

PUBLIC DISCLOSURE

January 9, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Trust & Savings Bank
RSSD# 791746

100 West Pine Street
Marcus, Iowa 51035

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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BANK'S CRA RATING

First Trust & Savings Bank is rated Satisfactory.

First Trust & Savings Bank is meeting the credit needs of the community based on an analysis of its lending activities despite having a loan-to-deposit ratio that is less than reasonable given the bank's size, financial condition, and the credit needs of its assessment area. A majority of the bank's consumer related and small farm loans were made in its assessment area. The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's lending demonstrates excellent distribution among individuals of different income levels, and reasonable distribution to farms of different sizes. There were no CRA-related complaints received by the institution or this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

First Trust & Savings Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) 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 economic and demographic characteristics.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio, from September 30, 2012 through June 30, 2016, was calculated for the bank and compared to its national peer and a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's consumer related and small farm loans originated from January 1, 2015 – December 31, 2015 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's consumer related and small farm loans originated in the assessment area, from January 1, 2015 – December 31, 2015, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels.
- ***Lending to Borrowers of Different Income and to Farms of Different Sizes*** - The bank's consumer related and small farm loans originated in the assessment area, from January 1, 2015 – December 31, 2015, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to farms with different revenue sizes.

- **Response to Substantiated Complaints** – Neither First Trust and Savings Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

DESCRIPTION OF INSTITUTION

First Trust & Savings Bank is a subsidiary of FT Bancshares, Inc., a one-bank holding company located in Aurelia, Iowa. The bank operates its main office in Marcus, Iowa, approximately 200 miles northwest of Des Moines, Iowa, and two branch offices located in Aurelia and Cleghorn, Iowa. Additionally, the bank operates one full-service automated teller machine (ATM) located at the main office and one cash-only ATM in the Aurelia branch office. The bank has not opened or closed any branch offices or ATMs since the previous evaluation.

According to the September 30, 2016 Uniform Bank Performance Report (UBPR), the bank had total assets of \$36.3 million. First Trust & Savings Bank assets decreased by approximately \$8.0 million since the previous evaluation. The bank’s portfolio by dollar amount consists primarily of agricultural, consumer related and commercial loans, which help serve the needs of the bank’s local community. The bank’s lending products include residential real estate loans, consumer installment loans, commercial loans, and agricultural loans. Further, the bank offers standard, non-complex deposit and savings products for individuals and businesses. Loan and deposit products are offered from all three locations. Overall, the bank provides an appropriate range of retail banking services to the communities it serves. Customers may access their online banking accounts through the institution’s website at <http://www.1sttrust.com>.

Type	\$	%
Residential Real Estate	1,764	10.2
Commercial	2,446	14.2
Agriculture	10,059	58.4
Consumer	2,942	17.1
Other	9	0.1
Total Loans	17,220	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 October 1, 2012.

DESCRIPTION OF ASSESSMENT AREA

First Trust & Savings Bank maintains all of its operations in Cherokee, County, Iowa, which is located in the northwestern part of the state. The bank's assessment area consists of three middle-income census tracts (0801.00, 0803.00, and 0804.00) and one upper-income census tract (0802.00). The bank's main office and one full-service ATM are located in the upper-income census tract and the two branch offices and one cash-only ATM are located in middle-income census tracts. While these census tracts have not changed since the previous evaluation, census tract 0802.00 has changed from a middle-income tract to an upper-income tract. During the previous evaluation, all census tracts were listed as distressed or underserved. Currently, none of the bank's census tracts are considered distressed or underserved. No additional changes to the bank's assessment area have occurred since the previous examination.

The assessment area consist of 3,273 families; based on family income, low- and moderate-income families represent 35.4 percent of all families in the assessment area. Within the assessment area, there are 5,806 housing units, of which 70.0 percent are owner-occupied, 22.5 percent are rental property, and 7.5 are vacant. Additionally, there are 316 small farms located in the assessment area, of which 99.4 percent are small farms with revenues less than or equal to \$1 million. Based on this data, there are ample opportunities within the assessment area to meet the credit needs of borrowers of different income levels, as well as businesses and farms of different revenue sizes. Additional demographic information for the assessment area is presented in the table below.

The bank's peer group includes all insured commercial banks having assets less than \$50 million, with two or more full service banking offices and not located in a metropolitan statistical area. As of June 30, 2016, First Trust & Savings Bank maintained an 8.6 percent market share of Federal Deposit Insurance (FDIC)-insured deposits, ranking fifth of the six FDIC-insured financial institutions with at least one branch in Cherokee County. The largest banks by deposit market share in the assessment area are Cherokee State Bank (41.0 percent), Central Bank (19.8 percent) and The Farmers State Bank (15.0 percent).

Local competitors for loans and deposits include: Heritage Bank NA, Aurelia, Iowa; Central Trust and Savings Bank, Cherokee, Iowa; Cherokee State Bank, Cherokee, Iowa; State Savings Bank, Marcus, Iowa; North Star Community Credit Union, Cherokee, Iowa; and Farmers State Bank, Marcus, Iowa.

Assessment Area: 2015 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	512	15.6
Moderate-income	0	0.0	0	0.0	0	0.0	648	19.8
Middle-income	3	75.0	2,598	79.4	89	3.4	808	24.7
Upper-income	1	25.0	675	20.6	4	0.6	1,305	39.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4	100.0	3,273	100.0	93	2.8	3,273	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	4,708	3,231	79.5	68.6	1,144	24.3	333	7.1
Upper-income	1,098	833	20.5	75.9	165	15.0	100	9.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	5,806	4,064	100.0	70.0	1,309	22.5	433	7.5
	Total Businesses 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	585	79.8	531	79.7	43	82.7	11	73.3
Upper-income	148	20.2	135	20.3	9	17.3	4	26.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	733	100.0	666	100.0	52	100.0	15	100.0
Percentage of Total Businesses:			90.9		7.1		2.0	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	221	69.9	219	69.7	2	100.0	0	0.0
Upper-income	95	30.1	95	30.3	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	316	100.0	314	100.0	2	100.0	0	0.0
Percentage of Total Farms:			99.4		0.6		0.0	

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

Population Characteristics

As presented in the following table, from the 2000 to 2010 U.S. Census, the overall population in Cherokee County decreased by 7.4 percent, compared to the state of Iowa, which grew by 4.1 percent during the same period. According to community representatives, Cherokee County, a predominately rural community, has experienced a declining population trend as farms consolidate and individuals migrate to find employment in metropolitan areas. Community representatives stated that education- and employment-related migration is more common among the younger populations.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
Cherokee County (Assessment Area)	13,035	12,072	-7.4
State of Iowa	2,926,324	3,046,355	4.1

*Source: 2000—U.S. Census Bureau: Decennial Census
 2010—U.S. Census Bureau: Decennial Census*

Income Characteristics

Based on 2010 U.S. Census Bureau data, the median family income (“MFI”) in the assessment area was \$56,696. Overall, the assessment area experienced an increase of 32.2 percent in median family income between 2000 and 2010. This mirrors the change in MFI for the state of Iowa, which experienced an increase of 28.7 percent. The table below presents the average income for families living in Cherokee County, compared to the State of Iowa.

Median Family Income Change 2000 and 2010			
Area	2000 Median Family Income	2006-2010 Median Family Income	Percentage Change
Cherokee County (Assessment Area)	\$42,897	\$56,696	32.2
State of Iowa	\$48,005	\$61,804	28.7

*Source: 2000—U.S. Census Bureau: Decennial Census
 2006-2010—U.S. Census Bureau: American Community Survey*

Bankruptcy Rates

According to the Administrative Office of the U.S. Courts, bankruptcy filings fell throughout the assessment area and the state of Iowa since the previous evaluation. Between 2011 and 2014 Cherokee County posted a decline in personal bankruptcy filings from 1.7 to 1.0 per 1,000. The percentage rate of decline for bankruptcy filings in Cherokee County was slightly better than the state of Iowa as a whole, which had a decline from 2.5 to 1.6 over the same period.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2011	2012	2013	2014
Cherokee County	1.7	2.2	1.0	1.0
State of Iowa	2.5	2.0	1.8	1.6

Source: Administrative Office of the U.S. Courts

Foreclosure Rates

Since the previous evaluation, foreclosure filings throughout the United States have fluctuated between 2011 and 2014. The Federal Reserve Bank of Chicago conducted a study on the change in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

In Cherokee County, the foreclosure inventory rate had a two year average of 2.0 percent for 2013 and 2014. This is slightly higher than the state of Iowa two year average of 1.9 percent for the same period. The smaller percentage of properties in the process of foreclosure indicates significant improvements in the local economies. Both Cherokee County and the state of Iowa have seen a relatively steady decline in foreclosure rates from 2013 to 2014.

Housing Characteristics

The following table presents recent housing cost trends within Cherokee County and the state of Iowa. Based on the 2006-2010 U.S. Census Bureau data, the median housing and gross rent values in the assessment area are \$77,500 and \$471, respectively. From 2000 to 2010, Cherokee County experienced an increase in median housing value of 28.3 percent. The state of Iowa also experienced an increase in median housing value of 45.2 percent. The increase in median housing value for Cherokee County was lower than that of the state of Iowa. Median gross rents within the assessment area have increased at rates similar to the state of Iowa. While median gross rents increased by 31.3 percent for the entire state the assessment area experienced an increase of 33.4 percent.

Trends in Housing Costs 2000 and 2010				
Location	2000 Median Housing Value	2006-2010 Median Housing Value	2000 Median Gross Rent	2006-2010 Median Gross Rent
Cherokee County (Assessment Area)	60,400	77,500	353	471
State of Iowa	82,100	119,200	470	617

*Source: 2000—U.S. Census Bureau: Decennial Census
 2006-2010—U.S. Census Bureau: American Community Survey*

Based on the 2006-2010 American Community Survey, the affordability ratios (please refer to the glossary in *Appendix C*) for Cherokee County, Iowa and the state of Iowa are 0.58 and 0.41, respectively. The affordability ratios indicate that housing is more affordable in Cherokee County than in the state of Iowa. According to the U.S. Census Bureau's Annual Building Permits Survey, six single-family housing permits were issued in Cherokee County in 2014, which decreased 76.0 percent from 2013 when 25 permits were issued. Community representatives stated this decrease was caused by the end of a local financial institution's special, low-interest construction financing to qualified applicants in Cherokee County. This special offer was introduced in 2012 and ended in 2014.

Employment Conditions

The following table from the U.S. Bureau of Labor Statistics presents the unemployment trends for the assessment area, the State of Iowa, and the country as a whole from 2011 to 2014. In 2014, the unemployment rate for Cherokee County was 5.3 percent. This figure is slightly higher than the state of Iowa's rate of 4.4 percent; however, it was below the national average of 6.2 percent. Overall, unemployment has steadily declined from 2011 to 2013, which is consistent with national trends due to improving economic conditions. A community representative indicated the 2014 unemployment increase was caused when an area employer, Tyson Retail Deli Inc. (a meat products manufacturer), closed a deli foods plant in Cherokee, Iowa, eliminating 450 local jobs in September 2014.

Unemployment Rates				
Region	2011	2012	2013	2014
Cherokee County	5.2	4.6	4.3	5.3
State of Iowa	5.9	5.2	4.6	4.4
United States	8.9	8.1	7.4	6.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The largest employers within the assessment area are detailed below. Based on data collected by the U.S. Department of Labor, the assessment area contains a diverse employment base; however, it is heavily impacted by the healthcare industry along with construction and education. The largest single employer in the area is the Cherokee Regional Medical Center with 179 local employees.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Cherokee Regional Medical Center	179	Hospitals
Mental Health Institute	171	Hospitals
Sioux Valley Memorial Hospital Association	150	Hospitals
Iowa Department Of Human Services	150	Psychiatric Hospitals
Schoon Construction Incorporated	100	Excavating Contractors
First Cooperative Association	100	Associations
Cherokee Community School District	92	Schools
Heartland Care Center	80	Non-Profit Organizations

Source: America's Labor Market Information System (ALMIS) – Department of Labor

Community Contacts

Information from two community contacts representing economic development and housing groups was obtained to provide context to the assessment area’s banking needs and local economic conditions. Community representatives indicated the assessment area has a vibrant agricultural economy with a low unemployment rate and local financial institutions are proactive in helping to meet the credit needs of the community.

While unemployment is low and jobs are available for low- and moderate-income individuals, one community representative indicated the availability of skilled workers is low. This is reflective of the area’s aging and declining population where many individuals are retiring or relocating to more urban areas. An aging population has also caused many individuals to remain in their homes for a long time. As a result, the housing inventory in the market is limited and results in an increased demand for habitable single-family and affordable housing. While affordable housing programs are available to assist low- and moderate-income individuals, lower-income housing typically faces greater deferred maintenance, especially given the area’s aging housing stock.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

First Trust & Savings Bank’s performance relative to the lending test is rated Satisfactory. Although the loan-to-deposit ratio is less than reasonable considering the characteristics of the bank, performance of competitors, and economic and demographic conditions; the bank is meeting the credit needs of its community based upon an analysis of its consumer related and agricultural lending activities. A majority of the bank’s loans were originated within the assessment area. The bank’s geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The borrower distribution reflects excellent distribution among borrowers of different income levels and reasonable distribution among farms of different revenue sizes.

Loan-to-Deposit Ratio

The bank’s loan-to-deposit (LTD) ratio is less than reasonable when compared to the performance of its national peer group and local competitors. As of September 30, 2016, the LTD ratio was 50.5 percent with a 16-quarter average of 45.4 percent. Since the previous evaluation, the average LTD ratio has decreased by approximately 15.9 percent. The bank’s LTD ratio is considerably lower than their national peer group and most local competitors. The bank’s average ranks last among a group of local and national competitors, which range from averages of 57.9 percent to 95.5 percent. Performance under this criterion is less than reasonable based on the bank’s asset size, financial condition, and assessment area credit needs.

The bank operates in a highly competitive market, as the assessment area is home to several local community banks and credit unions. As with many rural community banks, overall credit demand for agricultural loans has considerably weakened over the past few years due to increased commodity prices and favorable farm income. According to community representatives, the bank’s assessment area also faces an aging population where many borrowers are relying on interest from their deposits rather than extensions of credit. However, while economic and demographic implications are present, the assessment area also experienced increases in the percentage of owner-occupied homes, median family incomes, and median home values. In addition, unemployment rates in the assessment area compared favorably to national and statewide averages. Generally, economic conditions have not negatively impacted the ability for institutions in the assessment area to lend.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
First Trust and Savings Bank	45.4
National Peer Group 13	63.0
Competitors	
Cherokee State Bank	65.6
Farmers State Bank	57.9
Heritage Bank, NA	88.6
State Savings Bank	95.5

Assessment Area Concentration

The majority of consumer related and small farm loans reviewed were originated in the assessment area, indicating the bank is actively serving the needs of its community. The bank originated 73.0 percent of total loans by volume and 66.9 percent by dollar amount inside the assessment area. Small farm loans had the highest concentration inside the assessment area at 84.1 percent of loans by volume and 71.6 percent by dollar. Consumer related loans have seen a decrease in concentration inside the assessment area since the previous evaluation; however, 54.8 percent of loans by volume were made within the assessment area. The following table

summarizes the bank’s lending inside and outside its assessment area by product.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Other - Secured	23	54.8	258	43.2	19	45.2	339	56.8
Total Consumer Related Loans	23	54.8	258	43.2	19	45.2	339	56.8
Small Farm	58	84.1	2,168	71.6	11	15.9	862	28.4
Total Small Farm Loans	58	84.1	2,168	71.6	11	15.9	862	28.4
TOTAL LOANS	81	73.0	2,426	66.9	30	27.0	1,201	33.1

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

Geographic Distribution of Loans

First Trust & Savings Bank’s assessment area contains three middle- and one upper-income census tracts; therefore, a limited analysis was performed to evaluate the dispersion of loans within the assessment area. An analysis of consumer related and small farm loans indicates a reasonable level of penetration in the bank’s assessment area given the location of banking offices, competition, and demographic characteristics of Cherokee County. The tables below show the volume of 2015 lending in the assessment area’s middle-income and upper-income census tracts.

Geographic Distribution of Consumer Loans					
Assessment Area: 2015 IA Non MSA					
Tract Income Levels	Bank & Demographic Comparison				Households
	2015				
	Count Bank		Dollar Bank		
	#	%	\$(000s)	%	%
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	11	47.8	119	46.1	81.4
Upper	12	52.2	139	53.9	18.6
Unknown	0	0.0	0	0.0	0.0
Total	23	100.0	258	100.0	100.0

2015 FFIEC Census Data

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

Geographic Distribution of Small Farm Loans						
Assessment Area: 2015 IA Non MSA						
Tract Income Levels	Bank & Demographic Comparison					
	Count		2015		Total Farms	
	Bank		Dollar	Bank		
#	%	\$ 000s	\$ %	%		
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	30	51.7	925	42.7	69.9
	Upper	28	48.3	1,243	57.3	30.1
	Unknown	0	0.0	0	0.0	0.0
	Total	58	100.0	2,168	100.0	100.0

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
 Note: Percentages may not add to 100.0 percent due to rounding

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

The borrower distribution of loans reflects excellent distribution among borrowers of different income levels and reasonable distribution of loans to farms of different revenue sizes. Greater weight was given to small farm performance, as small farm loans represent the majority of the bank’s loan portfolio.

Consumer-Related Lending

The borrower distribution of consumer-related loans reflects excellent distribution among borrowers of different income levels. In 2015, FFIEC Census Data indicates that 22.4 percent of households by household income were considered low-income and 18.5 percent were considered moderate-income. The bank made 73.9 percent of total consumer-related loans by number and 66.3 percent by dollar to low-income borrowers and 13.0 percent of loans by number and 24.4 percent by dollar to moderate-income borrowers. Total consumer-related loans to low- and moderate-income borrowers are 86.9 percent of loans by number and 90.7 percent of loans by dollar amount.

Borrower Distribution of Consumer Loans						
Assessment Area: 2015 IA Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2015				Households by Household Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	17	73.9	171	66.3	22.4
	Moderate	3	13.0	63	24.4	18.5
	Middle	2	8.7	21	8.1	19.5
	Upper	1	4.3	3	1.2	39.5
	Unknown	0	0.0	0	0.0	
	Total	23	100.0	258	100.0	100.0

2015 FFIEC Census Data
 Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

The distribution of small farm loans reflects reasonable distribution among farms of different revenue sizes. The bank originated 87.9 percent of agricultural loans to farms with annual revenues of \$1 million or less. Performance was lower than assessment area demographics as 99.4 percent of all farms in the area have annual revenues of less than \$1 million. In addition, 86.2 percent of all farm loans were in dollar amounts of \$100,000 or less. Of the bank’s small farm loans made to those with annual revenues of \$1 million or less, 88.2 percent were in loan amounts equal to or less than \$100,000, demonstrating the bank’s willingness to meet the credit needs of small farms.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2015 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2015		2015		Total Farms	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	51	87.9	1,659	76.5	99.4
		Over \$1 Million or Unknown	7	12.1	509	23.5	0.6
		Total	58	100.0	2,168	100.0	100.0
	Loan Size	\$100,000 or Less	50	86.2	1,000	46.1	
		\$100,001 - \$250,000	8	13.8	1,168	53.9	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	58	100.0	2,168	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	45	88.2	848	51.1	
		\$100,001 - \$250,000	6	11.8	811	48.9	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	51	100.0	1,659	100.0	
	Originations & Purchases						
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

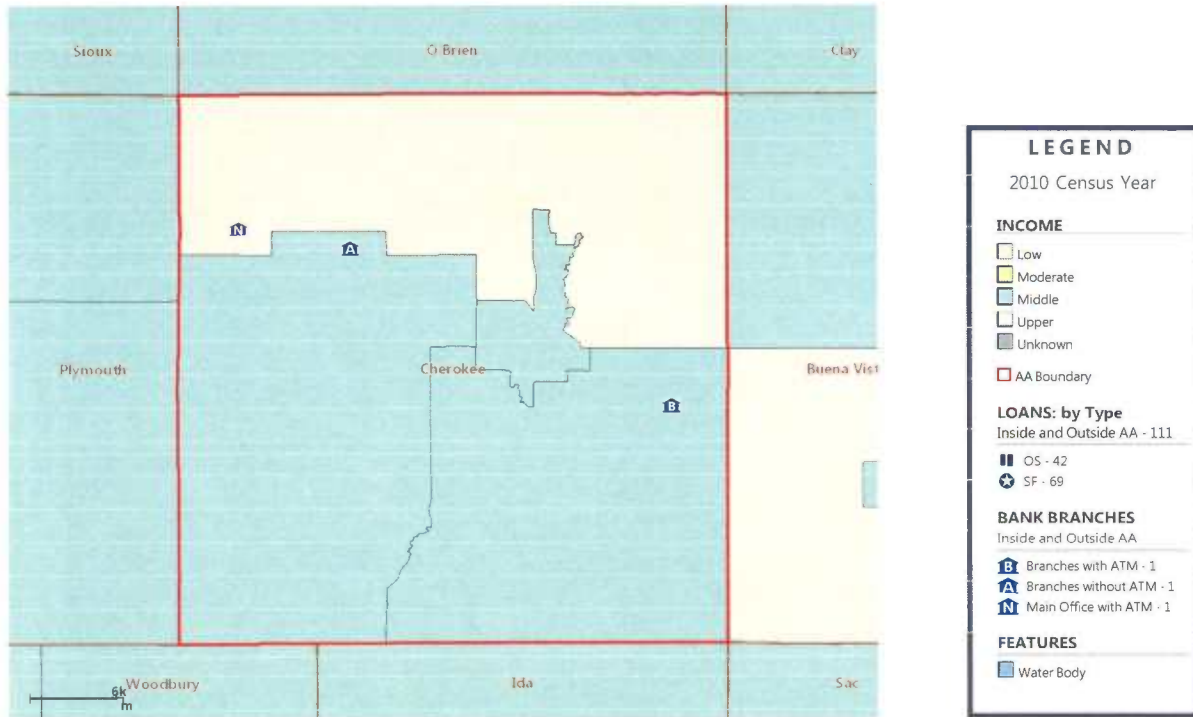
Response to Complaints

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Consumer related loans from January 1, 2015 to December 31, 2015 Small farm loans from January 1, 2015 to December 31, 2015	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
First Trust & Savings Bank			Consumer-Related Loans Small Farm Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Iowa Non-Metropolitan county of Cherokee, Iowa	Full 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.

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.

Consumer loan: A loan 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, home equity, other secured loan, and other unsecured loan.

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.

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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.

Low-income: 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 geography.

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 lenders in the MSA/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 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 (MMSA). Performance within

each MMSA is analyzed separately as a full-scope review and receives its own ratings under the Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

Middle-income: 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 geography.

Moderate-income: 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 geography.

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

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.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). 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.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.