

# **PUBLIC DISCLOSURE**

February 23, 2015

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Columbus Junction State Bank  
RSSD# 836544

134 Main Street  
Columbus Junction, Iowa 52738

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

Columbus Junction State Bank's Community Reinvestment Act (CRA) performance is rated **Satisfactory**.

Columbus Junction State Bank is meeting the credit needs of its community based on an analysis of lending activities. The bank's loan-to-deposit ratio is reasonable, and the bank originates a majority of home mortgage, small business, and small farm loans inside the delineated assessment area. The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Similarly, the bank has a reasonable penetration of loans to borrowers of different income levels and to small businesses and small farms of different revenue sizes. Neither Columbus Junction State Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution Community Reinvestment Act (CRA) Examination procedures. Information about the institution and the assessment area, such as the bank's financial condition, asset size, economic and demographic characteristics, and competition were used to evaluate the bank's performance. The assessment area includes non-metropolitan Iowa, specifically Louisa County in its entirety, composed of three middle-income census tracts designated as underserved. The sample period for home mortgage loan originations is December 13, 2010 through September 30, 2014 while the sample period for small business and small farm loan originations is October 1, 2013 through September 30, 2014.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio 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 home mortgage loans originated from December 13, 2010 through September 30, 2014, and small business and small farm loans originated from October 1, 2013 through September 30, 2014 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** - The assessment area consists solely of middle-income geographies; therefore, a limited analysis was performed to determine the overall dispersion of home mortgage loans originated throughout the assessment from December 13, 2010 through September 30, 2014, and small business and small farm loans originated in the assessment area, from October 1, 2013 through

September 30, 2014.

- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** - The bank's home mortgage loans originated from December 13, 2010 through September 30, 2014, and small business and small farm loans originated in the assessment area, from October 1, 2013 through September 30, 2014, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Neither Columbus Junction State Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## DESCRIPTION OF INSTITUTION

Columbus Junction State Bank (CJSB), a \$51.1 million institution, is a subsidiary of CJSB Bancorporation, a one-bank holding company headquartered in Columbus Junction, Iowa. The bank maintains one full service location in Columbus Junction, Iowa, with no additional branches. The sole location offers drive-up services and one cash-only Automated Teller Machine (ATM).

Columbus Junction State Bank offers a variety of agricultural, commercial, home mortgage and consumer purpose loan products to its customers. Loan products include, but are not limited to: real estate secured and non-real estate secured, agricultural, operating capital, business start-up, consumer installment/single payment, and construction temporary/permanent financing. Deposit products include traditional interest and non-interest bearing checking and savings accounts, negotiable orders of withdrawal, and certificates of deposits.

Based on the Uniform Bank Performance Report (UBPR) as of September 30, 2014, Columbus Junction State Bank's primary loan products are residential real estate and commercial loans representing 33.7 and 33.6 percent of the bank's loan portfolio respectively, followed by agricultural loans representing 25.1 percent of the loan portfolio.

<b>Composition of Loan Portfolio as of September 30, 2014 (000's)</b>		
<b>Category</b>	<b>\$</b>	<b>%</b>
Residential Real Estate	8,817	33.7
Commercial	8,787	33.6
Agricultural	6,579	25.1
Consumer	1,428	5.5
Other	563	2.1
<b>Total Loans</b>	<b>26,174</b>	<b>100.0</b>

The bank's peer group includes all insured commercial banks having assets between \$50 million and \$100 million, with two or fewer full-service banking offices and not located in a metropolitan statistical area. Local competitors for loans and deposits include: Community Bank and Trust Company, Iowa State Bank, State Bank of Wapello, and First Credit Union.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on December 13, 2010.

#### **DESCRIPTION OF ASSESSMENT AREA**

Columbus Junction State Bank operates in the non-metropolitan area of Iowa consisting of Louisa County in the southeast portion of the state. The assessment area consists of three middle-income census tracts (4501, 4502, and 4503). While the bank's assessment area has not changed geographically since the prior CRA evaluation, all three census tracts were designated as "underserved" in 2014 by the Federal Financial Institutions Examination Council (FFIEC) because of its rural location.

According to the FDIC Deposit Market Share Report as of June 30, 2014, Columbus Junction State Bank (CJSB) ranks second out of four institutions in market share at 27.5 percent, after Community Bank and Trust Company with 31.0 percent. Following CJSB are Iowa State Bank and State Bank of Wapello with 21.9 percent and 19.6 percent of market share, respectively.

The bank's main and only office is located in Columbus Junction, Iowa. The bank operates one cash-only ATM and drive-up services at the main location. No branches have been closed since the previous examination.

The 2000 census demographic data was used in the analysis of the bank's assessment area for home mortgage loans originated prior to 2012. For home mortgage and small business and small farm loans originated in calendar year 2012 or later, the 2010 census demographic data was used in the analysis of the bank's assessment area. The following tables provide demographic information specific to the bank's assessment area based on 2010 as well as 2000 census information.

Assessment Area Combined Demographics (2010 Census)								
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	554	18.0
Moderate-income	0	0.0	0	0.0	0	0.0	632	20.5
Middle-income	3	100.0	3,083	100.0	243	7.9	792	25.7
Upper-income	0	0.0	0	0.0	0	0.0	1,105	35.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3</b>	<b>100.0</b>	<b>3,083</b>	<b>100.0</b>	<b>243</b>	<b>7.9</b>	<b>3,083</b>	<b>100.0</b>
	<b>Housing</b>	<b>Housing Types by Tract</b>						
	<b>Units by Tract</b>	<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
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	5,016	3,427	100.0	68.3	853	17.0	736	14.7
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,016</b>	<b>3,427</b>	<b>100.0</b>	<b>68.3</b>	<b>853</b>	<b>17.0</b>	<b>736</b>	<b>14.7</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	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	514	100.0	460	100.0	25	100.0	29	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>514</b>	<b>100.0</b>	<b>460</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.5</b>		<b>4.9</b>		<b>5.6</b>

	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	192	100.0	192	100.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>192</b>	<b>100.0</b>	<b>192</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>0.0</b>		<b>0.0</b>

*Based on 2013 D&B information according to 2010 ACS Boundaries.*

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

Assessment Area Combined Demographics (2000 Census)								
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	526	15.7
Moderate-income	0	0.0	0	0.0	0	0.0	716	21.4
Middle-income	3	100.0	3,350	100.0	233	7.0	814	24.3
Upper-income	0	0.0	0	0.0	0	0.0	1,294	38.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment</b>	<b>3</b>	<b>100.0</b>	<b>3,350</b>	<b>100.0</b>	<b>233</b>	<b>7.0</b>	<b>3,350</b>	<b>100.0</b>
	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	5,133	3,494	100.0	68.1	1,025	20.0	614	12.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,133</b>	<b>3,494</b>	<b>100.0</b>	<b>68.1</b>	<b>1,025</b>	<b>20.0</b>	<b>614</b>	<b>12.0</b>

	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	618	100.0	555	100.0	29	100.0	34	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>618</b>	<b>100.0</b>	<b>555</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.8</b>		<b>4.7</b>		<b>5.5</b>
	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	205	100.0	205	100.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>205</b>	<b>100.0</b>	<b>205</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>0.0</b>		<b>0.0</b>
<i>Based on 2011 D&amp;B information according to 2000 ACS Boundaries.</i>								
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>								

A discussion of both 2000 and 2010 census demographic information follows. Both sections discuss relevant population information, income characteristics, and housing data. The relevant census demographic data were compared to the applicable loan periods, discussed in the preceding paragraph.

### Population Characteristics

U.S. Census Bureau data from 2000 to 2010 shows a decrease in population in Louisa County, in contrast to an increase in population for the State of Iowa. While Louisa County's population declined by 6.5 percent, the population of the state increased by 4.1 percent. The area has not experienced substantial changes in industry which would result in significant population changes. However, community representatives commented that residents are moving closer to areas of



employment outside the county. Population in the assessment area is 11,387 according to 2010 U.S. Census Bureau data. The assessment area has a relatively high minority population, 18.3 percent when compared to the state minority population of 11.3 percent. Within the minority population, 15.8 percent are Hispanic followed by 1.0 percent Asian Not-Hispanic. The table below reflects population changes from 2000 to 2010 in the State of Iowa and in the assessment area of Louisa County.

<b>Population Change 2000 and 2010</b>			
<b>Area</b>	<b>2000 Population</b>	<b>2010 Population</b>	<b>Percentage Change</b>
<b>Louisa County</b>	12,183	11,387	-6.5
<b>State of Iowa</b>	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

According to U. S. Census Bureau data, the median family income in the county making up the assessment area has increased at a similar rate as the State of Iowa. Median family income in Louisa County rose by 24.9 percent while the State of Iowa experienced a 28.7 percent increase in median family income. The table below displays changes in median family income over the decade between 2000 and 2010.

<b>Median Family Income Change 2000 and 2010</b>			
<b>Area</b>	<b>2000 Median Family Income</b>	<b>2006-2010 Median Family Income</b>	<b>Percentage Change</b>
<b>Louisa County</b>	43,972	54,923	24.9
<b>State of Iowa</b>	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

Louisa County shows a declining trend in personal bankruptcy filing rates from 2010 to 2013. This decline is similar to that of the State of Iowa and is reflective of the improving economy. In 2010, Louisa County held a bankruptcy filing rate of 2.8 per 1,000 in population, which was very similar to the bankruptcy rate in the State of Iowa at 3.1 per 1,000. Both rates fell over the time period to a rate of 1.8 per 1,000 in population.

<b>Personal Bankruptcy Filing Rate (per 1,000 population) 2010-2013</b>				
<b>Area</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Louisa County</b>	2.8	1.7	2.0	1.8
<b>State of Iowa</b>	3.1	2.5	2.0	1.8
<i>Source: Administrative Office of the U.S. Courts</i>				

### Housing Characteristics and Affordability

The table below compares median housing values in 2000 to median housing values in 2010. While median housing values in Louisa County increased from \$66,400 to \$87,400, or 31.6 percent, median housing values in the State of Iowa rose 45.2 percent from \$82,100 to \$119,200. The greater percentage increase in the State contrasts with the percentage increase in median gross rents, when compared to Louisa County. Median gross rents in the State of Iowa increased 31.3 percent, which was less than the increase in Louisa County of 39.1 percent over the same time period.

As median housing values in the State of Iowa increased, housing affordability decreased across the State. The affordability ratio fell from 0.48 in 2000 to 0.41 in 2010. Over the same time period, housing affordability in Louisa County remained steady, despite the increase in median housing values. The affordability ratio in Louisa County was 0.59 in 2000 and 0.58 in 2010. This data show that housing is more affordable in Louisa County than it is in general in the State of Iowa. Please refer to the glossary in Appendix C for the calculation of the affordability ratio.

<b>Trends in Housing Costs 2000 and 2010</b>				
<b>Location</b>	<b>2000 Median Housing Value</b>	<b>2006-2010 Median Housing Value</b>	<b>2000 Median Gross Rent</b>	<b>2006-2010 Median Gross Rent</b>
<b>Louisa County</b>	66,400	87,400	419	583
<b>Iowa State</b>	82,100	119,200	470	617
<i>Source: 2000 – U.S. Census Bureau: Decennial Census 2006-2010 – U.S. Census Bureau: American Community Survey</i>				

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates (FIR) at the county level. The FIR measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

During the four year period from 2010 to 2013, foreclosure inventory rates peaked in 2012 for both

the assessment area and the State of Iowa. Rates in Louisa County increased from 2.9 percent in late 2010 to an overall high of 5.4 percent in September of 2012. By October of 2013, foreclosure inventory rates returned to levels similar to the beginning of the time period with a rate of 2.8 percent. In the State of Iowa, the foreclosure inventory rate was 2.5 percent in the fourth quarter of 2010 and peaked at 2.8 percent during the second quarter of 2012. Rates fell to 2.0 percent by late 2013 in the State of Iowa. Over the time period, foreclosure inventory rates in the assessment area have remained slightly higher than the State of Iowa average.

### Employment Conditions

Unemployment rates fell in the assessment area, as well as generally across the State of Iowa, from 2010 to 2013. Both geographic regions have a downward trend in unemployment during the time period. Unemployment rates in Louisa County fell from a high of 7.2 in 2010 to 5.0 in 2013. Similarly, rates across the State of Iowa dropped from 6.3 in 2010 to 4.6 in 2013. In each of the four years, unemployment rates were consistently higher in Louisa County than in the State of Iowa; however, the gap has narrowed from 0.9 percent in 2010 to 0.4 percent in 2013.

Unemployment Rates				
Region	2010	2011	2012	2013
Louisa County	7.2	6.3	5.7	5.0
State of Iowa	6.3	5.9	5.2	4.6

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

The table below lists the top ten largest employers in the assessment area based on the number of employees. The largest employer is Tyson Foods, Inc., an animal slaughtering facility, employing approximately 1,200 workers. The most common industries represented in the area include animal slaughtering, elementary and secondary schools, and light manufacturing.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Tyson Foods, Inc.	1,200	Animal (Except Poultry) Slaughtering
Louisa-Muscatine School District	150	Elementary & Secondary Schools
Columbus Middle School	132	Elementary & Secondary Schools
Columbus Junction High School	100	Elementary & Secondary Schools
S & J Tube Inc.	100	Unclassified Establishments
Louisa County Board Supervisors	87	Legislative Bodies
Grimm Brothers Plastics Corporation	85	All Other Plastics Product Manufacturing
Wright Electric	68	Electrical & Other Wiring Installation Contractor
Tri-State Envelope Corporation	65	Stationery Product Manufacturing
Morning Sun Care Center	62	Nursing Care Facilities (Skilled Nursing)

*Source: AMLIS Database/Info USA*

## Community Contacts

Information from two community representatives was obtained to provide context to the community credit needs. Both contacts agreed that the decreasing population is due to residents choosing to move closer to places of employment instead of driving longer distances to work. There have been no significant changes to any of the county's major employers, however the majority of opportunities to work for large employers reside outside Louisa County. While the area has affordable rental options, new construction of this type has not occurred since the 1980s. As a result, affordable housing options could be improved through new construction. Given the significant natural resources in the county, the area could better serve the tourism trade through improved roadways and tourism services such as boating and hotels.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

## LENDING TEST

Columbus Junction State Bank's performance relative to the lending test is satisfactory. The bank is meeting the credit needs of its community, based on an analysis of its lending activity. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of competitors, and economic and demographic conditions. A majority of loans were originated inside the assessment area. The geographic distribution reflects reasonable dispersion of loans throughout the assessment area. The loan distribution reflects reasonable penetration among borrowers of different income levels and to businesses and farm of different revenue sizes. Additionally, neither the bank nor this Reserve Bank received CRA-related complaints during the review period.

## Loan-to-Deposit Ratio

Columbus Junction State Bank's loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, and assessment area credit needs. The bank's sixteen-quarter average LTD ratio is 55.3 percent, which is lower than the national peer average of 62.1 percent over the same time period. The combination of record crop prices during the evaluation period led to the payoff of farm loans and a decreased demand for farm financing. At the same time, the bank has

experienced higher deposit levels, placing further downward pressure on the LTD ratio.

<b>Comparative Loan-to-Deposit Ratios</b>	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
Columbus Junction State Bank	55.3
National Peer Group 11	62.1
<b>Competitors</b>	
Community Bank and Trust	68.1
Iowa State Bank	89.0
State Bank of Wapello	40.9
<i>National Peer Group 11 consists of insured commercial banks having assets between \$50 million and \$100 million, with 2 or fewer full service banking offices and not located in a metropolitan statistical area.</i>	

### Assessment Area Concentration

A majority of home mortgage, small business, and small farm loans were originated inside the bank’s assessment area. CJSB originated 76.3 percent of all loans, by number, inside its assessment area. The bank also originated the majority of loans inside the assessment area for each loan type, as depicted in the table below.

<b>Lending Inside and Outside the Assessment Area</b>										
Loan Type	Inside				Outside				Total	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%	#	\$ (000s)
Home Mortgage	67	77.0	4,016	76.5	20	23.0	1,236	23.5	87	5,252
Small Business	50	84.7	1,361	50.5	9	15.3	1,331	49.5	59	2,692
Small Farm	44	67.7	2,448	57.7	21	32.3	1,798	42.3	65	4,245
<b>Total</b>	<b>161</b>	<b>76.3</b>	<b>7,825</b>	<b>64.2</b>	<b>50</b>	<b>23.7</b>	<b>4,365</b>	<b>35.8</b>	<b>211</b>	<b>12,190</b>

### Geographic Distribution of Loans

The geographic distribution of home mortgage, small business, and small farm loans is reasonable. Columbus Junction State Bank’s assessment area consists of three underserved middle-income geographies. Emphasis under this criterion is generally placed on the bank’s record of lending within low- and moderate-income census tracts. Given the absence of low- and moderate-income census tracts in the bank’s assessment area during both the 2000 and 2010 Census periods, lending was reviewed for dispersion throughout the assessment area. The analysis reveals reasonable

dispersion with the majority of the bank’s loans concentrated within the three census tracts of Louisa County.

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

The bank’s home mortgage, small business, and small farm lending reflects reasonable penetration of lending among individuals of different income levels, including low- and moderate-income individuals, and to businesses and farms of different sizes.

For the purposes of this review, loans made in calendar year 2011 or before were analyzed based on 2000 census demographic characteristics. Loans made in calendar year 2012 or after were analyzed based on 2010 census demographic characteristics.

#### Home Mortgage Loans

Home mortgage lending reflects reasonable penetration among borrowers of different income levels. Between January 1, 2012 and September 30, 2014, the bank originated 29.3 percent of its home mortgage loans to low- and moderate-income borrowers. The bank’s performance is reasonable when compared to the percentage of families designated as low- or moderate-income (38.5 percent), considering 7.9 percent of families are living below poverty level. The table below shows the borrower distribution of the bank’s home mortgage lending compared to 2010 census demographic characteristics.

<b>Home Mortgage Lending, January 1, 2012-September 30, 2014</b>					
<b>Borrower Distribution</b>					
<b>(000s)</b>					
<b>Income Level of the Borrower</b>	<b>Bank Loans</b>				<b>Families by Family Income Level</b>
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#%</b>
<b>Home Mortgage Loans</b>					
Low	6	10.3	325	9.0	18.0
Moderate	11	19.0	435	12.1	20.5
Middle	22	37.9	1,146	31.7	25.7
Upper	19	32.8	1,704	47.2	35.8
Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>58</b>	<b>100.0</b>	<b>3,610</b>	<b>100.0</b>	<b>100.0</b>
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>					

Home mortgage lending from December 13, 2010 to December 31, 2011 also shows a reasonable penetration among borrowers of different income levels. Lending to low- and moderate-income borrowers during this period is higher at 66.7 percent, when compared to 37.1 percent of families designated as low- or moderate-income based on 2000 Census data.

Home Mortgage Lending, December 13, 2010-December 31, 2011					
Borrower Distribution					
(000s)					
Income Level of the Borrower	Bank Loans				Families by Family Income Level
	#	%	\$ (000s)	%	#%
<b>Home Mortgage Loans</b>					
Low	1	11.1	65	16.0	15.7
Moderate	5	55.6	149	36.7	21.4
Middle	1	11.1	22	5.5	24.3
Upper	2	22.2	170	41.8	38.6
Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>406</b>	<b>100.0</b>	<b>100.0</b>
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>					

### Small Business Lending

Small business lending reflects reasonable penetration among businesses of different revenue sizes. The bank originated 84.0 percent of small business loans, by number, to businesses with revenues of \$1 million or less, compared to 89.5 percent of businesses in the assessment area in the same revenue category. Additionally, 95.2 percent of loans to small businesses with revenues of \$1 million or less were in amounts of \$100,000 or less. Generally, loan amounts of \$100,000 or less are viewed as loans that are most likely to meet the credit needs of small businesses. The table below compares the bank's small business lending to the business demographics within the assessment area.

Small Business Loan Distribution, October 1, 2013 – September 30, 2014					
By Revenue and Loan Size					
(000s)					
Category	Bank Loans				Businesses By Annual Revenues
	#	%	\$	%	# %
<b>By Revenue</b>					
\$1 Million or Less	42	84.0	813	59.7	89.5
Over \$1 Million	8	16.0	548	40.3	4.9
Not Known	0	0.0	0	0.0	5.6
<b>Total</b>	50	100.0	1,361	100.0	100.0
<b>By Loan Size</b>					
\$100,000 or less	46	92.0	764	56.1	
\$100,001 - \$250,000	4	8.0	597	43.9	
\$250,001 - \$1 Million	0	0.0	0	0.0	
<b>Total</b>	50	100.0	1,361	100.0	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	40	95.2	514	63.2	
\$100,001 - \$250,000	2	4.8	299	36.8	
\$250,001 - \$1 Million	0	0.0	0	0.0	
<b>Total</b>	42	100.0	813	100.0	
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>					

### Small Farm Lending

Small farm lending reflects reasonable penetration among farms of different revenue sizes. The bank originated 97.7 percent of agricultural loans, by number, to farms with revenues of \$1 million or less, compared to 100.0 percent of farms in the area with the same revenues. The bank is also willing to originate small-dollar loans to small farms. Of the loans to farms with revenues of \$1 million or less, the bank originated 76.7 percent in amounts of \$100,000 or less. Generally, loan amounts of \$100,000 or less are viewed as loans that are most likely to meet the credit needs of small farms. The table below compares the bank’s small farm lending to the farm demographics within the assessment area.



<b>Small Farm Loan Distribution By Revenue and Loan Size (000s)</b>					
Category	Bank Loans				Farms By Annual Revenues
	#	%	\$	%	# %
<b>By Revenue</b>					
\$1 Million or Less	43	97.7	2,413	98.6	100.0
Over \$1 Million	1	2.3	35	1.4	0.0
Not Known	0	0.0	0	0.0	0.0
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>2,448</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or less	34	77.3	874	35.7	
\$100,001 - \$250,000	9	20.5	1,199	49.0	
\$250,001 - \$500,000	1	2.3	375	15.3	
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>2,448</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>					
\$100,000 or less	33	76.7	839	34.8	
\$100,001 - \$250,000	9	20.9	1,199	49.7	
\$250,001 - \$500,000	1	2.3	375	15.5	
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>2,413</b>	<b>100.0</b>	
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>					

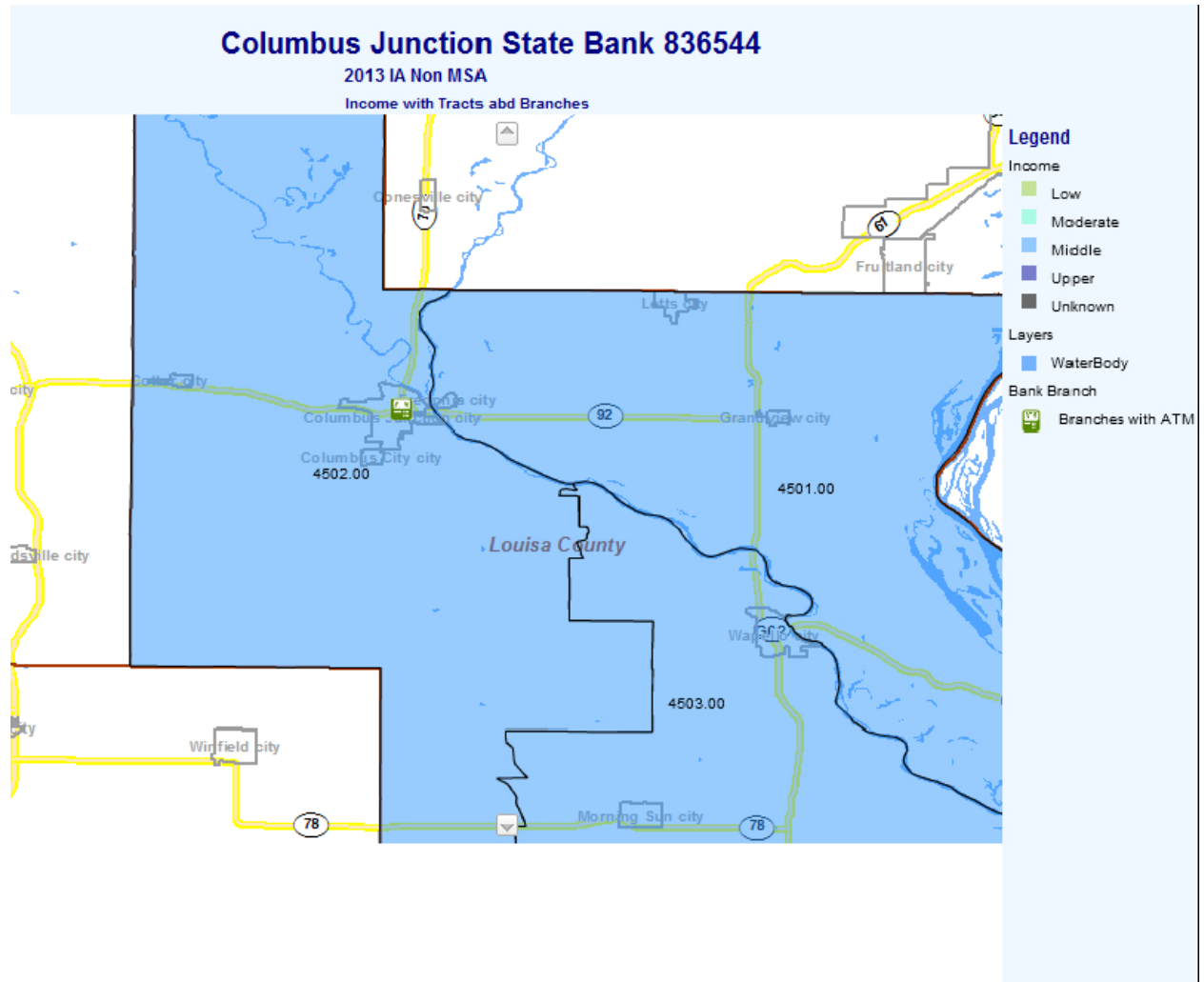
### Response to Complaints

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			
<b>TIME PERIOD REVIEWED</b>		December 13, 2010 – September 30, 2014: Home Mortgage Loans October 1, 2013 – September 30, 2014: Small Business and Small Farm Loans	
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Columbus Junction State Bank		Home Mortgage, Small Business and Small Farm 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>
Louisa County	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 householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

**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.