

PUBLIC DISCLOSURE

November 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Rolling Hills Bank and Trust
RSSD# 882242

1307 East 7th Street
Atlantic, Iowa 50022

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

Rolling Hills Bank and Trust is rated Satisfactory.

The bank is meeting the credit needs of the communities within its assessment areas. The bank's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the loans are in the assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The borrower distribution reflects reasonable penetration of loans to businesses and farms of different sizes. There were no CRA-related complaints received by the institution or by this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

Rolling Hills Bank and Trust's CRA performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Small Institution Examination Procedures. The bank's CRA performance was evaluated in the context of information about the institution and its assessment area including asset size, financial condition, competition, and economic and demographic characteristics.

The bank has six assessment areas in the states of Iowa, Minnesota, and Wyoming. The Southwest Iowa Non-Metropolitan Statistical Area (Southwest Iowa Non-MSA), Minnesota Non-Metropolitan Statistical Area (Minnesota Non-MSA), and Wyoming Non-Metropolitan Statistical Area (Wyoming Non-MSA) all received a full-scope review. Full scope review areas were selected based on the distribution of the bank's branch locations, volume of deposits and small business and small farm lending, and consideration given to each individual state in which the bank operates. Additional weight was given to the Southwest Iowa Non-MSA given the deposit and loan volume for that area. The evaluation also placed additional emphasis on small farm loans given that agricultural loans comprise 57.9 percent of the bank's portfolio.

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

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated from January 1, 2020 – December 31, 2020, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated within the assessment area, from January 1, 2020

- December 31, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Businesses and Farms of Different Sizes*** – A sample of the bank’s small business and small farm loans originated within the assessment area from January 1, 2020 – December 31, 2020, were reviewed to determine the distribution to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

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

DESCRIPTION OF INSTITUTION

Rolling Hills Bank and Trust is a wholly-owned subsidiary of Anita Bancorporation, a one-bank holding company located in Atlantic, Iowa. In addition to the main office, the bank operates 12 full-service branches and nine automated teller machines (ATMs), of which three are full-service and six are cash-only. All ATMs are located at the branch facilities. No branches or ATMs have been opened or closed since the previous evaluation. The bank’s main office is located in Atlantic, Iowa, approximately 80 miles west of Des Moines, Iowa. The geographical areas served by the bank are a portion of the Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA) #19780; a portion of the Omaha-Council Bluffs NE-IA MSA #36540; West Non-MSA Iowa, Southwest Iowa Non-MSA; Wyoming Non-MSA, and Minnesota Non-MSA. A list of the bank’s branches is in the table below.

Rolling Hills Bank and Trust Branch Listing			
Assessment Area	Branch Name	County	City and State
Southwest Iowa Non-Metropolitan Statistical Area	Atlantic (Main Office)	Cass	Atlantic, Iowa
	Anita		Anita, Iowa
	Griswold		Griswold, Iowa
	Stuart	Adair	Stuart, Iowa
	Adair		Adair, Iowa
Omaha-Council Bluffs, NE-IA MSA #36540	Carson	Pottawattamie	Carson, Iowa
	Walnut		Walnut, Iowa
Des Moines-West Des Moines, Iowa MSA #19780	Casey	Guthrie	Casey, Iowa
	Menlo		Menlo, Iowa
West Iowa Non-Metropolitan Statistical Area	Rippey	Greene	Rippey, Iowa
Minnesota Non-Metropolitan Statistical Area	Brewster	Nobles	Brewster, Minnesota
	Worthington		Worthington, Minnesota
Wyoming Non-Metropolitan Statistical Area	Wheatland	Platte	Wheatland, Wyoming

As of September 30, 2021, the bank’s Uniform Bank Performance Report (UBPR) reported assets of \$376.6 million. The bank offers a full range of traditional deposit and loan products to help meet the banking needs of consumers, businesses, and farms operating in its assessment area. Primary loan products include commercial loans and agricultural loans. The bank also originates consumer-purpose loan products include home purchase, home refinance, residential construction, home improvement, and various consumer installment loans. Deposit products include traditional checking and savings accounts, money market checking accounts, and certificates of deposit.

Loan Portfolio Composition as of September 30, 2021		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Agricultural	149,908	58.0
Commercial	91,000	35.2
Residential Real Estate	11,113	4.3
Consumer	3,081	1.2
Other	3,465	1.3
Total	258,567	100.0

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

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 November 6, 2017.

DESCRIPTION OF ASSESSMENT AREAS

The Southwest Iowa Non-Metropolitan Statistical Area (Southwest Iowa Non-MSA) assessment area is comprised of Cass County in its entirety, Adair County (two of three census tracts) Audubon County (one of three census tracts), Montgomery County (one of four census tracts), and Shelby County (one of four census tracts). The bank operates its main office, four branches, and five ATMs (three full-service and two cash-only) in the assessment area.

The Des Moines-West Des Moines, IA MSA #19780 (Des Moines MSA) in its entirety is comprised of Guthrie, Dallas, Madison, Polk, and Warren Counties; however, the bank only delineates Guthrie County in its entirety and three of the 15 census tracts in the adjacent Dallas County as its assessment area. The assessment area includes six census tracts, of which three are moderate-income and three are middle-income. The bank operates two branch offices and no ATMs in the assessment area. While it maintains the metropolitan statistical area designation, Guthrie County and the tracts taken in Dallas County are predominantly rural.

The West Iowa Non-Metropolitan Statistical Area (West Iowa Non-MSA) assessment area consists of portions of Boone County (two of seven census tracts) and Greene County (three of four census tracts). The assessment area consists of five middle-income census tracts. Although the assessment area has not changed since the previous evaluation, the Office of Management and Budget (OMB) census tract changes re-designated Boone County as part of the Ames, IA MSA #11180. However, since the bank does not have a deposit-taking ATM or branch location within Boone County, nor does the assessment area delineation extend substantially beyond the MSA border, the delineation will remain as part of the Iowa Non MSA West assessment area.

The Omaha-Council Bluffs, NE-IA MSA #36540 (Omaha MSA) in its entirety is composed of eight counties, three Iowa counties (Pottawattamie, Harrison, and Mills) and five Nebraska counties (Cass, Douglas, Sarpy, Saunders, and Washington). However, the bank solely delineates three census tracts in Pottawattamie County, Iowa as its assessment area. While it maintains the metropolitan statistical area designation, the assessment area is predominantly rural. The bank operates two branches with two cash-only ATMs in the assessment area.

The Minnesota Non-Metropolitan Statistical Area (Minnesota Non-MSA) assessment area is comprised of Noble County in its entirety with a total of six census tracts. The assessment area is primarily rural in nature and has not changed since the previous evaluation. The bank operates two branches and one cash-only ATM in the assessment area.

The Wyoming Non-Metropolitan Statistical Area (Wyoming Non-MSA) assessment area is comprised of Platte and Goshen Counties in their entireties, for a total of six census tracts. Four census tracts are designated as middle-income while two are designated as moderate-income. The assessment area is primarily rural in nature and the FFIEC designates census tract 9591 in Platte County as underserved due to its remote and rural location. The bank operates one branch and one

cash-only ATM in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's most recent LTD ratio was 80.2 percent, with a 17-quarter average of 95.1 ending September 30, 2021. Overall, the bank's LTD ratio has trended downward during the 17-quarter time frame. This trend is consistent with other financial institutions across the assessment areas which have experienced elevated deposit levels in recent years. Despite the decrease, the bank's LTD ratio is greater than its local competitors.

The following table compares the bank's LTD ratio for the 17-quarters end September 30, 2021, with that of its local competitors.

Comparative Loan-to-Deposit Ratios as of September 30, 2021	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
Rolling Hills Bank and Trust	95.1
Competitors	
Houghton State Bank	83.0
Treynor State Bank	35.5
Platte Valley Bank	94.8
FNB Bank	94.9
United Prairie Bank	92.2
Midstates Bank NA	71.6
First Whitney Bank TC	73.4
Exchange State Bank	63.3
First State Bank Southwest	63.8

Assessment Area Concentration

The following table summarizes the bank's lending inside and outside its assessment area by product. Overall, a majority of loans (89.2 percent by number and 87.5 percent by dollar) were originated within the bank's combined assessment areas. This assessment area concentration is higher than the bank's prior concentration of 83.8 percent by number and 73.2 percent by dollar, noted in the previous Performance Evaluation dated November 6, 2017.

Of the 46 small business loans and 70 small farm loans included in the sample during the evaluation period, 83.6 and 93.3 percent by number, respectively, were originated within the combined assessment area.

Lending Inside and Outside the Assessment Area								
Sample of Small Business and Small Farm Loans Originated January 1, 2020 to December 31, 2020								
	Inside				Outside			
Loan Type	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	46	83.6	5,793	84.1	9	16.4	1,094	15.9
Small Farm	70	93.3	5,598	91.3	5	6.7	531	8.7
Total Loans	116	89.2	11,392	87.5	14	10.8	1,625	12.5
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>								

Geographic and Borrower Distribution

Rolling Hills Bank and Trust achieved reasonable geographic distribution of its loans based on its performance in the assessment areas subject to full review. Please refer to the state and assessment area summaries for details.

Rolling Hills Bank and Trust’s distribution of loans reflects reasonable penetration among businesses and farms of different revenue sizes. The conclusion is based on the bank’s record of lending to small businesses and farms in full-review assessment areas. Please refer to the state and assessment area summaries for details.

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.

STATE OF IOWA

Rolling Hills Bank and Trust is rated Satisfactory in the state of Iowa based on reasonable penetration of loans among businesses and farms of different sizes and reasonable dispersion of these loans throughout the assessment areas including the moderate-income census tracts.

SCOPE OF EXAMINATION

The scope for the assessment area is consistent with the scope presented in the overall scope section. Please refer to the overall section for detailed information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

Rolling Hills Bank and Trust's operations in the state of Iowa consist of four assessment areas: Southwest Iowa Non-MSA, Des Moines MSA, West Iowa Non-MSA, and Omaha MSA. The bank's main office, nine branches, three full-service ATMs, and four cash-only ATMs are located in the state of Iowa. Please refer to the individual assessment area summaries for demographic and economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

LENDING TEST

Rolling Hills Bank and Trust's performance relative to the lending test in Iowa is satisfactory based on reasonable penetration of loans among businesses and farms of different sizes, and reasonable dispersion of these loans throughout the assessment area. The Southwest Iowa Non-MSA assessment area is the only full review assessment area in the state of Iowa and therefore is the basis of the rating. Please refer to the individual assessment area summary sections for details.

Geographic and Borrower Distribution

The geographic distribution of small business and small farm loans reflects reasonable dispersion throughout the full-review assessment area in the state of Iowa. In addition, the distribution reflects reasonable penetration among businesses and farms of different sizes as supported by a review of small business and small farm loans. Please refer to the individual assessment area summary sections for details.

SOUTHWEST IOWA NON-MSA – FULL REVIEW

SCOPE OF EXAMINATION

The scope for the assessment area is consistent with the scope presented in the overall scope section. Please refer to the scope in the introduction section for more detailed information.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTHWEST IOWA NON-MSA

Rolling Hills Bank and Trust maintains operations in the Southwest Iowa Non-MSA through its main office, four branch locations, three full-service ATMs, and two cash-only ATMs. There have been no openings or closings of bank branches or ATMs since the previous evaluation. The assessment area consists of Cass County in its entirety and portions of Adair, Audubon, Montgomery, and Shelby Counties. The bank delineates two of the three census tracts (9601.00 and 9602.00) in Adair County, one of three census tracts (703.00) in Audubon County, one of the four census tracts (9601.00) in Montgomery County, and one of the four census tracts (9601.00) in Shelby County. Overall, the assessment area includes 10 census tracts, only one of which is designated as moderate-income. The one census tract delineated in Audubon County (703.00) was designated as underserved due to their rural and remote location and distressed due to population loss in both 2019 and 2020. Two census tracts delineated in Adair County (9601.00 and 9602.00) were designated as underserved in both 2019 and 2020 due to their rural and remote locations. The assessment area remains unchanged since the previous evaluation.

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2021, ranks Rolling Hills Bank and Trust fourth among 21 FDIC-insured institutions operating in the assessment area. The bank has a 6.6 percent market share, compared to the market leader Wells Fargo Bank N.A. which has 38.4 percent of the assessment area’s FDIC-insured deposits.

Select demographics of the assessment area in 2020 are presented in the following table.

Assessment Area: 2020 IA Non MSA Southwest								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,460	20.8
Moderate-income	1	10.0	754	10.7	121	16.0	1,499	21.3
Middle-income	9	90.0	6,278	89.3	415	6.6	1,728	24.6
Upper-income	0	0.0	0	0.0	0	0.0	2,345	33.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	10	100.0	7,032	100.0	536	7.6	7,032	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,442	848	10.4	58.8	525	36.4	69	4.8
Middle-income	10,433	7,321	89.6	70.2	2,211	21.2	901	8.6
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	11,875	8,169	100.0	68.8	2,736	23.0	970	8.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	233	16.1	201	15.5	29	25.0	3	8.3
Middle-income	1,212	83.9	1,092	84.5	87	75.0	33	91.7
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
Total Assessment Area	1,445	100.0	1,293	100.0	116	100.0	36	100.0
	Percentage of Total Businesses:			89.5		8.0		2.5
	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	10	1.9	10	1.9	0	0.0	0	0.0
Middle-income	510	98.1	506	98.1	4	100.0	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
Total Assessment Area	520	100.0	516	100.0	4	100.0	0	0.0
	Percentage of Total Farms:			99.2		0.8		0.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Change

Per the U.S. Census Bureau, all the counties within the assessment area experienced a decrease in population from 2010 to 2015. In 2010, the total population for the assessment area was 50,664, while in 2015, the total population fell to 49,342. Audubon County maintains the smallest population among all the counties in the assessment area, at 5,869, and experienced the greatest decrease in population at 4.1 percent. One contact noted that population loss in Audubon County specifically can be attributed to individuals moving to communities closer to the Interstate 80 corridor, as most economic growth is occurring there. Cass County was the most populous county among the counties in the assessment area with a population of 13,590. Shelby County experienced the smallest rate of loss at 1.4 percent. Overall, the state of Iowa experienced a population increase of 1.6 percent, outperforming all the counties within the assessment area. The population increase throughout the state of Iowa takes into account the considerable growth seen in the metropolitan areas throughout the state, as the rural assessment areas evaluated have all seen population decline and community contacts cite younger populations moving to metropolitan areas as a significant reason.

Population Change 2010 and 2011-2015			
Area	2010 Population	2011-2015 Population	Percentage Change (%)
Assessment Area	50,664	49,342	-2.6
Adair County, IA	7,682	7,426	-3.3
Audubon County, IA	6,119	5,869	-4.1
Cass County, IA	13,956	13,590	-2.6
Montgomery County, IA	10,740	10,465	-2.6
Shelby County, IA	12,167	11,992	-1.4
Non-MSA Iowa	1,261,493	1,250,756	-0.9
State of Iowa	3,046,355	3,093,526	1.5
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011 – 2015 U.S. Census Bureau American Community Survey</i>			

Income Characteristics

According to the U.S. Census Bureau, all counties within the assessment area, except Shelby County, experienced a decrease in median family income from 2011 to 2015. In 2015, Shelby County had both the highest median family income among the counties in the assessment area, at \$64,782, and the greatest increase in median family income between 2011 and 2015, at 7.1 percent. Adair County exhibited the greatest decrease in median family income between 2011 and 2015 at 5.8 percent. The median family income in Cass County was the lowest among the assessment area at \$52,165. The median family income in the assessment area was \$57,255, which was lower than the state of Iowa at \$67,466.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	57,374	57,255	-0.2
Adair County, IA	62,383	58,738	-5.8
Audubon County, IA	63,857	61,224	-4.1
Cass County, IA	53,232	52,165	-2.0
Montgomery County, IA	55,095	54,088	-1.8
Shelby County, IA	60,462	64,782	7.1
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 2020 FFIEC Census data, there are a total of 11,875 housing units in the assessment area. The majority of housing units are owner-occupied at 68.8 percent, while 23.0 percent are rental units. Only 8.2 percent of housing units are vacant in the assessment area. Within the moderate-income tract, owner-occupied units comprise 58.8 percent of housing units, rental units make up 36.4 percent, and vacant units comprise 4.8 percent. The lower percentage of owner-occupied housing in the moderate-income census tract compared to the middle-income census tracts indicates fewer lending opportunities in those areas, especially considering there is only one moderate-income census tract in the assessment area. One contact indicated the need for affordable housing in the assessment area. A contact indicated new homes in the area are appraised for less than the cost to build them, which discourages investors in the area.

The table below presents the recent housing cost burden within the assessment area, Iowa Non-MSA, and the state of Iowa. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. Renters in the assessment area experience this burden at a lower rate than those in non-MSA Iowa and state of Iowa. Owners in the assessment area experience this burden at a lower rate for the state of Iowa, however, at a slightly higher rate than non-MSA Iowa. Overall, housing is generally more affordable in the assessment area; however, low-income renters and owners in the assessment area experience this burden in excess of 50.0 percent, similar to the rest of the state of Iowa, which is indicative that these households are severely cost burdened and in need of affordable housing. The cost burden among moderate-income renters and owners in the assessment area is significantly lower than that of the other geographies at 10.5 and 18.0 percent, respectively. This metric suggests that these households may have a better repayment capacity for consumer loans than households in other areas. Community representatives indicated housing, especially affordable housing, is limited and in high demand. As a result, this can drive the costs

up and affordability down. Please review the table below for more detail on trends in housing costs across the noted areas.

Housing Cost Burden (%)						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	63.0%	10.5%	31.2%	54.6%	18.0%	15.0%
Adair County, IA	50.7%	27.6%	30.0%	60.0%	18.2%	15.0%
Audubon County, IA	65.5%	9.7%	29.4%	40.8%	14.9%	12.2%
Cass County, IA	68.6%	5.6%	30.7%	58.0%	12.6%	13.6%
Montgomery County, IA	72.2%	5.5%	36.3%	45.7%	9.5%	15.8%
Shelby County, IA	48.5%	17.4%	26.9%	66.1%	30.2%	17.1%
Iowa Non-MSA	64.3%	14.3%	32.8%	54.3%	20.8%	14.9%
State of Iowa	71.3%	21.3%	38.2%	57.5%	25.1%	15.4%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

Employment and Industry Characteristics

Unemployment across the assessment area and in the state of Iowa trended downward between 2016 and 2019 and then experienced an uptick in 2020. As of 2020, all counties in the assessment area experienced lower unemployment rates than the state of Iowa as a whole. In 2020, Montgomery County had the highest unemployment rate among the counties in the assessment area at 4.7 percent. Despite its decreases in both population and median family income, Audubon County’s unemployment rate is the lowest among the counties in the assessment area. In 2020, with the onset of the COVID-19 pandemic, both the economy and the workforce were negatively affected. As of 2020, unemployment trends are consistent with the state of Iowa overall. The economy is well diversified with jobs in construction, manufacturing, accommodation and food services, and retail trade making up most employment opportunities in the area according to a report from the Bureau of Labor Statistics. One community contact stated that MANCO and AMVC continue to be the most prominent manufacturing employers in the area.

Unemployment Rates (%)					
Area	2016	2017	2018	2019	2020
Assessment Area	3.2%	3.0%	2.4%	2.5%	3.9%
Adair County, IA	2.9%	2.8%	2.4%	2.3%	4.0%
Audubon County, IA	3.3%	3.1%	2.5%	2.5%	3.4%
Cass County, IA	3.2%	3.6%	2.7%	2.8%	3.9%
Montgomery County, IA	3.5%	3.1%	2.5%	2.7%	4.7%
Shelby County, IA	2.9%	2.4%	2.0%	2.1%	3.6%
Non-MSA Iowa	3.8%	3.2%	2.7%	2.9%	4.9%
State of Iowa	3.6%	3.1%	2.6%	2.8%	5.3%

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

Community Representatives

Two community representatives in the area with focuses on economic development and agriculture were contacted in the Southwest Iowa Non-MSA assessment area. Contacts indicated economic conditions in the area were relatively stable. The community's greatest need is more workers to fill available jobs. One contact also noted that financial institutions are quick to meet the needs of the communities they serve, and funding is always readily available for most community projects.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTHWEST IOWA NON-MSA

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of small business and small farm loans reflect reasonable dispersion throughout the assessment area. There are no conspicuous geographic lending gaps within the assessment area. A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

The geographic distribution of small business lending reflects reasonable penetration throughout the assessment area. In 2020, Rolling Hills Bank and Trust originated 9.1 percent of its small business loans sampled in the one moderate-income tract, which was lower than the percentage of total businesses operating in the moderate-income census tract at 16.1 percent. The majority of the bank's small business loans by number were originated in middle-income census tracts, at 90.9 percent. These lending patterns were above the percentage of total businesses operating in middle-income census tracts at 83.9 percent.

The following table presents the bank's 2020 small business lending compared to the selected demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 IA Non MSA Southwest						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	3	9.1	249	7.5	16.1
	Middle	30	90.9	3,064	92.5	83.9
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	33	100.0	3,313	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

The geographic distribution of small farm loans reflects reasonable penetration throughout the assessment area. In 2020, Rolling Hills Bank and Trust originated 7.5 percent of its sample of small farm loans in the moderate-income census tract, which is greater than the percentage of total farms operating in that tract at 1.9 percent. The majority of the bank’s small farm loans by number were originated in middle-income census tracts, at 92.5 percent. These lending patterns were consistent with the percentage of total farms operating in middle-income census tracts at 98.1 percent.

The following table presents the bank’s 2020 small farm lending compared to the selected demographic data.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 IA Non MSA Southwest						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	3	7.5	387	11.2	1.9
	Middle	37	92.5	3,070	88.8	98.1
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	40	100.0	3,457	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses and Farms of Different Sizes

Rolling Hills Bank and Trust’s distribution of loans reflects reasonable penetration among businesses and farms of different sizes. Small farm lending received greater weight for this analysis as it is the primary loan product of the bank.

Small Business Lending

The distribution of the sample of small business loans reflects excellent penetration among businesses of different revenue sizes. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its small business loans to businesses with annual revenues of \$1 million or less, which is greater than the percentage of small businesses operating in the assessment area at 89.5 percent. This was a significant increase from the previous performance evaluation where 65.9 percent of small business loans during the review period were originated to small businesses. Of the sample of 33 loans originated to small businesses, 75.8 percent were originated in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

The following table presents the bank’s 2020 small business lending compared to the selected demographic data.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2020 IA Non MSA Southwest								
Product Type		Bank & Demographic Comparison						
		2020		2020		Total Businesses %		
		Count Bank		Dollar Bank				
		#	%	\$ 000s	\$ %			
Small Business	Revenue	\$1 Million or Less	33	100.0	3,313	100.0	89.5	
		Over \$1 Million	0	0.0	0	0.0	8.0	
		Unknown	0	0.0	0	0.0	2.5	
		Total	33	100.0	3,313	100.0	100.0	
	Loan Size	\$100,000 or Less	25	75.8	688	20.8		
		\$100,001 - \$250,000	5	15.2	880	26.6		
		\$250,001 - \$1 Million	3	9.1	1,745	52.7		
		Total	33	100.0	3,313	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	25	75.8	688	20.8		
		\$100,001 - \$250,000	5	15.2	880	26.6		
		\$250,001 - \$1 Million	3	9.1	1,745	52.7		
		Total	33	100.0	3,313	100.0		
Originations & Purchases								
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its small farm loans to farms with annual revenues of \$1 million or less, consistent with the percentage of small farms operating in the area at 99.2 percent. Of the sample of 40 loans originated to small farms, 72.5 percent were originated in amounts of \$100,000 or less, which are considered the most beneficial to small farms.

The following table presents the bank’s 2020 small farm lending compared to the selected demographic data.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA Southwest							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Farms	
Revenue	Loan Size	Count	Dollar				
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	40	100.0	3,457	100.0	99.2
		Over \$1 Million	0	0.0	0	0.0	0.8
		Unknown	0	0.0	0	0.0	0.0
		Total	40	100.0	3,457	100.0	100.0
	Loan Size	\$100,000 or Less	29	72.5	1,314	38.0	
		\$100,001 - \$250,000	9	22.5	1,443	41.7	
		\$250,001 - \$500,000	2	5.0	700	20.2	
		Total	40	100.0	3,457	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	29	72.5	1,314	38.0	
		\$100,001 - \$250,000	9	22.5	1,443	41.7	
		\$250,001 - \$500,000	2	5.0	700	20.2	
		Total	40	100.0	3,457	100.0	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

OMAHA MSA – LIMITED REVIEW

SCOPE OF EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section. Please refer to the scope in the introduction section for more detailed information.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN OMAHA MSA

The Omaha-Council Bluffs NE-IA MSA #36540 in its entirety is comprised of eight counties; three Iowa counties (Pottawattamie, Harrison, and Mills) and five Nebraska counties (Cass, Douglas, Sarpy, Saunders, and Washington). However, the bank solely delineates three census tracts in Pottawattamie County, Iowa as its assessment area. While it maintains the metropolitan statistical area designation, the assessment area is predominantly rural and has not changed since the previous evaluation. The bank operates two branches with two cash-only ATMs in the assessment area. There have been no branch or ATM openings or closing since the previous evaluation.

The FDIC’s Deposit Market Share Report dated June 30, 2021, ranks Rolling Hills Bank and Trust 10th among 12 FDIC-insured institutions operating in the assessment area. The bank has a 1.6 percent market share, compared to the market leader, U.S. Bank, which has 23.7 percent of the assessment area’s FDIC-insured deposits.

Select demographics of the assessment area in 2020 are presented in the following table.

Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540								
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	320	15.8
Moderate-income	0	0.0	0	0.0	0	0.0	443	21.9
Middle-income	3	100.0	2,022	100.0	93	4.6	517	25.6
Upper-income	0	0.0	0	0.0	0	0.0	742	36.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3	100.0	2,022	100.0	93	4.6	2,022	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	3,228	2,238	100.0	69.3	700	21.7	290	9.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	3,228	2,238	100.0	69.3	700	21.7	290	9.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	415	100.0	375	100.0	31	100.0	9	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	415	100.0	375	100.0	31	100.0	9	100.0
Percentage of Total Businesses:			90.4		7.5		2.2	
	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	150	100.0	149	100.0	1	100.0	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
Total Assessment Area	150	100.0	149	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.3		0.7		0.0	
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OMAHA MSA

LENDING TEST

The institution’s lending performance in the area is consistent with the institution’s lending performance in Iowa.

The tables below present the geographic and borrower distribution for the sample of small business and small farm loans in the assessment area for the review period.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	1	100.0	800	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	1	100.0	800	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	8	100.0	629	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	8	100.0	629	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	1	100.0	800	100.0	90.4
		Over \$1 Million	0	0.0	0	0.0	7.5
		Unknown	0	0.0	0	0.0	2.2
		Total	1	100.0	800	100.0	100.0
	Loan Size	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	1	100.0	800	100.0	
		Total	1	100.0	800	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	1	100.0	800	100.0	
		Total	1	100.0	800	100.0	

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	8	100.0	629	100.0	99.3
		Over \$1 Million	0	0.0	0	0.0	0.7
		Unknown	0	0.0	0	0.0	0.0
		Total	8	100.0	629	100.0	100.0
	Loan Size	\$100,000 or Less	6	75.0	149	23.7	
		\$100,001 - \$250,000	1	12.5	180	28.6	
		\$250,001 - \$500,000	1	12.5	300	47.7	
		Total	8	100.0	629	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	6	75.0	149	23.7	
		\$100,001 - \$250,000	1	12.5	180	28.6	
		\$250,001 - \$500,000	1	12.5	300	47.7	
		Total	8	100.0	629	100.0	

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

DES MOINES MSA - LIMITED REVIEW

SCOPE OF EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section. Please refer to the scope in the introduction section for more detailed information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DES MOINES MSA

The Des Moines-West Des Moines, IA MSA #17980 in its entirety is comprised of Guthrie, Dallas, Madison, Polk, and Warren Counties; however, the bank only delineates Guthrie County in its entirety and three of the 15 census tracts in the adjacent Dallas County as its assessment area. While it maintains the metropolitan statistical area designation, Guthrie County and the tracts taken in Dallas County are predominantly rural. The assessment area consists of three middle- and three moderate-income census tracts and has not changed since the previous evaluation. The bank operates two branch offices, one of which is in a moderate-income census tract. The bank does not operate any ATMs in the assessment area. No branches or ATMs have been opened or closed since the previous evaluation.

The FDIC's Deposit Market Share Report dated June 20, 2021, ranks Rolling Hills Bank and Trust 21st among 28 FDIC-insured institutions operating in the assessment area. The bank has a 1.0 percent market share, compared to the market leader Raccoon Valley Bank which has 12.4 percent of the assessment area's FDIC-insured deposits.

Select demographics of the assessment area in 2020 are presented in the following table.

Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,450	26.1
Moderate-income	3	50.0	3,099	55.8	355	11.5	1,284	23.1
Middle-income	3	50.0	2,459	44.2	139	5.7	1,334	24.0
Upper-income	0	0.0	0	0.0	0	0.0	1,490	26.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	6	100.0	5,558	100.0	494	8.9	5,558	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	5,445	3,189	52.3	58.6	1,469	27.0	787	14.5
Middle-income	4,498	2,907	47.7	64.6	572	12.7	1,019	22.7
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
Total Assessment Area	9,943	6,096	100.0	61.3	2,041	20.5	1,806	18.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	538	49.2	495	49.1	36	58.1	7	30.4
Middle-income	556	50.8	514	50.9	26	41.9	16	69.6
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,094	100.0	1,009	100.0	62	100.0	23	100.0
	Percentage of Total Businesses:			92.2		5.7		2.1
	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	55	22.0	54	21.9	1	33.3	0	0.0
Middle-income	195	78.0	193	78.1	2	66.7	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
Total Assessment Area	250	100.0	247	100.0	3	100.0	0	0.0
	Percentage of Total Farms:			98.8		1.2		0.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DES MOINES MSA

LENDING TEST

The institution’s lending performance in the area is consistent with the institution’s lending performance in Iowa.

The tables below present the bank’s 2020 geographic and borrower distribution for the sample of small business and small farm loans reviewed.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	2	40.0	237	24.3	49.2
	Middle	3	60.0	738	75.7	50.8
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	5	100.0	975	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	4	44.4	239	51.0	22.0
	Middle	5	55.6	230	49.0	78.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	9	100.0	469	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Product Type		Bank & Demographic Comparison						
		2020						
		Count Bank		Dollar Bank		Total Businesses		
#	%	\$ 000s	\$ %	%				
Small Business	Revenue	\$1 Million or Less	5	100.0	975	100.0	92.2	
		Over \$1 Million	0	0.0	0	0.0	5.7	
		Unknown	0	0.0	0	0.0	2.1	
		Total	5	100.0	975	100.0	100.0	
	Loan Size	\$100,000 or Less	3	60.0	69	7.1		
		\$100,001 - \$250,000	1	20.0	230	23.6		
		\$250,001 - \$1 Million	1	20.0	676	69.3		
		Total	5	100.0	975	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	3	60.0	69	7.1		
		\$100,001 - \$250,000	1	20.0	230	23.6		
		\$250,001 - \$1 Million	1	20.0	676	69.3		
		Total	5	100.0	975	100.0		
Originations & Purchases								
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Product Type		Bank & Demographic Comparison						
		2020						
		Count Bank		Dollar Bank		Total Farms		
#	%	\$ 000s	\$ %	%				
Small Farm	Revenue	\$1 Million or Less	9	100.0	469	100.0	98.8	
		Over \$1 Million	0	0.0	0	0.0	1.2	
		Unknown	0	0.0	0	0.0	0.0	
		Total	9	100.0	469	100.0	100.0	
	Loan Size	\$100,000 or Less	7	77.8	194	41.4		
		\$100,001 - \$250,000	2	22.2	275	58.6		
		\$250,001 - \$500,000	0	0.0	0	0.0		
		Total	9	100.0	469	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	7	77.8	194	41.4		
		\$100,001 - \$250,000	2	22.2	275	58.6		
		\$250,001 - \$500,000	0	0.0	0	0.0		
		Total	9	100.0	469	100.0		
Originations & Purchases								
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

WEST IOWA NON-MSA – LIMITED REVIEW

SCOPE OF EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section. Please refer to the scope in the introduction section for more detailed information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WEST IOWA NON-MSA

The West Iowa Non-MSA assessment area consists of portions of Boone County (two of seven census tracts), and Greene County (three of four census tracts). All census tracts are designated as middle-income. Although the assessment area has not changed since the previous evaluation, the OMB re-designated Boone County as part of the Ames, IA MSA #11180. However, since the bank does not have a deposit-taking ATM or branch location within Boone County, nor does the assessment area delineation extend substantially beyond the MSA border, the delineation will remain as part of the West Non-Metropolitan Iowa assessment area. The bank maintains one branch office in this assessment area. No ATMs are located in this assessment area. No branches or ATMs have been opened or closed since the previous evaluation.

The FDIC's Deposit Market Share Report dated June 30, 2021, ranks Rolling Hills Bank and Trust 12th among 13 FDIC-insured institutions operating in the assessment area. The bank has a 1.1 percent market share, compared to the market leader Home State Bank, which has 22.6 percent of the assessment area's FDIC-insured deposits.

Select demographics of the assessment area in 2020 are presented in the following table.

Assessment Area: 2020 IA Non MSA West								
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	817	21.1
Moderate-income	0	0.0	0	0.0	0	0.0	712	18.4
Middle-income	5	100.0	3,876	100.0	392	10.1	908	23.4
Upper-income	0	0.0	0	0.0	0	0.0	1,439	37.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5	100.0	3,876	100.0	392	10.1	3,876	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	6,261	4,330	100.0	69.2	1,196	19.1	735	11.7
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
Total Assessment Area	6,261	4,330	100.0	69.2	1,196	19.1	735	11.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	788	100.0	741	100.0	36	100.0	11	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	788	100.0	741	100.0	36	100.0	11	100.0
Percentage of Total Businesses:			94.0		4.6		1.4	
	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	240	100.0	238	100.0	1	100.0	1	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	240	100.0	238	100.0	1	100.0	1	100.0
Percentage of Total Farms:			99.2		0.4		0.4	
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST IOWA NON-MSA

LENDING TEST

The institution’s lending performance in the area is consistent with the institution’s lending performance in Iowa.

The tables below present the bank’s 2020 geographic and borrower distribution for small business and small farm loans.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 IA Non MSA West						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	2	100.0	155	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	2	100.0	155	100.0	100.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 IA Non MSA West						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	2	100.0	265	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	2	100.0	265	100.0	100.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA West							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %		%
Small Business	Revenue	\$1 Million or Less	2	100.0	155	100.0	94.0
		Over \$1 Million	0	0.0	0	0.0	4.6
		Unknown	0	0.0	0	0.0	1.4
		Total	2	100.0	155	100.0	100.0
	Loan Size	\$100,000 or Less	2	100.0	155	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	2	100.0	155	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	100.0	155	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	2	100.0	155	100.0	

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA West							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %		%
Small Farm	Revenue	\$1 Million or Less	2	100.0	265	100.0	99.2
		Over \$1 Million	0	0.0	0	0.0	0.4
		Unknown	0	0.0	0	0.0	0.4
		Total	2	100.0	265	100.0	100.0
	Loan Size	\$100,000 or Less	1	50.0	90	34.0	
		\$100,001 - \$250,000	1	50.0	175	66.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	2	100.0	265	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	1	50.0	90	34.0	
		\$100,001 - \$250,000	1	50.0	175	66.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	2	100.0	265	100.0	

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

STATE OF MINNESOTA

Rolling Hills Bank and Trust is rated Satisfactory in the state of Minnesota based on the reasonable geographic distribution by income tract level and reasonable dispersion of loans to businesses and farms of different sizes.

MINNESOTA NON-MSA– FULL REVIEW

SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the Minnesota Non-MSA assessment area. The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation. For further information, please refer to the “Scope of Examination” section.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MINNESOTA NON-MSA

The Minnesota Non-MSA assessment area is comprised of Nobles County, in its entirety. The assessment area consists of six census tracts. Based on 2020 FFIEC census data and 2015 American Community Survey (ACS) Data, one census tract is designated moderate-income, and five census tracts are considered middle-income. There are no low-, upper-, or unknown-income census tracts in the assessment area. In addition, the assessment area does not have any middle-income census tracts that have been designated as distressed or underserved by the FFIEC. The assessment area remains unchanged since the previous evaluation.

The bank operates two branches and one cash-only ATM within the assessment area. The bank operates both branches and the ATM in middle-income census tracts. The bank does not operate any branches or ATMs in the assessment area’s moderate-income census tracts.

The FDIC’s Deposit Market Share Report dated June 30, 2021, ranks Rolling Hills Bank and Trust ninth among nine FDIC-insured institutions operating in the assessment area. The bank holds a 4.0 percent market share, compared to the market leader First State Bank Southwest, which holds 28.1 percent of the deposits.

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

Assessment Area: 2020 MN Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,152	20.9
Moderate-income	1	16.7	962	17.4	139	14.4	1,099	19.9
Middle-income	5	83.3	4,555	82.6	482	10.6	1,302	23.6
Upper-income	0	0.0	0	0.0	0	0.0	1,964	35.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	6	100.0	5,517	100.0	621	11.3	5,517	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,432	772	13.6	53.9	543	37.9	117	8.2
Middle-income	7,137	4,884	86.4	68.4	1,643	23.0	610	8.5
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	8,569	5,656	100.0	66.0	2,186	25.5	727	8.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	236	24.5	201	23.5	34	43.0	1	3.3
Middle-income	729	75.5	655	76.5	45	57.0	29	96.7
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
Total Assessment Area	965	100.0	856	100.0	79	100.0	30	100.0
	Percentage of Total Businesses:			88.7		8.2		3.1
	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	
Moderate-income	6	2.2	6	2.2	0	0.0	0	0.0
Middle-income	263	97.8	261	97.8	2	100.0	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
Total Assessment Area	269	100.0	267	100.0	2	100.0	0	0.0
	Percentage of Total Farms:			99.3		0.7		0.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

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

Population Characteristics

Between 2010 and 2015, the assessment area experienced a population increase of 1.5 percent which was lower than the State of Minnesota increase of 2.2 percent. Two community representatives noted that there is a significant immigrant population in the community. One representative indicated that some communities have a large population of first- and second-generation immigrant families that do not trust financial institutions and the chamber of commerce because of their experiences from their previous countries. Therefore, banks find it challenging to lend to individuals with no credit history.

The table below presents population change in the assessment area, the non-MSA areas of Minnesota, and the state of Minnesota between 2010 and 2015.

Population Change 2010 and 2011-2015			
Area	2010 Population	2011-2015 Population	Percentage Change (%)
Assessment Area	21,378	21,687	1.5
Non-MSA Minnesota	1,246,842	1,243,105	-0.3
State of Minnesota	5,303,925	5,419,171	2.2
<i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: Decennial Census: American Community Survey</i>			

Income Characteristics

Overall, median family income grew across the assessment area and the rest of non-MSA Minnesota from 2010 to 2015. The percentage of change in the assessment area trended at a rate well above the state of Minnesota. A community representative noted economic conditions are returning to levels prior to the onset of the COVID-19 pandemic. Small businesses have a positive outlook moving forward and holiday shopping was strong.

The table below presents median family income change in the assessment area, the rest of non-MSA Minnesota and the state of Minnesota between 2010 and 2015.

Median Family Income 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	57,013	60,127	5.5
Non-MSA Minnesota	61,945	63,045	1.8
State of Minnesota	77,650	77,055	-0.8
<i>Source: 2006-2010 – U.S. Census Bureau: American Community Survey 2011-2015 – U.S. Census Bureau: American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Housing Characteristics

According to 2020 FFIEC Census data, there are a total of 8,569 housing units in the assessment area. The majority of housing units are owner-occupied at 66.0 percent, while 25.5 percent are rental units and 8.5 percent are vacant in the assessment area. Within the moderate-income tract, owner-occupied units comprise 53.9 percent of housing units, rental units make up 37.9 percent, and vacant units comprise 8.2 percent. The lower percentage of owner-occupied housing in the moderate-income census tract compared to the middle-income census tracts indicates fewer lending opportunities in those areas, especially considering there is only one moderate-income census tract in the assessment area.

The table below presents the recent housing cost burden within the assessment area, non-MSA Minnesota, and the state of Minnesota. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. Low-income renters and owners in the assessment area experience this burden in excess of 50.0 percent, similar to the rest of the state of Minnesota, which is indicative that the household is severely cost burdened and in need of affordable housing. Community representatives indicated housing, especially affordable housing, is limited and in high demand resulting in increased housing cost.

The cost burden among moderate-income renters and owners in the assessment area is significantly lower than that of the other geographies at 12.2 and 20.9 percent, respectively. This metric suggests that these households may have a better repayment capacity for consumer loans than households in other areas. Please review the table below for more detail on trends in housing costs across the noted areas.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	69.7%	12.2%	38.2%	57.4%	20.9%	16.2%
Non-MSA Minnesota	65.5%	22.3%	38.4%	57.2%	27.7%	18.3%
State of Minnesota	72.8%	28.2%	42.2%	61.2%	32.1%	18.2%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

Employment and Industry Characteristics

Based on the most recent data available from the Bureau of Labor Statistics (i.e., 2016-2020), unemployment rates began increasing throughout the assessment area, comparable Non-MSA Minnesota, and the state of Minnesota in 2019, after experiencing steady declines from 2016-2018. The assessment area had consistently lower unemployment rates than the state of Minnesota. In 2020, with the onset of the COVID-19 pandemic, both the economy and the workforce were

negatively affected. The table below presents the unemployment rates in the assessment area, non-MSA Minnesota, and the state of Minnesota between 2016 and 2020. The manufacturing, retail, and food services are the most prevalent industries in the assessment area

Unemployment Rates					
Area	2016	2017	2018	2019	2020
Assessment Area	3.8%	3.2%	2.7%	2.9%	4.2%
Non-MSA Minnesota	4.7%	4.2%	3.7%	3.9%	5.9%
State of Minnesota	3.9%	3.4%	3.0%	3.2%	6.2%

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

Community Representatives

Two community representatives were contacted to provide information about local housing, employment, and other economic conditions within the assessment area. Representatives identified affordable housing and small business lending as the assessment area’s greatest needs. Representatives indicated that there is a high demand for affordable residential real estate in the assessment area, however new builds are not affordable due to elevated construction costs. Further, the representatives discussed that during the review period, banks within the assessment area were providing small business loans, but it can be difficult for small businesses to start up without a business plan. Representatives did note that financial institutions within the community have been active and responsive to credit needs as a result of the COVID-19 pandemic. Local financial institutions have also been very active in support of the nonprofit organizations through donations, grants, and their time.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA NON-MSA

LENDING TEST

Geographic Distribution of Loans

Overall, Rolling Hills Bank and Trust’s geographic distribution of small business and small farm loans reflects reasonable dispersion throughout the assessment area. An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly in the moderate-income census tract. The bank’s assessment area consists of one moderate-income and five middle-income census tracts. Only one small business loan and two small farm loans within the loan sample were originated in the assessment area, therefore a meaningful analysis of the geographic distribution could not be performed.

A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

The geographic distribution of small business lending reflects reasonable penetration throughout the assessment area. For the sample of loans reviewed in 2020, Rolling Hills Bank and Trust originated one small business loan which was located in a middle-income census tract, which is 100.0 percent of the sample. The total businesses operating in the middle-income are 75.5 percent. No loans in the sample were originated in the moderate-income census tract despite 24.5 percent of businesses being located in this census tract. Given the overall low level of lending in the sample of loans reviewed the geographic distribution is deemed reasonable. The following table presents the bank’s 2020 small business lending compared to the percentage of total businesses.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 MN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	24.5
	Middle	1	100.0	129	100.0	75.5
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	1	100.0	129	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

Geographic distribution of small farm lending reflects reasonable penetration throughout the assessment area. Of the sample of small farm loans reviewed, in 2020 Rolling Hills Bank and Trust originated 100.0 percent of its small farm loans in middle-income census tracts, comparable to the percentage of total farms operating in those geographies at 97.8 percent. The bank did not originate any loans in the moderate-income census tract; however, only 2.2 percent of farms are located within this census tract. The following table presents the bank’s 2020 small farm lending compared to the percentage of total farms.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 MN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count		Dollar		Total Farms
		Bank	2020	Bank	2020	
#	%	\$ 000s	\$ %	%		
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	2.2
	Middle	2	100.0	106	100.0	97.8
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	2	100.0	106	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses and Farms of Different Sizes

Overall, the loan distribution reflects reasonable dispersion among businesses and farms of different sizes.

Small Business Lending

The distribution of small business loans in the sample of loans reviewed reflects reasonable penetration among businesses of different revenue sizes. In 2020, Rolling Hills Bank and Trust originated 100.0 percent, which represents one loan, of its small business loans, by number and dollar, to a small business with annual revenues of \$1 million or less, above the percentage of total businesses operating in the assessment area at 88.7 percent. The loan originated to the small business was in the amount of \$100,001 - \$250,000, which are not as beneficial to small businesses as loans that are below \$100,000. The following table presents the bank’s 2020 small business lending compared to the total businesses in the assessment area.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2020 MN Non MSA								
Product Type		Bank & Demographic Comparison						
		2020		2020		Total Businesses %		
Revenue		Count Bank		Dollar Bank				
		#	%	\$ 000s	\$ %			
Small Business	Revenue	\$1 Million or Less	1	100.0	129	100.0	88.7	
		Over \$1 Million	0	0.0	0	0.0	8.2	
		Unknown	0	0.0	0	0.0	3.1	
		Total	1	100.0	129	100.0	100.0	
	Loan Size	\$100,000 or Less	0	0.0	0	0.0		
		\$100,001 - \$250,000	1	100.0	129	100.0		
		\$250,001 - \$1 Million	0	0.0	0	0.0		
		Total	1	100.0	129	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0		
		\$100,001 - \$250,000	1	100.0	129	100.0		
		\$250,001 - \$1 Million	0	0.0	0	0.0		
		Total	1	100.0	129	100.0		

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

The distribution of small farm loans in the sample of loans reviewed reflects reasonable penetration among farms of different revenue sizes. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its agricultural loans, by number and dollar, to small farms with annual revenues of \$1 million or less, consistent with the percentage of total small farms operating in the assessment area at 99.3 percent. Of the two loans originated to small farms, 100.0 percent were originated in amounts of \$100,000 or less, which are considered most beneficial to small farms. The following table presents the bank’s 2020 small farm lending compared to the total percentage of farms in the assessment area.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2020 MN Non MSA								
Product Type		Bank & Demographic Comparison						
		2020		2020		Total Farms		
Revenue	Loan Size	Count	Dollar					
		#	%	\$ 000s	\$ %	%		
Small Farm	Revenue	\$1 Million or Less	2	100.0	106	100.0	99.3	
		Over \$1 Million	0	0.0	0	0.0	0.7	
		Unknown	0	0.0	0	0.0	0.0	
		Total	2	100.0	106	100.0	100.0	
	Loan Size	\$100,000 or Less	2	100.0	106	100.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$500,000	0	0.0	0	0.0		
		Total	2	100.0	106	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	100.0	106	100.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$500,000	0	0.0	0	0.0		
		Total	2	100.0	106	100.0		

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

STATE OF WYOMING

Rolling Hills Bank and Trust is rated Satisfactory in the state of Wyoming based on an excellent geographic distribution by income tract level and reasonable dispersion of loans to businesses and farms of different sizes. Despite the excellent performance for geographic distribution and excellent performance for borrower distribution of small business loans, the overall rating remains Satisfactory due to the limited lending levels in the state of Wyoming.

WYOMING NON-MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the Wyoming Non-MSA assessment area. The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation. For further information, please refer to the “Scope of Examination” section.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WYOMING NON-MSA

The Wyoming Non-MSA assessment area is comprised of Platte and Goshen Counties in their entirety.

The assessment area is comprised of six total census tracts. Based on 2020 FFIEC census data and 2015 American Community Survey (ACS) Data, two census tracts are designated moderate-income, and four census tracts are considered middle-income. There are no low-, upper-, or unknown-income census tracts in the assessment area. The assessment area does have one census tract designated as an underserved middle-income census tract based its remote rural designation. The assessment area remains unchanged since the previous evaluation.

The bank operates one branch and one cash-only ATM within the assessment area. Since the previous evaluation, the bank has not opened or closed any branches in the assessment area. The bank operates its sole branch in a middle-income census tract. The bank does not operate any branches or ATMs in the assessment area’s moderate-income census tracts.

The FDIC’s Deposit Market Share Report dated June 30, 2021, ranks Rolling Hills Bank and Trust seventh among seven FDIC-insured institutions operating in the assessment area. The bank holds a 0.9 percent market share, compared to the market leader Glacier Bank, which holds 34.6 percent of the assessment area’s deposits.

Assessment Area: 2020 WY Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,844	31.6
Moderate-income	2	33.3	2,456	42.1	335	13.6	1,053	18.1
Middle-income	4	66.7	3,377	57.9	463	13.7	1,072	18.4
Upper-income	0	0.0	0	0.0	0	0.0	1,864	32.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	6	100.0	5,833	100.0	798	13.7	5,833	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	4,674	3,052	43.5	65.3	910	19.5	712	15.2
Middle-income	5,969	3,965	56.5	66.4	1,215	20.4	789	13.2
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	10,643	7,017	100.0	65.9	2,125	20.0	1,501	14.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	447	46.6	413	47.4	20	32.8	14	51.9
Middle-income	513	53.4	459	52.6	41	67.2	13	48.1
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	960	100.0	872	100.0	61	100.0	27	100.0
	Percentage of Total Businesses:			90.8		6.4		2.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	127	64.5	125	64.4	2	100.0	0	0.0
Middle-income	70	35.5	69	35.6	0	0.0	1	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	197	100.0	194	100.0	2	100.0	1	100.0
	Percentage of Total Farms:			98.5		1.0		0.5

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

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

Population Characteristics

The population was stable across the assessment area, nonmetropolitan areas in Wyoming, and the state of Wyoming in its entirety between 2010 and 2015. The population in Goshen County and the state of Wyoming both increased over 2.0 percent, while Platte County only increased 1.0 percent. A community representative noted that the assessment area is a small, rural bedroom community, only seven miles from the Nebraska border. Many residents cross the border into Nebraska for big box store shopping and employment opportunities.

The table below presents population change in the assessment area, the counties which comprise the bank’s assessment area, and the state of Wyoming to which the counties belong between 2010 and 2015.

Population Change 2010 and 2011-2015			
Area	2010 Population	2011-2015 Population	Percentage Change (%)
Assessment Area	21,916	22,294	1.7
Goshen County, WY	13,249	13,544	2.2
Platte County, WY	8,667	8,750	1.0
Non-MSA Wyoming	396,438	404,237	2.0
State of Wyoming	563,626	579,679	2.9
<i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: Decennial Census: American Community Survey</i>			

Income Characteristics

Overall, median family income grew across the assessment area and the state of Wyoming between 2010 and 2015. Nonmetropolitan areas in Wyoming experienced a slight decline in median family income over the same time period at -0.2 percent. The percentage of change in the assessment area and Platte County trended at rates above the state of Wyoming and other nonmetropolitan areas in Wyoming, with Goshen County trending below. During the 2011-2015 ACS time period, both Goshen and Platte Counties had lower median family incomes compared to the state of Wyoming; this is consistent with 2006-2010. A wider array of employment opportunities is located in nearby Nebraska, as the assessment area is primarily rural in nature and is comprised primarily of small businesses.

The table below presents median family income change in the assessment area, the counties in the assessment area, and the state of Wyoming between 2010 and 2015.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	56,200	58,483	4.1
Goshen County, WY	56,602	56,948	0.6
Platte County, WY	56,363	58,427	6.6
Non-MSA Wyoming	73,003	72,833	-0.2
State of Wyoming	71,832	73,194	1.9
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Housing Characteristics

According to 2020 FFIEC Census data, there are a total of 10,643 housing units in the assessment area. The majority of housing units are owner-occupied at 65.9 percent, while 19.9 percent are rental units. Although only 14.1 percent of housing units are vacant in the assessment area, the moderate-income census tracts experience a slightly higher percentage of vacancy when compared to the middle-income census tracts. Within the moderate-income tracts, owner-occupied units comprise 65.3 percent of housing units, rental units make up 19.5 percent, and vacant units comprise 15.2 percent.

The table below presents the recent housing cost burden within the assessment area, non-MSA Wyoming, and the state of Wyoming. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. Renters in the assessment area experience this burden at a slightly lower rate than those in non-MSA Wyoming and state of Wyoming, while owners experience a slightly higher rate of housing cost burden. This indicates that affordable rental housing is more attainable in the assessment area. Of note, low-income renters and owners in the assessment area experience this burden in excess of 50.0 percent, similar to the rest of the state of Wyoming, which is indicative that these households are severely cost burdened and in need of affordable housing. A community representative indicated housing, especially affordable housing, is limited and in high demand, leading to an increase in housing cost.

The cost burden among moderate-income renters and owners in the assessment area is significantly lower than that of the other geographies at 10.9 and 17.5 percent, respectively. This metric suggests that these households may have a better repayment capacity for consumer loans than households in other areas. Please review the table below for more detail on trends in housing costs across the noted areas.

Housing Cost Burden (%)						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	56.0%	10.9%	30.7%	57.0%	17.5%	19.4%
Goshen County, WY	54.1%	9.7%	28.9%	60.3%	16.6%	19.3%
Platte County, WY	58.5%	13.8%	33.3%	52.7%	18.7%	19.6%
Non-MSA Wyoming	64.8%	18.6%	32.6%	50.4%	26.4%	16.9%
State of Wyoming	68.2%	24.6%	34.7%	52.6%	27.5%	16.9%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

Employment Characteristics

Based on the most recent data available from the Bureau of Labor Statistics (i.e., 2017-2020), unemployment rates across the assessment area and the State of Wyoming increased in 2020 after experiencing steady declines from 2017-2019. Platte County has consistently had the highest unemployment rate, while Goshen County consistently has had the lowest. A community representative stated that although 2020 saw the onset of the COVID-19 pandemic, as a smaller bedroom community, Goshen County did not experience the drastic impact other areas did. The state of Wyoming did not implement the mandates other states did; therefore, the community representative believes the economy is strong.

Unemployment Rates (%)				
2017 to 2020				
Region	2017	2018	2019	2020
Assessment Area	3.3%	3.5%	3.7%	4.6%
Goshen County, WY	3.0%	3.3%	3.8%	4.3%
Platte County, WY	3.8%	3.7%	3.6%	5.0%
Non-MSA Wyoming	4.2%	4.0%	3.7%	5.6%
State of Wyoming	4.3%	4.0%	3.7%	5.8%

Source: U.S. Bureau of Labor Statistics

Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of government, retail trade, and accommodation and food services. In terms of industry presence, Goshen County is an agricultural community, next is tourism and hunting according to a community representative. The downtown area is comprised exclusively of small businesses, and it was also noted the area is not home to many major employers or big box retailers. Although the COVID-19 pandemic did have an impact on the area, it was minimal compared to other areas; the area did not have the mandates other states implemented and the community really supported the existing small businesses and even welcomed a few new businesses.

Community Representatives

One community representative was contacted to provide information about the economic conditions, employment, and other community characteristics within the assessment area. The representatives identified the area as a rural agricultural-based community and noted agricultural lending as the assessment area's main need. The representative also indicated that as a bedroom community, the majority of businesses are small businesses. Further, the representative stated that the local and state economy is rebounding from the COVID-19 pandemic and noted that the community has really supported local small businesses. The representative did note that financial institutions within the community have been active and responsive to credit needs to the best of their ability, as they lack the resources of the larger national institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WYOMING NON-MSA

LENDING TEST

Geographic Distribution of Loans

Overall, Rolling Hills Bank and Trust's geographic distribution of small business and small farm loans reflects excellent dispersion throughout the assessment area. An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly moderate-income census tracts. The bank's assessment area consists of two moderate-income and four middle-income, census tracts. A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

The geographic distribution included in the sample of small business lending reflects excellent penetration throughout the assessment area. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its small business loans in moderate-income census tracts, significantly exceeding the percentage of total businesses operating in those geographies at 46.6 percent. The following table presents the bank's 2020 small business lending compared to the percentage of total businesses.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 WY Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		2020				
		Count Bank		Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	4	100.0	469	100.0	46.6
	Middle	0	0.0	0	0.0	53.4
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	4	100.0	469	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

The geographic distribution included in the sample of small farm lending reflects excellent penetration throughout the assessment area. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its small farm loans in moderate-income census tracts, significantly exceeding the percentage of total farms operating in those geographies at 64.5 percent. The following table presents the bank’s 2020 small farm lending compared to the percentage of total farms.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 WY Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		2020				
		Count Bank		Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	4	100.0	85	100.0	64.5
	Middle	0	0.0	0	0.0	35.5
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	4	100.0	85	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses and Farms of Different Sizes

Overall, the loan distribution reflects reasonable dispersion among businesses and farms of different sizes, with small farm loans receiving greater weight in the analysis consistent with the scope of examination. An analysis of loans was conducted to determine the level of lending to businesses and farms of different revenues.

Small Business Lending

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its small business loans, by number and dollar, to small businesses with annual revenues of \$1 million or less, above the percentage of total businesses operating in the assessment area at 90.8 percent. Of the four loans originated to small businesses, 75.0 percent were originated in amounts of \$100,000 or less, which are considered most beneficial. The following table presents the bank's 2020 small business lending compared to the total businesses in the assessment area.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 WY Non MSA							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses	
#	%	\$ 000s	%	%	%		
						Small Business	Revenue
Over \$1 Million	0	0.0	0	0.0	6.4		
Unknown	0	0.0	0	0.0	2.8		
Total	4	100.0	469	100.0	100.0		
Loan Size	\$100,000 or Less	3	75.0	84	17.9		
	\$100,001 - \$250,000	0	0.0	0	0.0		
	\$250,001 - \$1 Million	1	25.0	385	82.1		
	Total	4	100.0	469	100.0		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	3	75.0	84	17.9		
	\$100,001 - \$250,000	0	0.0	0	0.0		
	\$250,001 - \$1 Million	1	25.0	385	82.1		
	Total	4	100.0	469	100.0		

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending

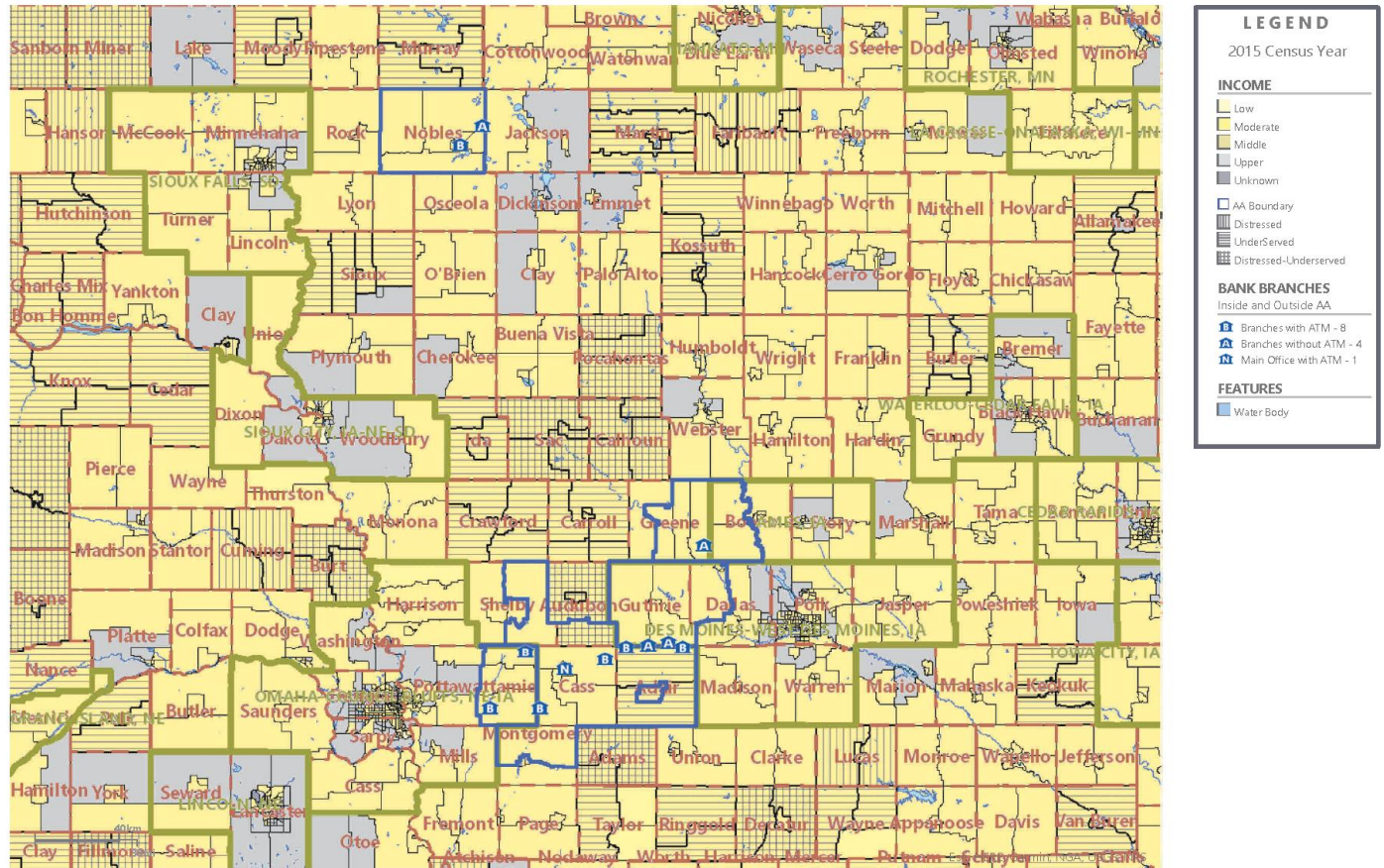
The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. In 2020, Rolling Hills Bank and Trust originated 100.0 percent of its agricultural loans, by number to small farms with annual revenues of \$1 million or less, consistent with the percentage of total small farms operating in the assessment area at 98.5 percent. All four loans originated to small farms were originated in amounts of \$100,000 or less, which are considered most beneficial. The following table presents the bank’s 2020 small farm lending compared to the total percentage of farms in the assessment area.

Small Farm Lending By Revenue & Loan Size						
Assessment Area: 2020 WY Non MSA						
Product Type		Bank & Demographic Comparison				Total Farms
		2020		2020		
Revenue	Loan Size	Count Bank		Dollar Bank		%
		#	%	\$ 000s	\$ %	
Small Farm	\$1 Million or Less	4	100.0	85	100.0	98.5
	Over \$1 Million	0	0.0	0	0.0	1.0
	Unknown	0	0.0	0	0.0	0.5
	Total	4	100.0	85	100.0	100.0
Small Farm	\$100,000 or Less	4	100.0	85	100.0	
	\$100,001 - \$250,000	0	0.0	0	0.0	
	\$250,001 - \$500,000	0	0.0	0	0.0	
	Total	4	100.0	85	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	4	100.0	85	100.0	
	\$100,001 - \$250,000	0	0.0	0	0.0	
	\$250,001 - \$500,000	0	0.0	0	0.0	
	Total	4	100.0	85	100.0	
Originations & Purchases						
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

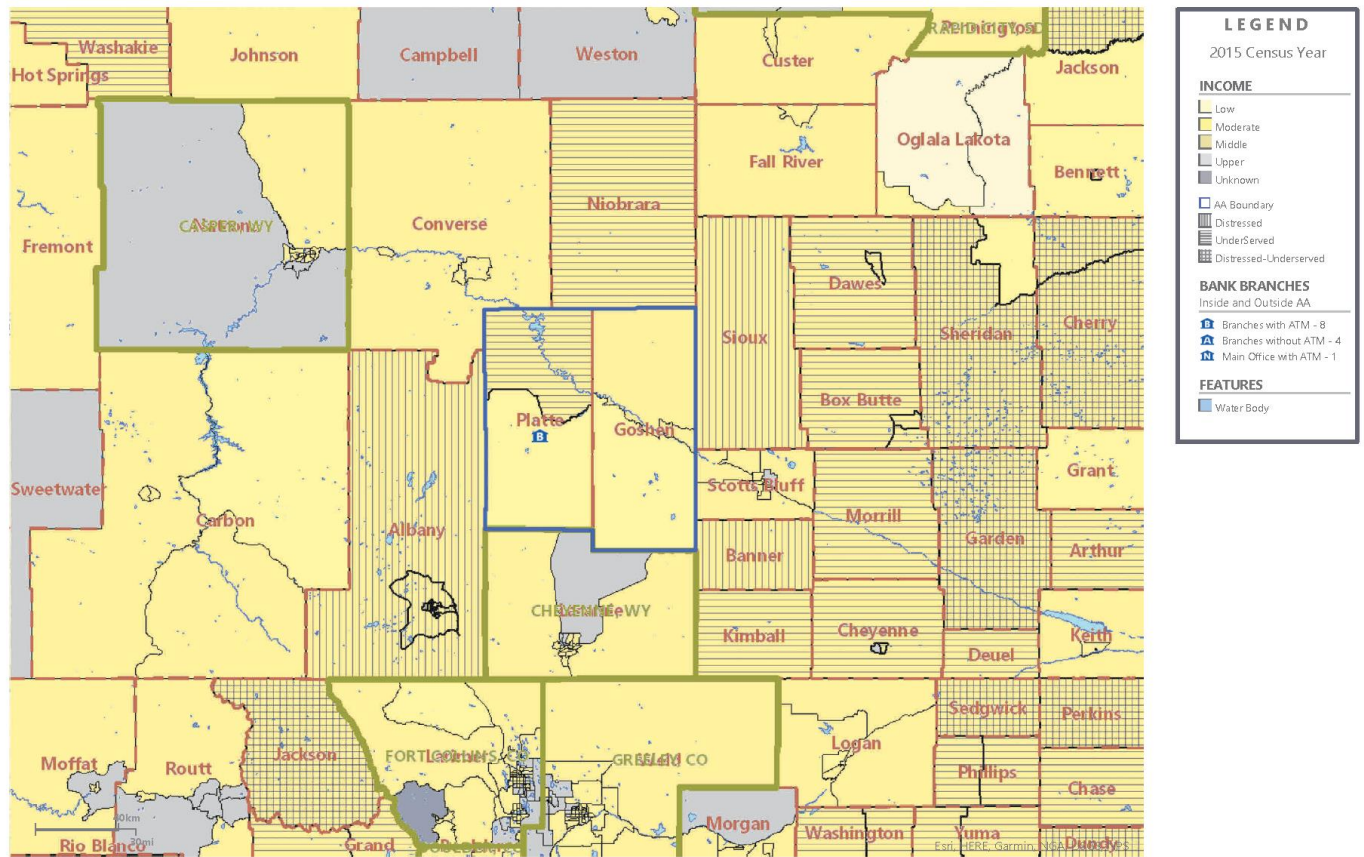
APPENDIX A – Maps of Assessment Areas

Rolling Hills Bank & Trust 882242

IA and MN



Rolling Hills Bank & Trust 882242
 WY Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Small Business and Small Farm loans originated between January 1, 2020 to December 31, 2020	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Rolling Hills Bank and Trust			Small Business Loans Small Farm Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
State of Iowa Southwest Iowa Non-MSA Omaha-Council Bluffs, NE-IA #36540 Des Moines-West Des Moines, IA #19780 West Iowa Non-MSA	Full scope Limited scope Limited scope Limited scope	None	NA
State of Minnesota Minnesota Non-MSA	Full scope	None	NA
State of Wyoming Wyoming Non-MSA	Full scope	None	NA

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

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

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

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

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

¹ Source: FFIEC press release dated October 19, 2011.

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

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

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

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

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

1. Affordable housing, including for multi-family housing,
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 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 delineated by the U.S. Bureau of the Census in the most recent decennial census.

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.

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).

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 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 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 (**MMSA**). Performance within a multi-state MSA is analyzed, rated and presented separately under Regulation BB provided that the financial institution operates at least one deposit facility in at least two of the states included in the multi-state MSA.

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 a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

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

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

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