

PUBLIC DISCLOSURE

February 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cornerstone Bank
RSSD# 843476

123 East Main Street
Clarinda, Iowa 51632

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

TABLE OF CONTENTS

PERFORMANCE EVALUATION 2

SCOPE OF EXAMINATION 2

DESCRIPTION OF INSTITUTION..... 3

DESCRIPTION OF ASSESSMENT AREA 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA10

LENDING TEST.....10

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW15

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

APPENDIX B – DEMOGRAPHIC & CRA GEOGRAPHIC AND BORROWER DISTRIBUTION.....17

APPENDIX C – SCOPE OF EXAMINATION20

APPENDIX D – GLOSSARY21

BANK'S CRA RATING

Cornerstone Bank is rated Satisfactory.

The bank is meeting the credit needs of its community based on an analysis of its lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's residential real estate and motor vehicle loans are located in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Furthermore, loan distribution reflects reasonable penetration among individuals of different income levels.

There were no CRA-related complaints received by the bank nor this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

Cornerstone Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for small institutions. The evaluation analyzed information about the institution and its assessment area, such as asset size, financial condition, economic and demographic characteristics, and competition. Lending performance was assessed within the bank's single, non-metropolitan (non-MSA) assessment area comprised of Page County, Iowa in its entirety, and two census tracts in Taylor County, Iowa.

Two of the bank's primary product lines, which include residential real estate loans and motor vehicle loans, were evaluated.

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

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio ending September 30, 2022, was calculated for the bank and compared to its national peer and a sample of local competitors.
- ***Lending in the Assessment Area*** – Samples of the bank's residential real estate loans originated from January 23, 2019, to December 31, 2021, and motor vehicle loans originated January 1, 2021, to December 31, 2021, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – Samples of the bank's residential real estate loans originated from January 23, 2019, to December 31, 2021, and motor vehicle loans originated January 1, 2021, to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income

levels, particularly those designated as moderate-income.

- **Lending to Borrowers of Different Incomes**– Samples of the bank’s residential real estate loans originated from January 23, 2019, to December 31, 2021, and motor vehicle loans originated January 1, 2021, to December 31, 2021, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income.
- **Response to Substantiated Complaints** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet the community credit needs and its response to any received were evaluated for appropriateness.

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

DESCRIPTION OF INSTITUTION

According to the Uniform Bank Performance Report (UBPR), Cornerstone Bank is a community bank with \$46.0 million in assets as of September 30, 2022. The bank operates one full-service office in Clarinda, Iowa. Cornerstone Bank does not operate any automated teller machines (ATMs). The bank has not opened or closed any branches or ATMs since the previous evaluation.

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

As of September 30, 2022, the bank’s largest loan categories are residential real estate (50.8 percent), agricultural (19.4 percent), commercial (17.2 percent), and consumer loans (12.6 percent). Details of the composition of the bank’s loan portfolio are shown below.

Composition of Loan Portfolio as of September 30, 2022 (\$ are in 000s)		
Type	\$	%
Residential Real Estate	13,457	50.8
Agriculture	5,141	19.4
Commercial	4,569	17.2
Consumer	3,345	12.6
Gross Loans	26,512	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 January 22, 2019.

DESCRIPTION OF ASSESSMENT AREA¹

Cornerstone Bank's assessment area is comprised of Page County, Iowa in its entirety and two of the three census tracts from Taylor County, Iowa. The assessment area includes two moderate-income census tracts, one in Page County and one in Taylor County. The remaining six census tracts are middle-income, with one middle-income census tract in Taylor County (1803) designated as underserved due to its remote rural location. No changes have been made to the bank's assessment area since the previous evaluation.

The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2021, ranks Cornerstone Bank eighth out of nine institutions, with 4.6 percent of the market share of deposits in the assessment area. Cornerstone Bank faces competition from both local and non-local institutions. The largest market share competitor in the assessment area is Bank Iowa with 32.4 percent of total deposits, followed by PCSB Bank and The First National Bank in Creston, at 23.0 percent and 11.5 percent, respectively.

Select demographics of the bank's assessment area are presented in the following table. Please refer to Appendix B for the 2019 and 2020 assessment area demographics.

2021 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,105	21.5
Moderate	2	25.0	1,162	22.6	232	20.0	951	18.5
Middle	6	75.0	3,970	77.4	312	7.9	1,219	23.8
Upper	0	0.0	0	0.0	0	0.0	1,857	36.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8	100.0	5,132	100.0	544	10.6	5,132	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,178	1,299	21.6	59.6	605	27.8	274	12.6
Middle	6,868	4,711	78.4	68.6	1,340	19.5	817	11.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,046	6,010	100.0	66.4	1,945	21.5	1,091	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or =		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	215	24.3	192	23.9	19	31.1	4	21.1
Middle	669	75.7	612	76.1	42	68.9	15	78.9
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	884	100.0	804	100.0	61	100.0	19	100.0
Percentage of Total Businesses:				91.0	6.9	2.1		
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	30	12.6	30	12.6	0	0.0	0	0.0
Middle	209	87.4	208	87.4	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	239	100.0	238	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.6	0.4	0.0		
Source: 2021 FFIEC Census Data								
2021 Dori & Bradstreet Data								
2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

According to the 2015 American Community Survey (ACS) data, the assessment area experienced a slight decrease (1.7 percent) in population since the 2010 census. In addition, non-MSA Iowa experienced a 0.9 percent decrease during that same period, while the total population within the state of Iowa increased 1.5 percent. According to community representatives, this slight decrease can be attributed to an overall aging population coupled with fewer younger individuals moving to the assessment area. Additionally, the closure of a manufacturing plant located in Shenandoah, has had lingering effects on population growth. The table below presents the population trends for the assessment area, Page and Taylor Counties, the non-MSA Iowa, and the state of Iowa from 2010 to 2015.

Population Change			
Area	2010 Population	2015 Population	Percent Change (%)
Assessment Area	22,249	21,873	-1.7
Page County, IA	15,932	15,660	-1.7
Taylor County, IA	6,317	6,213	-1.6
Non-MSA Iowa	1,261,493	1,250,756	-0.9
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

The assessment area is comprised of 5,132 families, of which 21.5 percent are designated as low-income, 18.5 percent are moderate-income, 23.8 percent are middle-income, and 36.2 percent are upper-income families. Further, 10.6 percent of the families residing within the assessment area live below the poverty line, above the state of Iowa’s poverty rate of 8.1 percent.

The assessment area experienced an increase in median family income (MFI) between 2010 and 2015, with Page County experiencing a higher rate of increase (5.3 percent) compared to Taylor County (3.2 percent). The state of Iowa experienced a much lower percent increase at 0.2 percent. Although the assessment area has seen a greater increase of MFI during the period, it is still below the MFI of the state of Iowa.

According to community representatives, private companies have proactively increased wages in Page County to stay competitive with others in the region. This includes competitors in nearby communities in Nebraska and Missouri. Employers have analyzed median wages and made market rate adjustments to retain employees, causing income base thresholds to rise. Furthermore, between the available job opportunities in the trade industries and within regional hospitals, increases in pay have been prevalent to attract workers to the area. The following table compares

the MFI for the assessment area, Page and Taylor Counties, non-MSA Iowa, and the state of Iowa from 2010 to 2015.

Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	Percentage Change (%)
Assessment Area	55,547	56,738	2.1
Page County, IA	57,487	60,519	5.3
Taylor County, IA	52,440	54,128	3.2
Non-MSA Iowa	61,224	61,681	0.7
State of Iowa	67,302	67,466	0.2

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

Housing Characteristics

According to 2021 FFIEC Census Data, the assessment area had a median housing value of \$80,155 and median gross rent of \$568. Overall, there are a total of 9,046 housing units in the assessment area with the majority of housing units being owner-occupied at 66.4 percent, while 21.5 percent are rental units and 12.1 percent are vacant housing units. The state of Iowa has a similar percentage of owner-occupied housing units at 65.3 percent, a higher percentage of rental units at 26.0 percent, and a lower percentage of vacant units at 8.7 percent.

A method to understand poverty and housing outcomes is to calculate 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, 35.1 percent of all renters are considered housing cost burdened. Of the cost burdened renters, 69.5 percent are low-income, and 16.0 percent are moderate-income. For homeowners, only 12.7 percent are experiencing housing cost burden within the assessment area, but similar to renters, the majority are low- and moderate-income owners at 48.4 percent and 13.0 percent, respectively. Taylor County has significantly lower rates of housing cost burden for low-income renters when compared to Page County and the state of Iowa. Additionally, moderate-income renters in Taylor County experience this burden at lower rates than Page County and significantly lower rates than the state of Iowa. However, the housing cost burden for homeowners in Taylor County is higher than Page County for both low- and moderate-income owners. This is consistent with the data that shows Page County having a higher MFI compared to Taylor County. According to FFIEC data, home mortgage trends reflect increases in home mortgage activity in

recent years across the assessment area’s counties and the broader region. These trends suggest a continued increase in demand for home purchases, causing an increase in home values, which indicates housing cost burden for low- and moderate-income homeowners will remain elevated.

Community representatives noted that increased home mortgage activity due to the low interest rate environment in recent years has limited the ability for low- and moderate- income individuals to attain housing, as overall costs have subsequently risen with demand. Housing and rental stock have historically been low in the area, although there are various plans to build additional workforce housing and smaller apartments in the town square. A Section 8 eligible apartment complex with approximately 24 units has recently been renovated and is full. Despite these efforts, two local apartment complexes, which are also Section 8 eligible, are currently in the foreclosure process which has displaced around seventy individuals. Additionally, owners of rental property have been selling rental stock, which adds to the decrease in the overall available units and subsequently adds to the waitlist for low-income housing. The following table presents the recent housing cost burden within the assessment area, Page and Taylor Counties, the non-MSA Iowa, and the state of Iowa.

MSA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	69.5%	16.0%	35.1%	48.4%	13.0%	12.7%
Page County, IA	73.6%	17.6%	38.5%	43.6%	11.1%	10.9%
Taylor County, IA	55.8%	12.3%	25.5%	56.8%	17.4%	16.9%
Non-MSA Iowa	65.2%	16.3%	32.4%	55.7%	20.9%	14.7%
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 Characteristics

Overall, all areas saw an increase in the unemployment rate in 2020, largely due to the COVID-19 pandemic, which led some employers to lay off employees. In 2021, unemployment rates across all areas declined with Taylor County having a lower unemployment rate (3.1 percent) than Page County (4.1 percent) and the state of Iowa (4.2 percent). According to the 2021 Clarinda Laborshed Report, approximately 17.8 percent of people living in Clarinda, Iowa work in other communities, with most workers commuting to Shenandoah, Iowa; Red Oak, Iowa; or Omaha, Nebraska.

Community representatives confirmed that the lower unemployment rates in Page and Taylor Counties are due to retention of major local employers and their willingness to be competitive to retain employees. Despite initial layoffs due to the COVID-19 pandemic, area manufacturers were able to quickly rehire employees, as the goods these manufacturers produce were not as

susceptible to the negative effects of the COVID-19 pandemic. During the height of the COVID-19 pandemic, a number of local employees left the workforce to start small businesses, and many have yet to return. Additionally, individuals are more selective when choosing jobs and employers. Finally, childcare scarcity has impacted area employment due to lack of local childcare facilities and care providers. The following table presents the unemployment trends for the assessment area, Page and Taylor Counties, non-MSA Iowa, and the state of Iowa from 2017 to 2021.

Unemployment Rates					
Area	2017	2018	2019	2020	2021
Assessment Area	3.3%	2.3%	2.2%	4.4%	3.8%
Page County, IA	3.8%	2.5%	2.4%	4.9%	4.1%
Taylor County, IA	2.2%	2.0%	1.8%	3.6%	3.1%
Non-MSA Iowa	3.2%	2.6%	2.7%	4.8%	4.1%
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

The assessment area is home to multiple industries with the majority in manufacturing and healthcare. The Clarinda Regional Health Center operates a hospital and clinics in Clarinda and Villisca, serving central and eastern Page County, western and central Taylor County, portions of Montgomery and Adams Counties, as well as several communities in northwest Missouri. Manufacturing companies such as Pella Corporation, Lisle Corporation, NSK-AKS Corporation, and H&H Trailers also employ a significant amount of people in the area.

According to community representatives, industries in the area have remained resilient throughout the COVID-19 pandemic, with no major closures since 2020. The only recent closure was the Clarinda Academy youth facility in 2021, which resulted in job loss; however, 75.0 percent of those individuals found alternative employment within the community. Additionally, H&H Trailer has had a tremendous amount of growth, and community representatives mentioned conversations about additional prospects interested in establishing themselves in the Clarinda, Iowa area.

Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area. Both representatives indicated a continued need for housing, including affordable housing units, especially considering the current foreclosures of existing apartment complexes in the area. Additionally, childcare is a critical need in the area, which also impacts the opportunities for both population growth and retaining

industries in the community. Commercial and retail development is also vital for the continued success of Clarinda and the surrounding area. Cornerstone Bank was identified as one of the local financial institutions that are responsive and help meet community needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

Cornerstone Bank’s loan-to-deposit (LTD) ratio is reasonable given the bank’s asset size, financial condition, and the credit needs of the assessment area. As of September 30, 2022, the bank’s 17-quarter average LTD ratio was 69.6 percent, which is comparable to its local competitors and has increased from the previous evaluation at 64.8 percent. The LTD ratio was evaluated relative to the bank’s financial condition, capacity to lend, its competitors, and its peers’ LTD ratios. Also considered were demographic factors, economic conditions, and lending opportunities present in the assessment area.

The following table illustrates the bank’s average LTD ratio for the 17 quarters since the previous evaluation dated January 22, 2019, in comparison to its local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
Cornerstone Bank	69.6
Competitors	
PCSB Bank	63.7
Tri-Valley Bank	64.3
Iowa State Savings Bank	67.1
First National Bank In Creston	70.7
First Heritage Bank	73.4

Assessment Area Concentration

A majority of the bank’s residential real estate and motor vehicle loans were originated within the assessment area. Of the 93 loans originated during the evaluation period, 86.1 percent of loans by number and 87.2 percent by dollar were originated within the assessment area. The bank’s lending concentration indicates the bank is responsive to the credit needs of consumers in the assessment area. The table below summarizes the bank’s lending inside and outside of the combined assessment area by product.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Motor Vehicle	41	78.8	\$611	75.5	11	21.2	\$199	24.5
Residential Loans	52	92.9	\$3,180	89.9	4	7.1	\$357	10.1
Total Loans	93	86.1	\$3,791	87.2	15	13.9	\$555	12.8

Geographic Distribution of Loans

The geographic distribution of residential real estate and motor vehicle loans reflects a reasonable dispersion of lending throughout the assessment area. A gap analysis was completed as part of the evaluation. Cornerstone Bank made loans in 87.5 percent of the census tracts in the assessment area. The gap analysis indicates the bank is lending to the majority of the census tracts within its assessment area. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

A detailed discussion of residential real estate and motor vehicle loans in relation to census demographics is provided below. Please refer to Appendix B for the 2019 residential lending geographic distribution table.

Residential Real Estate Lending

Residential real estate lending reflects a reasonable dispersion throughout the assessment area. The substantial majority of the bank’s residential real estate loans (97.6 percent) were originated in middle-income census tracts, which aligns with where the majority of all owner-occupied units (78.4 percent) are located. The sample included no residential real estate loans to borrowers in moderate-income census tracts in 2020, and one residential real estate loan (4.2 percent) in moderate-income census tracts in 2021, which is significantly below the percentage of owner-occupied units within these tracts (21.6 percent). The limited number of originations in the moderate-income census tracts can be attributed to the proximity of the bank’s sole location, which is centrally situated in the assessment area, to the two moderate-income census tracts that are located on the edges of the bank’s assessment area. This distance makes it more difficult for the bank to attract business from these census tracts, particularly residential real estate lending, which already has a low volume of originations.

In 2021, the middle-income census tract in Taylor County was designated as underserved due to its remote rural location. The bank originated three (12.5 percent) of its residential real estate loans within this census tract. Lending in underserved census tracts further supports the reasonableness of the bank’s geographic distribution of lending.

The bank’s geographic distribution of residential real estate loans in 2019 was consistent with the geographic distribution of residential real estate loans in 2020 and 2021. Please see Appendix B for 2019 lending tables.

Distribution of 2020 and 2021 Residential Lending By Income Level of Geography									
Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Owner Occupied Units %
	2020				2021				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	1	4.2	122	7.0	21.6
Middle	18	100.0	1,005	100.0	23	95.8	1,612	93.0	78.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	18	100.0	1,005	100.0	24	100.0	1,734	100.0	100.0

*Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.*

Motor Vehicle Lending

Motor vehicle lending reflects a reasonable dispersion throughout the assessment area. The substantial majority of the bank’s loans (97.6 percent) were originated in middle-income census tracts. The bank originated one motor vehicle loan (2.4 percent) in one of its two moderate-income census tracts, which was below the assessment area demographic of 23.9 percent. However, the majority of households (76.1 percent) are located in middle-income census tracts, and subsequently provide a significantly larger lending opportunity for the bank. Additionally, as discussed, the distance of the two moderate-income census tracts from the lone banking office creates difficulties in reaching those borrowers.

The bank originated seven (17.1 percent) of its motor vehicle loans in the middle-income census tract in Taylor County (designated as underserved due to its remote rural location), further supporting the reasonableness of geographic distribution of lending.

Distribution of 2021 Motor Vehicle Lending By Income Level of Geography					
Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	2.4	7	1.1	23.9
Middle	40	97.6	604	98.9	76.1
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	41	100.0	611	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels

Cornerstone Bank’s distribution of lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals. A detailed discussion of residential real estate and motor vehicle loans in relation to census demographics is provided below. Residential real estate lending received greater weight due to the impact of home mortgage loans originated to low- and moderate-income borrowers. Please refer to Appendix B for the 2019 residential real estate borrower distribution table.

Residential Real Estate Lending

The distribution of residential real estate loans reflects reasonable penetration among borrowers of different income levels. In 2020 and 2021, Cornerstone Bank originated 11.1 and 12.5 percent of residential real estate loans, respectively, to low-income borrowers, which was below the assessment area demographic (21.5 percent). In 2020, lending to moderate-income borrowers (22.2 percent) was slightly above the assessment area demographics (18.5 percent), while 2021 lending to moderate-income borrowers (33.3 percent) was above the demographic.

Cornerstone Bank’s lending to middle-income borrowers in 2020 and 2021 at 27.8 and 20.8 percent, respectively, was slightly below demographics. Lending to upper-income borrowers in 2020 (38.9 percent) and 2021 (33.3 percent) was above the demographic (23.8 percent). Overall, the bank’s lending to low- and moderate-income borrowers accounted for 40.5 percent of lending throughout the review period, which is comparable to the percentage of low- and moderate-income families (40.0 percent) within the assessment area. The bank’s distribution of residential real estate lending to borrowers of different income levels in 2019 was consistent with the distribution of residential real estate loans in 2020 and 2021. Please see Appendix B for 2019 lending tables.

Distribution of 2020 and 2021 Residential Lending By Borrower Income Level									
Assessment Area: IA Non MSA									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2020				2021				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	2	11.1	18	1.8	3	12.5	87	5.0	21.5
Moderate	4	22.2	97	9.7	8	33.3	644	37.1	18.5
Middle	5	27.8	292	29.1	5	20.8	542	31.3	23.8
Upper	7	38.9	599	59.6	8	33.3	461	26.6	36.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	18	100.0	1,005	100.0	24	100.0	1,734	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Motor Vehicle Lending

The distribution of motor vehicle loans reflects excellent penetration among borrowers of different income levels. A majority of the loans were originated to low- and moderate-income borrowers at 70.7 percent, which is well above the demographic (44.0 percent). The bank’s motor vehicle lending to low-income borrowers (26.8 percent) was comparable to the assessment area demographic (25.7 percent). Motor vehicle lending to moderate-income borrowers (43.9 percent) was significantly above the assessment area demographic (18.3 percent). Lending to middle-income borrowers (17.1 percent) was comparable to the assessment area demographic (18.7 percent), while lending to upper-income borrowers (9.8 percent) was significantly below the demographic (37.3 percent).

Distribution of 2021 Motor Vehicle Lending By Borrower Income Level					
Assessment Area: IA Non MSA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	11	26.8	108	17.7	25.7
Moderate	18	43.9	228	37.3	18.3
Middle	7	17.1	143	23.4	18.7
Upper	4	9.8	106	17.3	37.3
Unknown	1	2.4	26	4.3	0.0
Total	41	100.0	611	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Response to Complaints

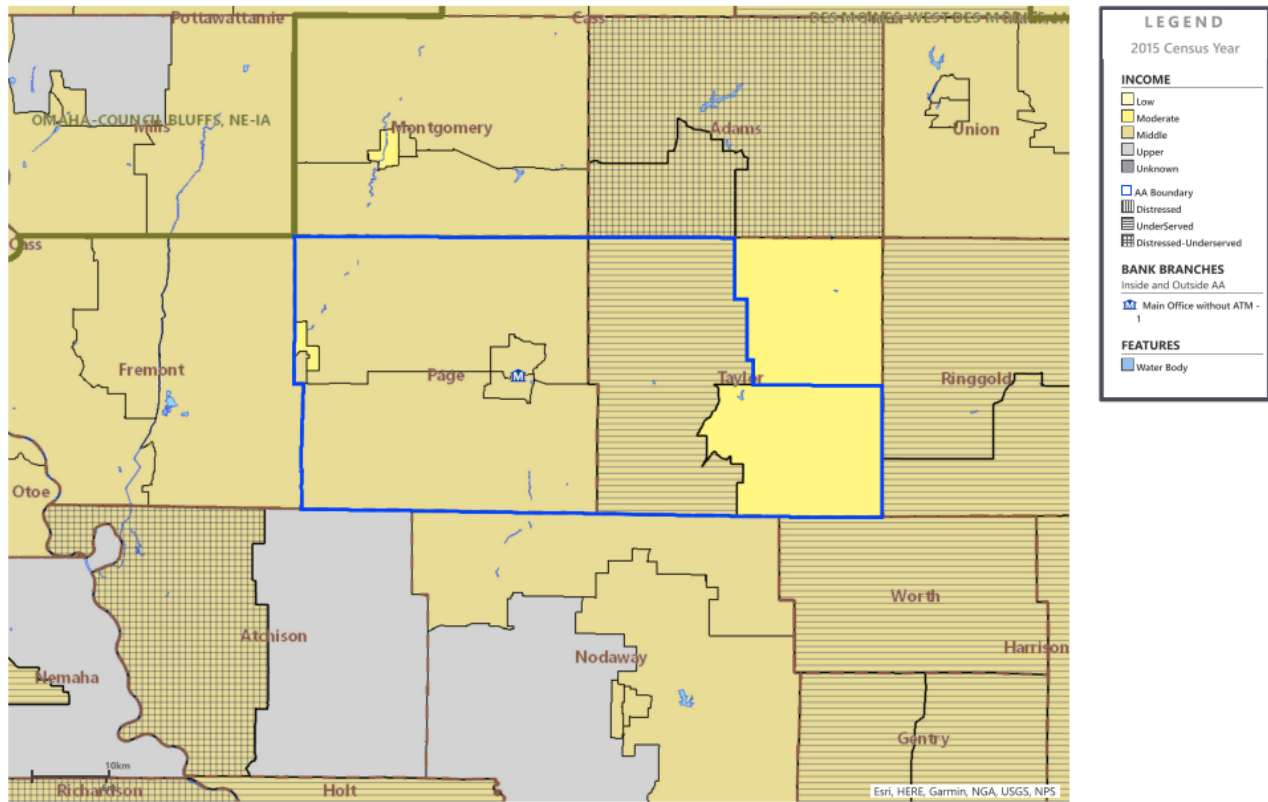
The bank or this Reserve Bank has not received any CRA-related complaints since the previous

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 – Demographic & CRA Geographic and Borrower Distribution

2019 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,105	21.5
Moderate	2	25.0	1,162	22.6	232	20.0	951	18.5
Middle	6	75.0	3,970	77.4	312	7.9	1,219	23.8
Upper	0	0.0	0	0.0	0	0.0	1,857	36.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8	100.0	5,132	100.0	544	10.6	5,132	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,178	1,299	21.6	59.6	605	27.8	274	12.6
Middle	6,868	4,711	78.4	68.6	1,340	19.5	817	11.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,046	6,010	100.0	66.4	1,945	21.5	1,091	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
	#	%	Less Than or =		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	209	23.7	188	23.5	17	27.9	4	19.0
Middle	673	76.3	612	76.5	44	72.1	17	81.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	882	100.0	800	100.0	61	100.0	21	100.0
Percentage of Total Businesses:			90.7		6.9		2.4	
	Total Farms by Tract		Farms by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	33	13.9	33	13.9	0	0.0	0	0.0
Middle	205	86.1	204	86.1	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	238	100.0	237	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.6		0.4		0.0	
<i>Source: 2019 FFIEC Census Data</i>								
<i>2019 Data & Bradstreet Data</i>								
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Distribution of 2019 Residential Lending By Income Level of Geography					
Assessment Area: IA Non MSA					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	21.6
Middle	10	100.0	441	100.0	78.4
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	10	100.0	441	100.0	100.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2019 Residential Lending By Borrower Income Level					
Assessment Area: IA Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	1	10.0	8	1.8	21.5
Moderate	3	30.0	209	47.4	18.5
Middle	2	20.0	60	13.6	23.8
Upper	4	40.0	165	37.4	36.2
Unknown	0	0.0	0	0.0	0.0
Total	10	100.0	441	100.0	100.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2020 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,105	21.5
Moderate	2	25.0	1,162	22.6	232	20.0	951	18.5
Middle	6	75.0	3,970	77.4	312	7.9	1,219	23.8
Upper	0	0.0	0	0.0	0	0.0	1,857	36.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8	100.0	5,132	100.0	544	10.6	5,132	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,178	1,299	21.6	59.6	605	27.8	274	12.6
Middle	6,868	4,711	78.4	68.6	1,340	19.5	817	11.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,046	6,010	100.0	66.4	1,945	21.5	1,091	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or =		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	217	24.2	196	24.0	17	27.9	4	20.0
Middle	681	75.8	621	76.0	44	72.1	16	80.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	898	100.0	817	100.0	61	100.0	20	100.0
Percentage of Total Businesses:				91.0		6.8		2.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	33	13.5	33	13.6	0	0.0	0	0.0
Middle	211	86.5	210	86.4	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	244	100.0	243	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.6		0.4		0.0
Source: 2020 FFIEC Census Data								
2020 Dun & Bradstreet Data								
2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Residential Real Estate Loans: January 23, 2019 – December 31, 2021 Motor Vehicle Loans: January 1, 2021 - December 31, 2021		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Cornerstone Bank Clarinda, IA			Residential Real Estate Loans Motor Vehicle Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	None		None
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Iowa Non-MSA	Full scope review	None	Not Applicable

APPENDIX D – 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.²

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

² 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, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

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

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

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

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

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