	8.3	1.8	102	25.3	1.4	2.9
	Moderate	0	0.0	11.2	0	0.0	8.4	18.5
	Middle	8	66.7	37.9	222	55.2	36.8	40.7
	Upper	3	25.0	49.1	78	19.5	53.4	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>403</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	1	50.0	9.2	49	12.1	5.5	7.5
	Moderate	0	0.0	33.0	0	0.0	22.0	19.3
	Middle	1	50.0	37.9	353	87.9	45.3	45.8
	Upper	0	0.0	19.9	0	0.0	27.3	27.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>402</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	1.6	0	0.0	0.9	2.9
	Moderate	0	0.0	7.2	0	0.0	4.3	18.5
	Middle	0	0.0	35.7	0	0.0	31.4	40.7
	Upper	0	0.0	55.5	0	0.0	63.3	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	1.8	0	0.0	0.9	2.9
	Moderate	0	0.0	13.5	0	0.0	7.6	18.5
	Middle	0	0.0	35.6	0	0.0	33.5	40.7
	Upper	0	0.0	49.1	0	0.0	58.0	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	5.1	0	0.0	3.5	2.9
	Moderate	0	0.0	29.3	0	0.0	20.4	18.5
	Middle	0	0.0	39.8	0	0.0	41.3	40.7
	Upper	0	0.0	25.8	0	0.0	34.7	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	16	15.1	1.7	1,749	12.7	1.4	2.9
	Moderate	30	28.3	13.1	2,926	21.2	9.4	18.5
	Middle	42	39.6	38.0	6,090	44.2	36.7	40.7
	Upper	18	17.0	47.2	3,028	22.0	52.6	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>106</b>	<b>100.0</b>	<b>100.0</b>	<b>13,793</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**Small Business Loans**

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank originated 4.5 percent by number of its loans to small businesses located in low-income census tracts within assessment area. The bank's performance is comparable to the percentage of total businesses in low-income census tracts at 4.0 percent, indicating the bank is meeting the needs of small businesses located in low income-census tracts. Additionally, the bank originated 12.7 percent by number of its loans to small businesses located in moderate-income census tracts within the assessment area. The bank's performance is on par with the percentage of total businesses in moderate-income census tracts at 13.6 percent, indicating the bank is meeting the needs of small businesses located in moderate income-census tracts. The majority of the bank's small business loans at 82.8 percent were originated in middle and upper-income census tracts, which aligns with the majority of total businesses in the area at 82.4 percent.

The bank's geographic distribution of small business lending in 2020 was comparable to their performance in 2021 discussed above. The geographic distribution of small business lending aligns with the previous performance evaluation. As mentioned, the majority of low- and moderate-income census tracts within the assessment area is in downtown Des Moines, where several banks are located and only 17.6 percent of small businesses within the assessment area exist. Discussions with bank management indicated that small business lending in low- and moderate-income tracts is challenging due to the competition within the area.

The following table shows the bank's geographic distribution of small business loans from January 1, 2021, through December 31, 2021. The lending table showing geographic distribution of small business loans in 2020 can be found in Appendix A.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2021 Des Moines-West Des Moines, IA MSA 19780</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				
		<b>Count Bank</b>		<b>2021 Dollar Bank</b>		<b>Total Businesses</b>
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	16	4.5	5,359	11.0	4.0
	Moderate	45	12.7	4,323	8.8	13.6
	Middle	187	52.7	26,878	55.0	47.5
	Upper	107	30.1	12,334	25.2	34.9
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>355</b>	<b>100.0</b>	<b>48,894</b>	<b>100.0</b>	<b>100.0</b>
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 of Different Sizes**

CSB's distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and to businesses of different sizes is reasonable given the demographics of the bank's assessment area. The bank experienced a slight increase in lending distribution performance to individuals of different income levels, specifically to low- and moderate-income borrowers when compared to the previous examination. Due to low volume, multi-family loans were not considered within the analysis of HMDA-reportable lending. Additionally, the bank slightly exceeded its lending in the amount of \$100,000 or less to businesses with revenue of \$1.0 million or less when compared to the previous evaluation.

### **HMDA-Reportable Loans**

The borrower distribution of HMDA-reportable loans reflects reasonable penetration to borrowers of different income level throughout the assessment area. Analysis of the bank's HMDA-reportable loans evidenced that 36.8 percent were originated to borrowers with unknown income, which consist of commercial entity borrowers with incomes that are not required to be reported on the HMDA LAR and for the purpose of non-owner-occupied rental housing. In 2021, HMDA-reportable loans originated to low- and moderate-income borrowers totaled 30.2 percent in comparison to the aggregate's 26.8 percent and the 37.4 percent demographic figure.

### ***Home Purchase Loans***

In 2021, CSB originated two loans, or 4.4 percent of its home purchase portfolio, to low-income borrowers, which is moderately below the aggregate figure of 10.4 percent, however significantly below the percentage of low-income families located in the assessment area at 20.5 percent. The bank originated seven loans, or 15.6 percent of its home purchase loan portfolio to moderate-income borrowers, which is below the aggregate of lenders figure of 22.8 percent but was comparable with the demographic figure of families by income at 16.9 percent. The bank also originated two loans, or 4.4 percent of its home purchase loan portfolio to middle-income borrowers, which is significantly below the aggregate of lenders rate of 21.4 percent and the percentage of middle-income families located in the assessment area at 21.3 percent. Further, the bank originated five loans, or 11.1 percent of its home purchase loan portfolio to upper-income borrowers, which was also below the aggregate of lenders rate of 26.6 percent and the demographic composition of 41.3 percent.

In addition, the bank originated 29 loans, or 64.4 percent of its home purchase loan portfolio to unknown-income borrowers. These loans represent the majority of the bank's home purchase portfolio.

While there was a decrease in the overall volume of home purchase originations compared to 2020, lending to moderate-income borrowers increased. However, the bank did not meet or exceed the

borrower distribution of home purchase loans amongst low- or moderate-income borrowers when compared to aggregate lenders in either 2020 or 2021. Please refer to Appendix A for additional information.

### *Refinance Loans*

In 2021, CSB originated eight loans, or 17.0 percent of its refinance loan portfolio, to low-income borrowers, which significantly outperformed the aggregate originations at 6.5 percent, however it was slightly below the percentage of low-income families in the assessment area at 20.5 percent. The bank originated ten loans or 21.3 percent of its refinance loans to borrowers located in moderate-income census tracts, which is above aggregate lenders at 15.9 percent and the demographic figure of 16.9 percent.

The bank originated 14 loans, or 29.8 percent of its refinance loan portfolio to middle-income borrowers, exceeding both the aggregate lenders at 20.2 percent and the demographic figure of 21.3 percent. The bank originated seven refinance loans or 14.9 percent of the total refinance loan portfolio to upper-income borrowers, which was significantly below the aggregate at 35.0 percent and the percentage of upper-income families living in the assessment area at 41.3 percent. Lastly, the bank originated eight loans, or 17.0 percent of its total refinance loan portfolio to unknown-income borrowers, representing a smaller percentage of the bank's refinance loan portfolio when compared to the percentage in this category in the home purchase loan portfolio.

There was a slight decrease in the overall volume of refinance originations compared to 2020. However, there was an increase in loan activity to low-, moderate-, and middle-income borrowers. CSB outperformed aggregate lenders for both low- and moderate-income borrowers in 2020 and 2021. Please refer to Appendix A for additional information.

### *Home Improvement Loans*

In 2021, CSB originated two loans, or 16.7 percent of its home improvement loan portfolio to low-income borrowers, significantly exceeding aggregate lenders at 7.3 percent, however slightly below the percentage of low-income families located in the assessment area at 20.5 percent. The bank originated three loans, or 25.0 percent of its home improvement loan portfolio to moderate-income borrowers, which was significantly above the aggregate lenders at 15.7 percent and the demographic figure of 16.9 percent. The bank originated two loans or 16.7 percent of its home improvement loan portfolio to middle-income borrowers, which was below the aggregate figure of 23.1 percent and the demographic figure of 21.3 percent. CSB originated five home improvement loans to upper-income borrowers at 41.7 percent, which is significantly below the aggregate at 51.3 percent but comparable with the demographic at 41.3 percent. The bank did not originate any home improvement loans to unknown-income borrowers.

There was a slight increase in the overall volume of home improvement originations compared to 2020; however, lending to low-income borrowers declined. While CSB's distribution outperformed the aggregate lenders to low-income borrowers in both 2020 and 2021, the bank's performance was slightly below the aggregate lenders for moderate-income borrowers in 2020. Please refer to Appendix A for additional information.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2021 Des Moines-West Des Moines, IA MSA 19780</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income	
		2021			Dollar			
		Count Bank	Agg	Dollar Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	%
Home Purchase	Low	2	4.4	10.4	274	3.9	5.9	20.5
	Moderate	7	15.6	22.8	777	10.9	17.5	16.9
	Middle	2	4.4	21.4	362	5.1	21.1	21.3
	Upper	5	11.1	26.6	1,184	16.7	35.5	41.3
	Unknown	29	64.4	18.9	4,499	63.4	20.0	0.0
	<b>Total</b>		<b>45</b>	<b>100.0</b>	<b>100.0</b>	<b>7,096</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	8	17.0	6.5	494	8.4	3.5	20.5
	Moderate	10	21.3	15.9	1,020	17.3	11.4	16.9
	Middle	14	29.8	20.2	1,667	28.3	17.7	21.3
	Upper	7	14.9	35.0	1,274	21.6	44.0	41.3
	Unknown	8	17.0	22.4	1,437	24.4	23.5	0.0
	<b>Total</b>		<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>5,892</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	2	16.7	7.3	83	20.7	4.8	20.5
	Moderate	3	25.0	15.7	59	14.6	11.3	16.9
	Middle	2	16.7	23.1	112	27.8	20.6	21.3
	Upper	5	41.7	51.3	149	37.0	58.5	41.3
	Unknown	0	0.0	2.6	0	0.0	4.8	0.0
	<b>Total</b>		<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>403</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.9
	Middle	0	0.0	0.0	0	0.0	0.0	21.3
	Upper	0	0.0	0.5	0	0.0	0.1	41.3
	Unknown	2	100.0	99.5	402	100.0	99.9	0.0
	<b>Total</b>		<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>402</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	5.8	0	0.0	3.7	20.5
	Moderate	0	0.0	12.3	0	0.0	6.5	16.9
	Middle	0	0.0	18.8	0	0.0	13.5	21.3
	Upper	0	0.0	60.1	0	0.0	74.0	41.3
	Unknown	0	0.0	2.9	0	0.0	2.3	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	6.0	0	0.0	2.7	20.5
	Moderate	0	0.0	19.6	0	0.0	13.6	16.9
	Middle	0	0.0	23.2	0	0.0	21.2	21.3
	Upper	0	0.0	42.6	0	0.0	53.4	41.3
	Unknown	0	0.0	8.6	0	0.0	9.2	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.4	0	0.0	0.2	20.5
	Moderate	0	0.0	0.4	0	0.0	0.2	16.9
	Middle	0	0.0	0.8	0	0.0	0.9	21.3
	Upper	0	0.0	0.0	0	0.0	0.0	41.3
	Unknown	0	0.0	98.4	0	0.0	98.7	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	12	11.3	8.1	851	6.2	4.2	20.5
	Moderate	20	18.9	18.7	1,856	13.5	13.1	16.9
	Middle	18	17.0	20.6	2,141	15.5	17.6	21.3
	Upper	17	16.0	32.0	2,608	18.9	36.7	41.3
	Unknown	39	36.8	20.6	6,338	46.0	28.4	0.0
	<b>Total</b>		<b>106</b>	<b>100.0</b>	<b>100.0</b>	<b>13,793</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses of different revenue sizes. In 2021, CSB originated 50.1 percent of its small business loans to businesses with annual revenues of \$1.0 million or less, which is significantly below the assessment area demographics, which reflect 90.1 percent of the businesses in the assessment area have annual revenues of \$1.0 million or less. However, of these loans, 81.5 percent were in amounts of \$100,000 or less, demonstrating the bank’s willingness to meet small business credit needs within the assessment area. One community representative highlighted the importance of financial institutions providing funding to small businesses within the assessment area. The bank’s small business lending performance is consistent with the performance during the previous examination in which the bank originated 52.9 percent by count and 28.3 percent by dollar amount of its loans to small businesses.

The table below presents the borrower distribution of small business loans in the assessment area in 2021. CSB’s borrower distribution of small business loans to businesses with annual revenues of \$1.0 million or less in 2020 was below that in 2021; however, the percentage of the bank’s small business loans in amount of \$100,000 or less was slightly higher than in 2021. The lending table showing geographic distribution of small business loans in 2020 can be found in Appendix A.

<b>Small Business Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2021 Des Moines-West Des Moines, IA MSA 19780</b>							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Businesses %	
Revenue	Loan Size	Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	178	50.1	15,504	31.7	90.1
		Over \$1 Million	168	47.3	30,975	63.4	9.0
		Unknown	9	2.5	2,415	4.9	1.0
		<b>Total</b>	<b>355</b>	<b>100.0</b>	<b>48,894</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	241	67.9	8,976	18.4	
		\$100,001 - \$250,000	62	17.5	9,943	20.3	
		\$250,001 - \$1 Million	52	14.6	29,975	61.3	
		<b>Total</b>	<b>355</b>	<b>100.0</b>	<b>48,894</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	145	81.5	4,809	31.0	
		\$100,001 - \$250,000	19	10.7	2,887	18.6	
		\$250,001 - \$1 Million	14	7.9	7,808	50.4	
		<b>Total</b>	<b>178</b>	<b>100.0</b>	<b>15,504</b>	<b>100.0</b>	
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>							

## 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 **Outstanding**.

### Lending, Investment, and Services Activities

Community State Bank's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and the availability of such opportunities in the bank's assessment area. This conclusion is supported by the increase in the community development activity, when compared to the previous evaluation, which financed activities intended to help support the local community. Community development activities conducted since the previous examination of March 4, 2019, through August 15, 2022, were assessed during this performance evaluation.

### Lending

During the evaluation period, the bank originated 16 community development loans totaling approximately \$41.9 million. This total consists of 13 loans within the bank's assessment area for a total of over \$28.9 million. During the previous evaluation the bank originated 15 qualified community development loans totaling \$14.5 million, therefore, the bank increased the dollar volume by 99.3 percent since the previous evaluation. The majority of the bank's community development lending was focused on affordable housing as noted in the following table. In addition, the bank originated three community development loans located in the broader statewide or regional area (BSRA) totaling \$13.0 million. Due to the bank effectively meeting the credit needs of its assessment area, the qualified loans located within the broader statewide or regional area were considered as an enhancement to the bank's rating.

Community representatives contacted as part of this evaluation indicated that affordable housing development was a critical need in the assessment area. As noted, CSB originated multiple loans in response to this community need.



Qualified Community Development Loans by Purpose March 4, 2019 through August 15, 2022										
AA Name	AH		CS		ED		R/S		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Des Moines- West Des Moines, IA MSA #19780	7	10,006	1	2,388	0	0	5	16,544	13	28,939
BSRA	1	5,000	0	0	0	0	2	8,000	3	13,000
Total	8	15,006	1	2,388	0	0	7	24,544	16	41,938

### Investments

During the evaluation period, the bank made 26 community development investments totaling approximately \$19.9 million, all focused on affordable housing. Of the qualified community development investments within the assessment area, 16 were prior period investments for approximately \$2.8 million, in addition to the three current period qualified investments totaling approximately \$15.0 million. Additionally, the bank had seven qualified investments totaling approximately \$2.1 million in investments located within the BSRA. This included two current period investments and five prior period investments. Due to the bank adequately meeting the credit needs of its assessment area, the qualified investments located within the broader statewide or regional area were considered as an enhancement to the bank's rating. Overall, this represents an increase in count and dollar volume since the previous evaluation during which time the bank had 11 qualified community development investments totaling \$7.5 million. As noted previously, community representatives indicated that affordable housing development was a critical need in the assessment area.

Qualified Community Development Investments by Purpose March 4, 2019, to August 15, 2022										
AA Name	AH		CS		ED		R/S		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Des Moines- West Des Moines, IA MSA #19780 – New	3	15,000	0	0	0	0	0	0	3	15,000
Des Moines- West Des Moines, IA MSA #19780 – Prior Period	16	2,821	0	0	0	0	0	0	16	2,821
BSRA – New	2	650	0	0	0	0	0	0	2	650
BSRA – Prior	5	1,441	0	0	0	0	0	0	5	1,441
<b>Total</b>	<b>26</b>	<b>19,913</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>19,913</b>

The bank also made 127 qualified donations totaling \$402,004 to various organizations. Of the 127 donations, 124 were within the bank’s assessment area, while three were to organizations that benefitted a broader or regional area that included the bank’s assessment area. Donations were made to a variety of organizations; however, a substantial portion of the bank’s qualified contributions were to community services organizations. During the previous evaluation the bank made 26 qualified donations totaling approximately \$114,300, indicating an increase since the previous evaluation of 388.5 percent by number and 251.7 percent by dollar volume.

**Services**

During the evaluation period bank staff provided 2,106 qualified community development service hours through 20 organizations. This is above the performance at the previous examination where the bank provided 918 qualified community development service hours with 18 organizations located in the assessment area, resulting in an increase in service hours of 129.4 percent. Since the previous evaluation, the bank developed a volunteer committee dedicated to serving the community by participating in various outreach programs focused on community services and revitalizing and stabilizing the assessment area. These services are responsive and flexible in nature as they helped organizations with financial and technical assistance. This is also notable considering the bank’s community development services occurred in part during the pandemic, when person to person contact was limited.

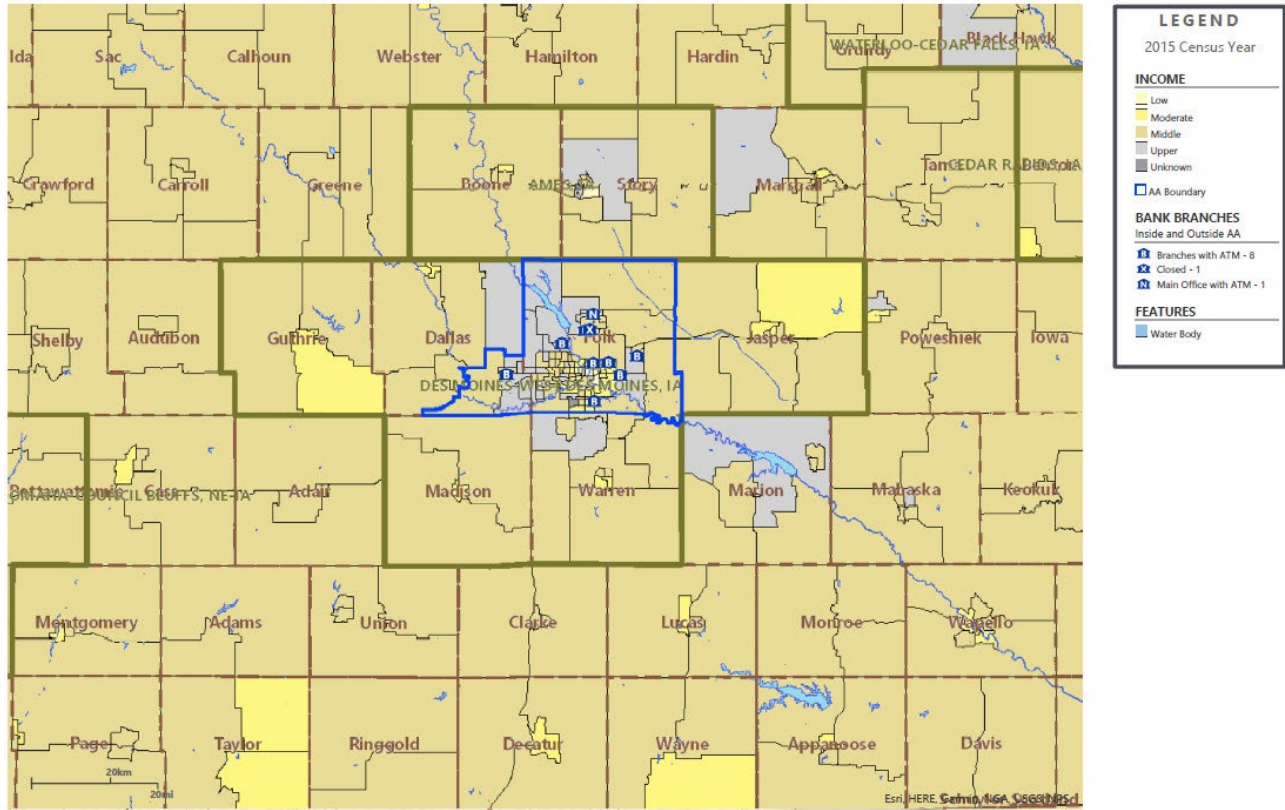
<b>Qualified Community Development Services by Purpose</b>					
<b>March 4, 2019 through August 15, 2022</b>					
<b>AA Name</b>	<b>AH</b>	<b>CS</b>	<b>ED</b>	<b>R/S</b>	<b>Total Hours</b>
	Hours	Hours	Hours	Hours	
Des Moines- West Des Moines, IA MSA #19780	-	2,051	-	55	2,106

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

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

### APPENDIX A – Maps of Assessment Areas and 2020 Tables

**Community State Bank 790543**  
Des Moines-West Des Moines, IA MSA 19780



Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	8.5	6,000	4.7	1,837	30.6	26,034	20.5
Moderate-income	27	25.5	25,486	20.1	4,196	16.5	21,509	16.9
Middle-income	41	38.7	49,473	38.9	3,569	7.2	27,045	21.3
Upper-income	28	26.4	46,123	36.3	1,375	3.0	52,494	41.3
Unknown-income	1	0.9	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>106</b>	<b>100.0</b>	<b>127,082</b>	<b>100.0</b>	<b>10,977</b>	<b>8.6</b>	<b>127,082</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	11,086	3,902	2.9	35.2	5,840	52.7	1,344	12.1
Moderate-income	44,222	24,690	18.5	55.8	16,009	36.2	3,523	8.0
Middle-income	85,068	54,216	40.7	63.7	25,202	29.6	5,650	6.6
Upper-income	67,274	50,403	37.8	74.9	14,328	21.3	2,543	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>207,650</b>	<b>133,211</b>	<b>100.0</b>	<b>64.2</b>	<b>61,379</b>	<b>29.6</b>	<b>13,060</b>	<b>6.3</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1,021	4.0	885	3.9	128	5.5	8	3.3
Moderate-income	3,475	13.6	3,134	13.6	321	13.8	20	8.2
Middle-income	12,141	47.5	10,768	46.9	1,246	53.7	127	52.0
Upper-income	8,898	34.8	8,186	35.6	623	26.8	89	36.5
Unknown-income	11	0.0	8	0.0	3	0.1	0	0.0
<b>Total Assessment Area</b>	<b>25,546</b>	<b>100.0</b>	<b>22,981</b>	<b>100.0</b>	<b>2,321</b>	<b>100.0</b>	<b>244</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>		<b>90.0</b>		<b>9.1</b>		<b>1.0</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	4	0.9	3	0.7	1	7.1	0	0.0
Moderate-income	24	5.1	23	5.1	1	7.1	0	0.0
Middle-income	236	50.4	230	50.8	6	42.9	0	0.0
Upper-income	204	43.6	197	43.5	6	42.9	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>468</b>	<b>100.0</b>	<b>453</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	<b>Percentage of Total Farms:</b>		<b>96.8</b>		<b>3.0</b>		<b>0.2</b>	
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		Count		Dollar				
		Bank	Agg	Bank	Agg	Agg		
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	6	10.7	1.9	648	6.5	1.0	2.9
	Moderate	11	19.6	14.6	1,166	11.6	9.3	18.5
	Middle	18	32.1	38.7	3,488	34.8	37.0	40.7
	Upper	21	37.5	44.8	4,729	47.1	52.8	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>100.0</b>	<b>10,030</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	5.7	0.8	240	2.4	0.4	2.9
	Moderate	15	28.3	7.1	1,617	16.1	4.1	18.5
	Middle	12	22.6	34.7	2,253	22.5	31.4	40.7
	Upper	23	43.4	57.4	5,910	59.0	64.1	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>10,020</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	2.3	0	0.0	1.8	2.9
	Moderate	2	22.2	9.8	20	14.8	6.2	18.5
	Middle	4	44.4	37.0	49	36.3	32.8	40.7
	Upper	3	33.3	50.9	66	48.9	59.2	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	8.7	0	0.0	3.8	7.5
	Moderate	1	25.0	23.5	134	1.2	6.9	19.3
	Middle	3	75.0	39.1	10,857	98.8	30.5	45.8
	Upper	0	0.0	28.7	0	0.0	58.8	27.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>10,991</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	1.0	0	0.0	0.4	2.9
	Moderate	0	0.0	7.0	0	0.0	5.2	18.5
	Middle	0	0.0	33.9	0	0.0	28.5	40.7
	Upper	0	0.0	58.2	0	0.0	66.0	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	2.2	0	0.0	1.3	2.9
	Moderate	0	0.0	12.3	0	0.0	6.4	18.5
	Middle	0	0.0	37.8	0	0.0	33.8	40.7
	Upper	0	0.0	47.6	0	0.0	58.5	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	2.9	0	0.0	1.5	2.9
	Moderate	0	0.0	28.5	0	0.0	19.5	18.5
	Middle	0	0.0	38.8	0	0.0	37.8	40.7
	Upper	0	0.0	29.8	0	0.0	41.1	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	9	7.4	1.4	888	2.8	1.0	2.9
	Moderate	29	23.8	10.5	2,937	9.4	6.4	18.5
	Middle	37	30.3	36.4	16,647	53.4	33.3	40.7
	Upper	47	38.5	51.7	10,705	34.3	59.3	37.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>122</b>	<b>100.0</b>	<b>100.0</b>	<b>31,177</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2020			2020			
		Count		Agg	Dollar		Agg	
		Bank			Bank			
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	16	3.4	2.7	3,224	5.2	3.9	4.0
	Moderate	70	15.0	11.5	10,340	16.8	12.5	13.6
	Middle	234	50.0	46.7	30,497	49.6	49.0	47.5
	Upper	148	31.6	38.8	17,371	28.3	34.4	34.8
	Unknown	0	0.0	0.0	0	0.0	0.1	0.0
	Tr Unknown			0.3			0.2	
	Total	<b>468</b>	<b>100.0</b>	<b>100.0</b>	<b>61,432</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780</b>								
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	2	3.6	10.5	189	1.9	6.1	20.5
	Moderate	4	7.1	23.7	294	2.9	18.8	16.9
	Middle	8	14.3	22.9	781	7.8	22.7	21.3
	Upper	8	14.3	29.3	1,631	16.3	38.2	41.3
	Unknown	34	60.7	13.7	7,135	71.1	14.2	0.0
	<b>Total</b>		<b>56</b>	<b>100.0</b>	<b>100.0</b>	<b>10,030</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	5	9.4	3.8	324	3.2	1.9	20.5
	Moderate	9	17.0	12.7	1,129	11.3	8.7	16.9
	Middle	10	18.9	20.9	1,317	13.1	17.9	21.3
	Upper	20	37.7	45.0	5,545	55.3	53.0	41.3
	Unknown	9	17.0	17.7	1,705	17.0	18.5	0.0
	<b>Total</b>		<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>10,020</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	4	44.4	5.2	46	34.1	3.0	20.5
	Moderate	1	11.1	13.4	8	5.8	8.5	16.9
	Middle	1	11.1	22.1	30	22.3	15.1	21.3
	Upper	3	33.3	53.7	51	37.8	59.2	41.3
	Unknown	0	0.0	5.6	0	0.0	14.2	0.0
	<b>Total</b>		<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.5
	Moderate	0	0.0	0.9	0	0.0	0.0	16.9
	Middle	0	0.0	1.7	0	0.0	0.0	21.3
	Upper	1	25.0	3.0	134	1.2	1.3	41.3
	Unknown	3	75.0	94.3	10,857	98.8	98.7	0.0
	<b>Total</b>		<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>10,991</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	5.5	0	0.0	2.7	20.5
	Moderate	0	0.0	11.9	0	0.0	7.9	16.9
	Middle	0	0.0	21.7	0	0.0	14.7	21.3
	Upper	0	0.0	58.3	0	0.0	72.1	41.3
	Unknown	0	0.0	2.5	0	0.0	2.5	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	8.6	0	0.0	3.6	20.5
	Moderate	0	0.0	19.2	0	0.0	13.5	16.9
	Middle	0	0.0	23.3	0	0.0	20.4	21.3
	Upper	0	0.0	46.8	0	0.0	59.7	41.3
	Unknown	0	0.0	2.0	0	0.0	2.8	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	20.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.9
	Middle	0	0.0	0.1	0	0.0	0.2	21.3
	Upper	0	0.0	0.0	0	0.0	0.0	41.3
	Unknown	0	0.0	99.9	0	0.0	99.8	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	11	9.0	6.3	560	1.8	3.1	20.5
	Moderate	14	11.5	16.7	1,431	4.6	11.2	16.9
	Middle	19	15.6	21.3	2,128	6.8	17.4	21.3
	Upper	32	26.2	38.6	7,361	23.6	42.0	41.3
	Unknown	46	37.7	17.1	19,697	63.2	26.3	0.0
	<b>Total</b>		<b>122</b>	<b>100.0</b>	<b>100.0</b>	<b>31,177</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



Small Business Lending By Revenue & Loan Size									
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780									
Product Type		Bank & Aggregate Lending Comparison							
		2020			2020			Total Businesses %	
		Count		Agg %	Dollar		Agg \$ %		
Bank #	%	Bank \$ 000s	\$ %						
Small Business	Revenue	\$1 Million or Less	121	25.9	39.9	9,352	15.2	24.3	90.0
		Over \$1 Million	169	36.1	60.1	38,874	63.3	75.7	9.1
		Unknown	178	38.0		13,206	21.5		1.0
		<b>Total</b>	<b>468</b>	<b>100.0</b>	<b>100.0</b>	<b>61,432</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	296	63.2	85.6	11,029	18.0	26.6	
		\$100,001 - \$250,000	99	21.2	7.1	15,830	25.8	17.1	
		\$250,001 - \$1 Million	73	15.6	7.2	34,573	56.3	56.4	
		<b>Total</b>	<b>468</b>	<b>100.0</b>	<b>100.0</b>	<b>61,432</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	100	82.6		3,143	33.6		
		\$100,001 - \$250,000	11	9.1		1,760	18.8		
		\$250,001 - \$1 Million	10	8.3		4,449	47.6		
		<b>Total</b>	<b>121</b>	<b>100.0</b>		<b>9,352</b>	<b>100.0</b>		
Originations & Purchases									
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

**APPENDIX B – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	Lending Test: January 1, 2020 through December 31, 2021 Community Development Test: March 4, 2019 through August 15, 2022		
<b>FINANCIAL INSTITUTION</b> Community State Bank			<b>PRODUCTS REVIEWED</b> HMDA-reportable (or home mortgage) Small business loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Des Moines-West Des Moines, Iowa Metropolitan Statistical Area (MSA) #19780.	Full scope review	None	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.<sup>1</sup>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Income Level:** Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 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).