

PUBLIC DISCLOSURE

July 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank
RSSD# 231149

25 North Chestnut Ave.
New Hampton, Iowa 50659

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

State Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

State Bank provides credit consistent with its size, location, and the local economic conditions within its assessment areas. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the assessment areas credit needs. A substantial majority of the bank's small farm and home mortgage lending was originated inside the assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas and reasonable penetration among individuals of different income levels and farms of different revenue sizes. Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

The bank's performance also demonstrates adequate responsiveness to the needs of the assessment area through community development loans, qualified investments and donations, and services considering the needs of the community and the bank's capacity to meet those needs within their assessment areas.

SCOPE OF EXAMINATION

State Bank's performance was evaluated using the Federal Financial Institutions' Examination Council's (FFIEC) Interagency CRA Examination Procedures for Intermediate Small Institutions. The evaluation criteria for intermediate small institutions consist of two tests: the lending test and the community development test. The evaluation was performed in the context of information about the institution and assessment areas, such as asset size, financial condition, competition, and economic and demographic characteristics. In addition, the combined record of aggregate lenders in the assessment area was used as a comparison in evaluating lending performance.

Full-scope examination procedures were conducted for the bank's two delineated assessment areas: Allamakee, Butler, Cerro Gordo, Chickasaw, Fayette, Floyd, Howard, Mitchell, and Winneshiek Counties, which comprise the Non-Metropolitan Iowa assessment area; and Bremer, Black Hawk and Grundy Counties, which comprise the Waterloo-Cedar Falls, Iowa MSA #47940.

The evaluation included a review of the bank's major products including Home Mortgage Disclosure Act (HMDA)-reportable and small farm loans. Small farm loans were weighted more heavily in the analysis as they are the bank's primary product representing 54.6 percent of the loan portfolio as of March 31, 2017. Additionally, a review of qualified community development loans, donations, investments, and services was conducted.

Performance within the designated assessment areas was evaluated based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank’s HMDA reportable loans originated from January 1, 2014 through December 31, 2015 and small farm loans originated from January 1, 2016 to December 31, 2016 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** - The bank’s HMDA reportable loans originated from January 1, 2014 through December 31, 2015 and small farm loans originated from January 1, 2016 to December 31, 2016 were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate- income.
- ***Lending to Borrowers of Different Income and to Farms of Different Sizes*** - The bank’s HMDA reportable loans originated from January 1, 2014 through December 31, 2015 and small farm loans originated from January 1, 2016 to December 31, 2016 were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, as well as farms of different revenue sizes.
- ***Response to Substantiated Complaints*** – Neither State Bank nor this Reserve Bank has received any CRA-related complaints since the prior evaluation.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services from April 22, 2013 to July 10, 2017 were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

DESCRIPTION OF INSTITUTION

State Bank is a subsidiary of Rigler Investment Company, a one-bank holding company. Both the holding company and the main office are located in New Hampton, Iowa, which is located approximately 165 miles northeast from the city of Des Moines. In addition to the main branch office (New Hampton), the bank operates seven other branches and nine automated teller machines (ATMs), seven full-service and two cash-only. The branches are located in Calmar, Charles City, Dike, Janesville, Ossian, and Waverly (2 branches), Iowa. The Janesville branch was relocated on December 8, 2014, but remains within the same census tract as the previous location. The bank has made no acquisitions nor closed any branches since the previous evaluation.

As of March 31, 2017, the bank reported assets of \$390.2 million based on the Uniform Bank Performance Report. This represents a slight increase from the previous evaluation where the bank reported assets of \$371.1 million as of December 31, 2012, and is attributed to organic growth. The bank primarily serves its local communities as an agricultural and residential real estate lender, as presented in the table below. The bank's lending products include residential real estate, consumer installment, home equity lines of credit, commercial, and agricultural loans. Deposit products are non-complex, offering traditional checking and savings accounts. The bank also offers investment and trust services. In addition, customers may conduct banking transactions through the bank's website www.statebankia.com. Loan and deposit products are offered at all bank branch locations.

The following table shows the bank's loan portfolio composition as of March 31, 2017.

Loan Portfolio Composition		
As of March 31, 2017		
(\$ are in 000s)		
Category	\$	%
Residential Real Estate	48,950	23.6
Commercial	34,290	16.5
Agriculture	113,120	54.6
Consumer	8,115	3.9
Other	2,809	1.4
Total	207,284	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding</i>		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on April 22, 2013.

DESCRIPTION OF ASSESSMENT AREA

State Bank is an intrastate bank with two delineated assessment areas encompassing one MSA and one Non-MSA. Allamakee, Butler, Cerro Gordo, Chickasaw, Fayette, Floyd, Howard, Mitchell, and Winneshiek Counties comprise the Non-MSA Iowa assessment area; and Black Hawk, Bremer and Grundy Counties, which comprise the entirety of the Waterloo-Cedar Falls, Iowa MSA #47940.

The non-MSA assessment area consists of nine counties that are taken in their entirety. This assessment area is predominantly comprised of middle-income census tracts and is rural. There are no low-income census tracts in this assessment area. However, 10 of the census tracts are included on the 2017 Underserved Tract List (all ten are in Butler and Winneshiek County) and there are two moderate-income tracts. The bank has four branches, three full-service ATMs, and one cash only ATM in this assessment area.

At the previous evaluation, the bank's delineated assessment area for the Waterloo-Cedar Falls, Iowa MSA #47940 took the entirety of Bremer and Grundy Counties. These two counties comprised 12 census tracts, none of which contain low- and moderate- income tracts. While both counties are located in a MSA; they are predominantly rural in nature. The bank recently expanded its assessment area to include Black Hawk County; consequently the assessment area now includes the Waterloo-Cedar Falls, Iowa MSA #47940 in its entirety. Black Hawk County is made up of 38 total census tracts and 13 are designated as low- or moderate- income. The new assessment area includes 3 low-, 10 moderate-, 29 middle-, and 8 upper-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

State Bank's performance relative to the lending test is Satisfactory. The loan-to-deposit ratio is reasonable. A substantial majority of loans were originated inside the bank's assessment area, and were reasonably dispersed throughout the assessment area. The distribution of loans also reflects a reasonable penetration among individuals of different income levels and farms of different sizes.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition and assessment area credit needs. The following table summarizes the LTD ratio for the 16-quarters

since the previous evaluation. As seen below, the 16-quarter average LTD ratio was 54.7 percent ending December 31, 2016. Although below its local competitors, the level of lending is reasonable as the bank operates in a highly competitive environment stemming from several community banks, local credit unions, and branches of larger financial institutions located in the area.

The following table lists the 16-quarter average LTD ratio following the previous evaluation, dated April 22, 2013, as well as similar ratios for its comparable market competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%) 16-Quarter Average
State Bank	54.7
Competitors	
Farmers State Bank, Waterloo, Iowa	102.4
First National Bank, Waverly, Iowa	91.8
CUSB Bank, Charles City, Iowa	85.9
Decorah Bank and Trust, Decorah, Iowa	85.3
GNB Bank, Grundy Center, Iowa	82.6
First Security Bank and Trust, Charles City, Iowa	78.3
First Citizens Bank, Mason City, Iowa	72.4

Assessment Area Concentration

A substantial majority of State Bank’s HMDA reportable and small farm loans were originated inside the combined assessment area during the review period. As presented in the following table, 97.1 percent of total loans by volume, and 97.3 percent of total loans by dollar amount were originated inside the designated assessment area. Specifically, HMDA-reportable loans originated inside the assessment area were 95.9 percent by number and 96.4 percent by dollar of the bank’s total loans. Additionally, 100.0 percent of small farm loans were located within the assessment area. The following table provides a breakdown of loan originations by product inside and outside the combined assessment area during the review period.

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	19	100.0	\$884	100.0	0	0.0	\$0	0.0
Home Purchase – Conventional	131	92.9	\$13,974	92.1	10	7.1	\$1,194	7.9
Home Purchase – FHA	1	100.0	\$19	100.0	0	0.0	\$0	0.0
Multi-Family Housing	1	100.0	\$51	100.0	0	0.0	\$0	0.0
Refinancing	177	97.8	\$24,779	98.9	4	2.2	\$274	1.1
Total HMDA-Reportable Loans	329	95.9	\$39,707	96.4	14	4.1	\$1,468	3.6
Total Small Farm Loans	138	100.0	\$14,002	100.0	0	0.0	\$0	0.0
Total Loans	467	97.1	\$53,709	97.3	14	2.9	\$1,468	2.7

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

Geographic and Borrower Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, including low- and moderate-income geographies. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and farms of different sizes. The specifics of the bank’s lending in each assessment area and relevant demographics are discussed in the individual assessment area sections.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

State Bank’s performance relative to the community development test is Satisfactory. The bank’s community development performance demonstrates adequate responsiveness to the community credit needs through community development loans, qualified investments and community development services, considering the bank’s capacity, and the need and availability of opportunities in the assessment areas. The specifics of the bank’s community development activities are discussed in the individual assessment area sections.

Lending Activities

State Bank makes an adequate level of community development loans. Overall the bank originated four community development loans totaling \$552,750. This includes one loan for affordable housing totaling \$108,750 in the Waterloo-Cedar Falls MSA and three economic development loans totaling \$444,000 in the Non-MSA. This is an increase when compared to the prior evaluation, April 22, 2013, where community development lending activities totaled \$169,968.

Investments

The bank made an adequate level of qualified investments and donations in its combined assessment areas during the evaluation period. Specifically, the bank made two qualified investments totaling \$4.4 million, which included a prior qualified investment totaling \$500,000. This is an increase when compared to the prior evaluation, where the bank made community development investments totaling \$2.1 million. Current qualified investments benefited low-and-moderate income census tracts and an underserved area. Thirteen donations for community development purposes totaled \$45,425, increasing significantly since the prior evaluation where State Bank's community development donations totaled \$8,417.

Services

The bank provided an adequate level of community development services, totaling 3,740 hours. This is a significant improvement in comparison to the prior evaluation, where the bank had community development service hours totaling 731 hours. The community development services qualified under affordable housing, small business and economic development, and community services to low- and moderate-income individuals throughout the assessment area.

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.

WATERLOO-CEDAR FALLS, IOWA METROPOLITAN STATISTICAL AREA #47940 – FULL REVIEW

SCOPE OF EXAMINATION

The Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area #47940 received a full-scope review consistent with the overall scope of examination described within the introduction section. For further information, refer to the scope contained in the introduction section of this report.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WATERLOO-CEDAR FALLS, IOWA MSA #47940

State Bank maintains operations through four branch offices, three of which have full-service automated teller machines (ATM). There is one cash-only ATM located on Wartburg College's campus in Waverly, Iowa. Of the bank's four branches within this assessment area, three are located in middle-income census tracts (one in Dike and two in Waverly) and one located in an upper-income census tract (Janesville). The bank maintains 50.0 percent of all offices in this assessment area, which consists of Black Hawk, Bremer and Grundy Counties, in their entirety. The bank does not have a branch presence in Black Hawk County. The bank has made no acquisitions nor closed any branches since the previous exam. The Janesville branch was relocated on December 8, 2014, but remains within the same census tract as the previous location.

According to the June 30, 2016, Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share Report, the bank holds 4.1 percent of the aggregate deposits in Black Hawk, Bremer and Grundy Counties, ranking 8th out of 25 FDIC-insured deposit financial institutions operating with at least one branch in the area. By comparison, the three institutions with the largest market share were Farmers State Bank (17.6 percent), U.S. Bank National Association (11.1 percent), and Lincoln Savings Bank (9.4 percent).

Assessment Area Demographics

The following table below presents demographic data specific to the institution's assessment area. Based on 2010 U.S. Census Bureau information, the Waterloo-Cedar Falls, Iowa MSA #47940 is comprised of 50 census tracts, which include 3 low-, 10 moderate-, 29 middle- and 8 upper-income census tracts. These geographies are home to 42,691 families. Of these families, 9.0 percent are living in poverty. Based on family income, low-and moderate-income families represent 38.1 percent of all families living in the assessment area.

In addition, farms with \$1 million or less in total revenue represent 99.3 percent of all farms operating in the assessment area. This data suggests there are opportunities to extend credit to borrowers with different income levels and farms of different revenue sizes within the assessment area.

Assessment Area: 2016 Waterloo-Cedar Falls, IA MSA 47940									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	3	6.0	1,462	3.4	579	39.6	8,607	20.2	
Moderate-income	10	20.0	5,865	13.7	1,160	19.8	7,659	17.9	
Middle-income	29	58.0	25,659	60.1	1,585	6.2	10,219	23.9	
Upper-income	8	16.0	9,705	22.7	523	5.4	16,206	38.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	50	100.0	42,691	100.0	3,847	9.0	42,691	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	3,613	1,107	2.3	30.6	1,742	48.2	764	21.1	
Moderate-income	10,058	5,710	12.0	56.8	3,330	33.1	1,018	10.1	
Middle-income	41,627	30,033	63.2	72.1	9,482	22.8	2,112	5.1	
Upper-income	15,623	10,666	22.4	68.3	4,191	26.8	766	4.9	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	70,921	47,516	100.0	67.0	18,745	26.4	4,660	6.6	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	360	5.3	299	4.9	57	8.5	4	5.8	
Moderate-income	882	12.9	748	12.3	131	19.5	3	4.3	
Middle-income	4,165	61.0	3,743	61.5	377	56.0	45	65.2	
Upper-income	1,426	20.9	1,301	21.4	108	16.0	17	24.6	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	6,833	100.0	6,091	100.0	673	100.0	69	100.0	
		Percentage of Total Businesses:		89.1		9.8		1.0	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	2	0.2	2	0.2	0	0.0	0	0.0	
Moderate-income	4	0.4	4	0.4	0	0.0	0	0.0	
Middle-income	750	81.6	747	81.8	3	50.0	0	0.0	
Upper-income	163	17.7	160	17.5	3	50.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	919	100.0	913	100.0	6	100.0	0	0.0	
		Percentage of Total Farms:		99.3		0.7		0.0	

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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

Population Characteristics

As presented in the table below, the population in the Waterloo-Cedar Falls, Iowa MSA #47940 increased by 2.5 percent since 2000, according to 2010 U.S. Census Bureau information. In comparison, the State of Iowa grew by 4.1 percent over that same period. Since the 2000 U.S. Census, population in all counties within the assessment area has increased with more significant growth in Bremer County. Specifically, Bremer County increased by 4.1 percent, Black Hawk County increased by 2.4 percent and Grundy County increased slightly by 0.7 percent.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Black Hawk County, IA	128,012	131,090	2.4
Bremer County, IA	23,325	24,276	4.1
Grundy County, IA	12,369	12,453	0.7
Waterloo-Cedar Falls, IA MSA	163,706	167,819	2.5
State of Iowa	2,926,324	3,046,355	4.1

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

Income Characteristics

Based on 2010 U.S. Census information, Bremer and Grundy Counties had median family income report as \$68,602 and \$68,151, respectively, which is slightly more than 10 percent higher than the State of Iowa at \$61,804. While Black Hawk County's median family income lagged the State of Iowa average. Overall, the assessment area experienced comparable growth in median family income (27.8 percent) relative to the State of Iowa (28.7 percent).

Median Family Income Change 2000 and 2010			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Black Hawk County, IA	\$47,398	\$57,495	21.3
Bremer County, IA	\$50,299	\$68,602	36.4
Grundy County, IA	\$46,627	\$68,151	46.2
Waterloo-Cedar Falls, IA MSA	\$47,398	\$60,582	27.8
State of Iowa	\$48,005	\$61,804	28.7

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

Housing Characteristics

The following table presents housing cost trends within the Waterloo-Cedar Falls MSA and the State of Iowa. Based on 2010 U.S. Census Bureau information, the assessment area contains 70,921 total housing units of which 67.0 percent are owner-occupied, 26.4 percent are rental units, and 6.6 percent are vacant.

Median housing values in Bremer County continue to be higher when compared to both the entire Waterloo-Cedar Falls, Iowa MSA #47940 and the State of Iowa. Conversely, median housing values in Grundy and Black Hawk County remain below the MSA and state average. A common method to measure housing affordability is to use the affordability ratio, which is defined in Appendix C. The affordability ratio for the MSA is 0.39, while the ratio is 0.41 for the State of Iowa based on the 2006-2010 American Community Survey data. This data indicates that housing is slightly less affordable in the assessment area than the State of Iowa.

Median gross rents in Black Hawk, Bremer and Grundy Counties remain lower than or equal to the MSA and state; however, values have increased at a faster rate when compared to the State of Iowa. Specifically, median gross rent in Black Hawk, Bremer and Grundy County increased by 30.7, 46.0 and 36.4 percent, respectively, while only increasing by 31.3 percent for the State of Iowa.

Housing Costs Change 2000 and 2010				
Location	2000 Median Housing Value (\$)	2006-2010 Median Housing Value (\$)	2000 Median Gross Rent (\$)	2006-2010 Median Gross Rent (\$)
Black Hawk County	76,200	118,600	472	617
Bremer County	90,800	132,800	400	584
Grundy County	74,200	111,000	376	513
Waterloo-Cedar Falls, IA MSA	78,113	120,000	462	610
State of Iowa	82,100	119,200	470	617

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

Bankruptcy Trends

Since 2011, bankruptcy filing rates have continued to decrease. Waterloo-Cedar Falls, Iowa MSA #47940 bankruptcy rate (1.5 per 1,000 population) is just below the State of Iowa (1.6 per 1,000 population) for 2014 and has been since 2011. As noted by community representatives, economic development has improved in the area.

Foreclosure Trends

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

The study found that Black Hawk County has a slightly higher rate of foreclosures when compared to Bremer and Grundy Counties. Specifically, Black Hawk County had a foreclosure inventory rate of 1.4 percent and Bremer and Grundy Counties had a rate of 1.1 and 1.0 percent, respectively, as of October 2016. The foreclosure inventory rate for the State of Iowa was 1.0 percent. Rates across the state have generally declined, which can be attributed to improving economic conditions for both the state and country.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2011	2012	2013	2014
Black Hawk County, IA	2.3	2.0	1.8	1.6
Bremer County, IA	1.4	1.2	1.1	1.2
Grundy County, IA	1.5	1.4	0.7	0.9
Waterloo-Cedar Falls, IA MSA	2.1	1.8	1.6	1.5
State of Iowa	2.5	2.0	1.8	1.6

Source: Administrative Office of the U.S. Courts

Employment Conditions

The table below represents the unemployment statistics for all counties in the assessment area and the State of Iowa from 2011 to 2014. During this period, unemployment rates for all three counties slightly increased or remained stable, since the previous year. The unemployment rate for the MSA (4.9 percent) was slightly higher than that of the State of Iowa (4.4 percent).

Unemployment Rates (%)				
Region	2011	2012	2013	2014
Black Hawk County	5.9	5.4	4.7	5.1
Bremer County	4.6	3.9	3.8	3.8
Grundy County	5.1	4.5	4.1	4.4
Waterloo-Cedar Falls, IA MSA	5.6	5.1	4.5	4.9
State of Iowa	5.9	5.2	4.6	4.4

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table illustrates the largest employers operating in the assessment area. According to the American’s Labor Market Information System (ALMIS), the assessment area has a diverse employment base but is heavily impacted by industries of Health Services, Grocery Wholesalers, Farm Equipment Manufacturers and Cabinet Manufacturers.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Wheaton Franciscan Healthcare	2,500	Health Services
Tyson Fresh Meats	2,000	Meat Products
Covenant Medical	1,751	Hospitals
Unity Point Health-Allen Hosp.	1,316	Hospitals
John Deere Waterloo Works	1,300	Farm Equipment-Manufacturers
Omega Cabinetry	1,250	Cabinets-Manufacturers
Ertch Cabinet Mfg Inc.	1,100	Cabinets-Manufacturers
Covenant Convenient Care	1,000	Clinics
John Deere Waterloo Operations	950	Castings

Source: America’s Labor Market information System (ALMIS) - Department of Labor

Community Representatives

Interviews with representatives of two organizations focused on economic development and affordable housing were conducted in conjunction with this evaluation. Economic development organizations focus more heavily on attracting employers offering skilled positions than those geared to low- and moderate-income individuals. While employment is not lacking in the Waterloo-Cedar Falls MSA, most jobs are not high paying or full-time positions. One community contact noted that there is a shortage of rental property that is suitable for low- and moderate-income individuals because of other non-residents coming into the area to work at lower paying manufacturing jobs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WATERLOO- CEDAR FALLS, IOWA MSA #47940

LENDING TEST

Performance under the lending test in the Waterloo-Cedar Falls, Iowa MSA #47940 assessment area is reasonable. Geographic distribution reflects reasonable dispersion of small farm and HMDA-reportable loans throughout the assessment area, and borrower loan distribution reflects reasonable penetration among individuals of different income levels and farms of different sizes, given the products and services offered.

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable and small farm loans reflects reasonable dispersion throughout the assessment area, given the location of offices in Bremer and Grundy Counties and the competitive environment. The majority of loans were originated in middle-income census tracts, which is also reflective of area demographics considering the percentage of families and small farms residing in the area. Small farm loans were weighted more heavily as agricultural loans comprise 54.6 percent of the bank's loan portfolio (as of March 31, 2017). Please refer to Appendix B for geographic distribution tables of HMDA-reportable loans in 2014.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2015 Waterloo-Cedar Falls, IA MSA 47940								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2015		2015				
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	1.4	0	0.0	1.1	2.3
	Moderate	1	2.8	10.0	42	1.1	6.4	12.0
	Middle	26	72.2	60.8	2,976	74.6	54.9	63.2
	Upper	9	25.0	27.8	970	24.3	37.6	22.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		36	100.0	100.0	3,988	100.0	100.0
Refinance	Low	0	0.0	1.2	0	0.0	0.9	2.3
	Moderate	0	0.0	8.4	0	0.0	4.9	12.0
	Middle	16	59.3	61.2	2,810	56.5	55.6	63.2
	Upper	11	40.7	29.2	2,167	43.5	38.7	22.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		27	100.0	100.0	4,977	100.0	100.0
Home Improvement	Low	0	0.0	3.1	0	0.0	1.9	2.3
	Moderate	0	0.0	10.8	0	0.0	8.7	12.0
	Middle	0	0.0	58.6	0	0.0	52.9	63.2
	Upper	0	0.0	27.4	0	0.0	36.5	22.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	9.1	0	0.0	3.5	10.3
	Moderate	0	0.0	9.1	0	0.0	13.0	10.6
	Middle	0	0.0	52.3	0	0.0	39.9	46.7
	Upper	0	0.0	29.5	0	0.0	43.7	32.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	0	0.0	1.5	0	0.0	1.2	2.3
	Moderate	1	1.6	9.4	42	0.5	6.3	12.0
	Middle	42	66.7	60.7	5,786	64.5	54.0	63.2
	Upper	20	31.7	28.4	3,137	35.0	38.5	22.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		63	100.0	100.0	8,965	100.0	100.0
Originations & Purchases								
2015 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

HMDA-Reportable Loans

The table above indicates reasonable geographic distribution of loans in the bank's assessment area when compared to aggregate lenders and considering the location of bank branches relative to the low- and moderate-income census tracts. In Appendix B, geographic distribution of 2014 HMDA-reportable loans shows comparable results. The bank did not originate any home-improvement and multi-family loans; therefore, they will not be discussed.

Home Purchase

Home purchase loans represent 57.1 percent of the bank's total HMDA-reportable loans in 2015. No loans were originated in low-income census tracts; however, limited opportunities exist as only 2.3 percent of owner-occupied units are located in the low-income census tracts. Furthermore, aggregate lenders only originated 1.4 percent of their loans in these census tracts. Lending in moderate-income census tracts of 2.8 percent was lower than aggregate lending (10.0 percent) and the percentage of owner-occupied housing (12.0 percent) in moderate-income census tracts.

In addition, the bank originated 72.2 percent of its home purchase loans in middle-income census tracts, which was higher than the performance of aggregate lenders (60.8 percent) and the percentage of owner-occupied housing in middle-income census tracts (63.2 percent). The bank originated 25.0 percent of its home purchase loans in upper-income census tracts, which is slightly lower than the performance of aggregate lenders (27.8 percent) and the percentage of owner-occupied housing in upper-income census tracts (22.4 percent).

Refinance

Refinance loans represent 42.9 percent of the bank's total HMDA-reportable loans in 2015. No loans were originated in low-income census tracts (0.0 percent) however aggregate lenders only originated 1.2 percent of their loans in these census tracts as only 2.3 percent of owner-occupied housing units were located in low-income census tracts. No loans were originated in moderate-income census tracts and this was below aggregate lending (8.4 percent) as well as the percentage of owner-occupied housing (12.0 percent) in moderate-income census tracts.

Refinance lending in middle-income census tracts (59.3 percent) was below aggregate (61.2 percent) and the percent of owner-occupied housing (63.2 percent) in middle-income census tracts. The bank originated 40.7 percent of its refinance loans in upper-income census tracts, which was significantly higher than the performance of aggregate lenders (29.2 percent) and the percentage of owner-occupied housing (22.4 percent) in upper-income census tracts.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion of loans throughout the assessment area. In 2016, lending in low-income census tracts (4.0 percent) exceeded the percentage of total farm (0.2 percent) in low-income census tracts. No lending took place in moderate-income census tracts; however, only 0.4 percent of small farms were located in moderate-income census tracts.

The bank originated 56.0 percent of its small farm loans in middle-income census tracts. This was significantly lower than the percentage of total farms (81.6 percent) in middle-income census tracts. Lending in upper-income census tracts (40.0 percent) was higher than the percentage of total farms (17.7 percent) in upper-income census tracts.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2016 Waterloo-Cedar Falls, IA MSA 47940						
Tract Income Levels		Bank & Demographic Comparison				
		Count Bank		2016		Total Farms
				Dollar Bank		
#	%	\$ 000s	\$ %	%		
Small Farm	Low	1	4.0	24	0.9	0.2
	Moderate	0	0.0	0	0.0	0.4
	Middle	14	56.0	1,459	56.2	81.6
	Upper	10	40.0	1,113	42.9	17.7
	Unknown	0	0.0	0	0.0	0.0
	Total	25	100.0	2,596	100.0	100.0

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

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

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and farms of different sizes in the bank’s assessment area. Home purchase loans represented the majority (57.1 percent of HMDA-reportable loans in 2015 and 37.9 percent in 2014) of originations in the assessment area. Small farm loans were weighted more heavily as agricultural loans comprise a substantial portion of the bank’s loan portfolio. Please refer to Appendix B for borrower distribution tables of HMDA-reportable loans in 2014 geographic distribution tables.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2015 Waterloo-Cedar Falls, IA MSA 47940								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %	
Home Purchase	Low	3	8.3	10.3	193	4.8	5.7	20.2
	Moderate	4	11.1	23.2	272	6.8	16.6	17.9
	Middle	7	19.4	21.0	586	14.7	20.0	23.9
	Upper	20	55.6	31.1	2,832	71.0	41.7	38.0
	Unknown	2	5.6	14.5	105	2.6	16.0	0.0
	Total	36	100.0	100.0	3,988	100.0	100.0	100.0
Refinance	Low	2	7.4	7.8	61	1.2	3.6	20.2
	Moderate	0	0.0	17.7	0	0.0	10.8	17.9
	Middle	6	22.2	23.1	875	17.6	19.1	23.9
	Upper	10	37.0	37.3	1,986	39.9	46.3	38.0
	Unknown	9	33.3	14.1	2,055	41.3	20.2	0.0
	Total	27	100.0	100.0	4,977	100.0	100.0	100.0
Home Improvement	Low	0	0.0	9.2	0	0.0	6.4	20.2
	Moderate	0	0.0	20.2	0	0.0	14.0	17.9
	Middle	0	0.0	26.9	0	0.0	19.3	23.9
	Upper	0	0.0	38.4	0	0.0	49.9	38.0
	Unknown	0	0.0	5.3	0	0.0	10.4	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.2
	Moderate	0	0.0	0.0	0	0.0	0.0	17.9
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	38.0
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	5	7.9	9.1	254	2.8	4.4	20.2
	Moderate	4	6.3	20.5	272	3.0	12.8	17.9
	Middle	13	20.6	22.2	1,461	16.3	18.1	23.9
	Upper	30	47.6	34.1	4,818	53.7	40.7	38.0
	Unknown	11	17.5	14.1	2,160	24.1	24.0	0.0
	Total	63	100.0	100.0	8,965	100.0	100.0	100.0
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

HMDA-Reportable Loans

The above table indicates reasonable borrower distribution when compared to aggregate lenders and families by family income in 2015. In Appendix B, borrower distribution of 2014 HMDA-reportable loans shows comparable results. Due to no loan volume in home-improvement and multi-family lending, these loan products will not be discussed.

Home Purchase

The analysis for home purchase lending in 2015 may be slightly skewed due to the number of loans originated to borrowers of unknown-income, which is 5.6 percent of the bank's total home purchase originations.

Home purchase loans represent 57.1 percent of the bank's total HMDA-reportable loans in 2015. In 2015, lending to low-income borrowers (8.3 percent) was comparable to aggregate (10.3 percent). Both the bank and aggregate lenders performed below the percentage of low-income families in the assessment area (20.2 percent). Lending to moderate-income borrowers (11.1 percent) was well below aggregate (23.2 percent) as well as the percentage of moderate-income families, by family income, in the assessment area (17.9 percent).

Lending to middle-income borrowers (19.4 percent) was below aggregate (21.0 percent) and the percentage of middle-income families in the assessment area (23.9 percent). The bank originated 55.6 percent of its home purchase loans to upper-income borrowers, which is above the performance of aggregate lenders (31.1 percent) and significantly above the percentage of upper-income families in the assessment area (38.0 percent).

Refinance

The analysis for refinance lending in 2015 may be skewed due to the number of loans originated to borrowers of unknown-income, 33.3 percent of the bank's total refinance originations. The analysis for refinance lending in 2014 may also be skewed as 5.6 percent of loans were originated to borrowers of unknown-income that year.

Refinance loans represent 42.9 percent of the bank's total HMDA-reportable loans in 2015. Loans originated to low-income borrowers (7.4 percent), which was comparable to the aggregate (7.8 percent) and significantly lower than the percentage of low-income families in the assessment area (20.2 percent). There were no loans originated to moderate-income borrowers.

In 2015, lending to middle-income borrowers (22.2 percent) was below aggregate (23.1 percent) and the percentage of middle-income families in the assessment area (23.9 percent). The bank originated 37.0 percent of its refinance loans to upper-income borrowers, which is comparable to the performance of aggregate lenders (37.3 percent) as well as the percentage of upper-income

families in the assessment area (38.0 percent).

Small Farm Loans

The table below reflects reasonable penetration among farms of different revenue sizes. The bank originated 88.0 percent of farm loans by number to farms with annual revenues of \$1 million dollars or less. In addition, 59.1 percent of these loans were originated in dollar amounts of \$100,000 or less, demonstrating the bank's willingness to meet small farm credit needs.

Small Farm Lending By Revenue & Loan Size										
Assessment Area: 2016 Waterloo-Cedar Falls, IA MSA 47940										
Product Type		Bank & Demographic Comparison								
		2016		2016		Total Farms				
Revenue	Loan Size	Count		Dollar						
		#	%	\$ 000s	\$ %	%				
Small Farm	\$1 Million or Less	Over \$1 Million or Unknown	22	88.0	2,094	80.7	99.3			
			3	12.0	502	19.3	0.7			
			25	100.0	2,596	100.0	100.0			
	\$100,000 or Less	\$100,001 - \$250,000	\$250,001 - \$500,000	15	60.0	475	18.3			
				7	28.0	960	37.0			
				3	12.0	1,160	44.7			
				25	100.0	2,595	100.0			
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	\$100,001 - \$250,000	\$250,001 - \$500,000	Total	13	59.1		384	18.3
						7	31.8		960	45.8
						2	9.1		750	35.8
						22	100.0		2,094	100.0

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

State Bank demonstrated adequate responsiveness to community development needs in the Waterloo-Cedar Falls, Iowa MSA #47940 assessment area. This determination was made in light of the type and availability of opportunities in the area, as well as the bank's capacity to participate in such activities. Discussions with community representatives indicated the number of community development opportunities in the assessment area is limited; however, some affordable housing and small business needs exist.

Lending

State Bank originated one qualified community development loan totaling \$108,750, marking an improvement in the dollar amount for qualified loans from the previous evaluation where the bank originated one qualified community development loan totaling \$15,000. Loan proceeds were used to help fund operating costs for the acquisition of a multi-family property in a low- and moderate-income census tract. Community development lending is reasonable given the bank is primarily an agricultural lender that operates in rural areas where community development lending opportunities can be more limited than in more dense urban areas.

Investments

State Bank's community development investments in the Waterloo-Cedar Falls MSA reflect adequate responsiveness to community development needs. Since the previous evaluation the bank made one community development investment totaling \$500,000 that was used to finance bonds for a hospital in the assessment area. At the previous evaluation the bank did not make any qualified investments. The bank made two qualified donations totaling \$2,800 to two organizations supporting affordable housing, community services, and economic development needs. This represents a slight decrease from the previous evaluation where the bank made three qualified donations totaling \$3,092 to three different organizations.

Services

Bank staff provided 456 hours of qualified community development services to four organizations supporting affordable housing and economic development needs in the assessment area. This was a significant improvement from the previous evaluation where bank staff provided 291 hours of qualified community development services. Services included serving on the board of economic development organizations and preparing grants for affordable housing assistance.

NON-METROPOLITAN IOWA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the Non-MSA Iowa assessment area. The scope of this review was consistent with the overall scope of the examination described within the institution summary. For further information, refer to the scope contained in the introduction section of this report.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN IOWA

State Bank operates four locations (three branches and the main office), three full-service ATMs and one cash-only, in the Non-Metropolitan Iowa assessment area. This assessment area consists of Allamakee, Butler, Cerro Gordo, Chickasaw, Fayette, Floyd, Howard, Mitchell, and Winneshiek Counties in their entirety. The bank maintains 50.0 percent of all offices in this assessment area, with the main office located in Chickasaw County. The three additional offices are located in Winneshiek and Floyd County.

According to the June 30, 2016 FDIC Summary of Deposit Market Share Report, the bank ranks 11th out of 41 FDIC-insured depository financial institutions operating inside the assessment area with a 3.3 percent market share of FDIC-insured deposits. By comparison, the three institutions with the largest market share were First Citizen Bank (11.1 percent), C USB Bank (6.7 percent) and First Security Bank and Trust Company (6.1 percent).

The assessment area delineation has not changed since the previous evaluation.

Assessment Area Demographics

The following table presents demographic data specific to the Non-MSA Iowa. Based on 2010 U.S. Census Bureau information, the Non-MSA assessment area is comprised of 48 census tracts, which is comprised of 2 moderate-, 42 middle-, and 4 upper-income census tracts. In addition, 10 census tracts located in Butler and Winneshiek Counties are designated as underserved by the FFIEC due to their distance from population centers.

According to 2010 U.S. Census Bureau information, 1,940 families, which represents 4.4 percent of all families living inside the assessment area, reside in the moderate-income census tracts. Families with annual incomes below the poverty level also represent 6.8 percent of all families in the assessment area.

In addition, the assessment area contains 76,942 housing units, 4.4 percent of which are located in moderate-income census tracts. The majority of all housing units are owner-occupied (68.6 percent).

Based on family income, low- and moderate-income families represent 35.9 percent of all families in the assessment area. Farms with \$1 million or less in total revenues represent 98.8 percent of all farms in the assessment area, 0.6 percent of which is located in moderate-income census tracts.

Assessment Area: 2016 IA Non MSA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	7,523	16.9	
Moderate-income	2	4.2	1,940	4.4	219	11.3	8,459	19.0	
Middle-income	42	87.5	38,434	86.5	2,728	7.1	10,926	24.6	
Upper-income	4	8.3	4,040	9.1	89	2.2	17,506	39.4	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	48	100.0	44,414	100.0	3,036	6.8	44,414	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	3,371	2,346	4.4	69.6	725	21.5	300	8.9	
Middle-income	66,411	45,818	86.9	69.0	13,736	20.7	6,857	10.3	
Upper-income	7,160	4,583	8.7	64.0	1,296	18.1	1,281	17.9	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	76,942	52,747	100.0	68.6	15,757	20.5	8,438	11.0	
	Total Businesses Tract		Businesses by Tract & Revenue Size						
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0	0.0
Moderate-income	317	3.7	292	3.7	24	3.7	1	1	0.6
Middle-income	7,519	86.8	6,796	86.4	581	89.9	142	142	92.2
Upper-income	831	9.6	779	9.9	41	6.3	11	11	7.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0	0.0
Total Assessment Area	8,667	100.0	7,867	100.0	646	100.0	154	154	100.0
	Percentage of Total Businesses:			90.8		7.5		1.8	
	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	0.0
Moderate-income	14	0.6	14	0.6	0	0.0	0	0	0.0
Middle-income	2,233	91.0	2,206	90.9	27	96.4	0	0	0.0
Upper-income	208	8.5	206	8.5	1	3.6	1	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0	0.0
Total Assessment Area	2,455	100.0	2,426	100.0	28	100.0	1	1	100.0
	Percentage of Total Farms:			98.8		1.1		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Population Characteristics

According to the 2010 U.S. Census Bureau information, the population for all counties in the Non-Metropolitan Iowa assessment area decreased since 2000. Fayette, Chickasaw, and Cerro Gordo County experienced the largest population decreases of 5.1 percent, 5.0 percent, and 4.9 percent respectively. Conversely, the State of Iowa experienced a population increase of 4.1 percent during the same time period. Decreases in population can be attributed to an overall shift of population from rural areas to urban areas where job opportunities are more accessible.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Allamakee County	14,675	14,330	-2.4
Butler County	15,305	14,867	-2.9
Cerro Gordo County	46,447	44,151	-4.9
Chickasaw County	13,095	12,439	-5.0
Fayette County	22,008	20,880	-5.1
Floyd County	16,900	16,303	-3.5
Howard County	9,932	9,566	-3.7
Mitchell County	10,874	10,776	-0.9
Winneshiek County	21,310	21,056	-1.2
State of Iowa	2,926,324	3,046,355	4.1

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

Income Characteristics

The following table presents the median family income for families living in the Non-MSA Iowa area. Based on 2010 U.S. Census Bureau information, all nine counties comprising the Non-MSA Iowa assessment area experienced an increase in median family income since 2000. While generally below the state average of \$61,804, median family incomes in the assessment area have increased at a relatively faster rate. Specifically, Mitchell and Butler County, experienced the highest increases of 53.7 percent and 41.3 percent respectively, while the state average only increased by 28.7 percent.

Median Family Income Change 2000 and 2010			
Area	2000 Median Family Income(\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Allamakee County	40,589	55,926	37.8
Butler County	42,209	59,641	41.3
Cerro Gordo County	46,099	60,148	30.5
Chickasaw County	44,306	50,530	14.0
Fayette County	39,960	52,627	31.7
Floyd County	41,133	52,808	28.4
Howard County	43,284	55,582	28.4
Mitchell County	41,233	63,356	53.7
Winneshiek County	45,966	61,558	33.9
State of Iowa	48,005	61,804	28.7

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

Housing Characteristics

The table below represents housing cost trends within the assessment area and the State of Iowa. Winneshiek County continues to have higher median housing values than the State of Iowa. As previously stated, the assessment area contains 76,942 total housing units, of which 68.6 percent are owner-occupied, 20.5 percent are rental units, and 11.0 percent are vacant. The median gross rent values in the assessment area remain lower than the state; however, all counties experience higher increases in rents from 2000 to 2010 than the state, with the exception of Floyd County which experienced an increase in gross rents of only 19.1 percent. Butler and Howard County experienced the highest increases in median gross rent of 53.0 percent and 55.3 percent, respectively, which is well above the state average of 31.3 percent.

A common method to measure housing affordability is to use the affordability ratio, which is defined in Appendix C. The affordability ratios for all nine counties in the assessment area have decreased since 2000 according to the 2006-2010 American Community Survey data. All ratios are comparable to the state average of 0.41 with the exception of Butler, Fayette, and Howard County. The affordability ratio for these counties is 0.52, 0.51, and 0.51, respectively. The higher affordability ratios indicate that housing in these counties is generally more affordable when compared to the overall State of Iowa.

Housing Costs Change 2000 and 2010				
Location	2000 Median Housing Value (\$)	2006-2010 Median Housing Value (\$)	2000 Median Gross Rent (\$)	2006-2010 Median Gross Rent (\$)
Assessment Area	72,178	99,357	374	511
Allamakee County	69,900	105,200	348	484
Butler County	66,500	90,900	351	537
Cerro Gordo County	76,100	107,900	404	565
Chickasaw County	73,000	93,800	325	468
Fayette County	62,500	81,200	360	481
Floyd County	68,900	89,200	357	425
Howard County	64,500	90,300	333	517
Mitchell County	70,600	99,200	334	461
Winneshiek County	90,300	147,600	389	517
Iowa	82,100	119,200	470	617
<i>Source: 2000—U.S. Census Bureau: Decennial Census 2006-2010—U.S. Census Bureau: American Community Survey</i>				

Foreclosure Trends

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

The study found that the assessment area experienced a slightly higher number of foreclosures when compared to the overall State of Iowa. Specifically, Chickasaw, Fayette and Mitchell Counties all experienced a higher foreclosure inventory rate than the state average of 1.0 percent. However, the study also found that while foreclosure inventory rates in the Non-Metropolitan Iowa assessment area have fluctuated over the years, rates have generally declined. The decline in rates can be attributed to slightly improving economic conditions for both the state and country as a whole.

Bankruptcy Trends

According to the Administrative Office of the U.S. Courts, the percentage of bankruptcy filings in the assessment area is relatively low. In 2014, Chickasaw and Winneshiek County had the lowest bankruptcy rates of 0.6 per 1,000 in population while Allamakee County had the highest bankruptcy rate in the assessment area with a rate of 1.4. All counties in the assessment area experienced lower bankruptcy filing rates than the State of Iowa average of 1.6 per 1,000 in population.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2011	2012	2013	2014
Allamakee County, IA	1.5	1.1	0.9	1.3
Butler County, IA	1.8	1.5	0.7	0.7
Cerro Gordo County, IA	1.9	1.5	1.4	1.0
Chickasaw County, IA	1.3	0.8	1.3	0.6
Fayette County, IA	1.6	1.4	0.7	0.9
Floyd County, IA	1.8	1.7	1.0	1.2
Grundy County, IA	1.5	1.4	0.7	0.9
Howard County, IA	2.4	0.8	0.8	0.9
Mitchell County, IA	1.4	1.0	0.9	1.1
Winneshiek County, IA	0.7	0.5	0.6	0.6
State of Iowa	2.5	2.0	1.8	1.6

Source: Administrative Office of the U.S. Courts

Employment Conditions

The following table represents the unemployment statistics for the assessment area and the State of Iowa from 2011 to 2014. Unemployment rates in all areas have declined steadily since 2011. Allamakee, Fayette, Chickasaw and Floyd Counties experienced the highest unemployment rates within the assessment area peaking at 5.9 percent, 5.2 percent, 4.9 percent, and 4.7 percent respectively, in 2014. These rates were above the State of Iowa average for this time period.

Unemployment Rates (%)				
Area	2011	2012	2013	2014
Allamakee County, IA	7.8	6.9	6.4	5.9
Butler County, IA	5.1	4.4	4.2	4.4
Cerro Gordo County, IA	6.4	5.7	5.2	4.8
Chickasaw County, IA	6.3	5.2	4.7	4.9
Fayette County, IA	6.6	5.7	5.2	5.2
Floyd County, IA	6.8	6.4	5.3	4.7
Grundy County, IA	5.1	4.5	4.1	4.4
Howard County, IA	6.0	5.2	4.8	4.2
Mitchell County, IA	5.0	4.8	4.2	3.7
Winneshiek County, IA	5.2	4.7	4.5	4.4
State of Iowa	5.9	5.2	4.6	4.4

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table illustrates the largest employers operating within the Non-MSA Iowa assessment area. According to the America's Labor Market Information System (ALMIS), the assessment area has a diverse employment base. The industries supplying the major employment opportunities in this assessment area are manufacturing, grocery wholesalers, hospitals, and education.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Mercy Medical Ctr-North Iowa	1,886	Hospital
Assa Abloy Wood Doors	1,500	Doors-Manufacturers
CURRIES	1,200	Metal Doors Sash Frames & Trim
Agriprocessors Inc.	900	Meat Products
Luther College	630	Schools-Universities & College Academic
Opportunity Village	600	Schools With Special Academic Education
Agri Star	600	Meat Packers
Stanley Engfast	540	Fasteners-Industrial
Principal Financial Group	500	Financial Planning Consultants

Source: America's Labor Market information System (ALMIS) - Department of Labor

Community Representatives

Interviews with representatives of two organizations focused on economic development and affordable housing were conducted in conjunction with this evaluation. One of the community contacts located in Winneshiek County, indicated that the current performance of banks in the community is excellent and supportive of community needs. The community contacts indicated that the housing stock is consistent with growth, as the economic conditions are relatively stable.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-METROPOLITAN IOWA

LENDING TEST

Performance under the lending test in the Non-Metropolitan Iowa assessment area is reasonable. Geographic distribution reflects reasonable dispersion of small farm and HMDA-reportable loans throughout the assessment area, and borrower loan distribution reflects reasonable penetration among individuals of different income levels and farms of different sizes, given the products and services offered.

Geographic Distribution of Loans

The geographic distribution for HMDA reportable and small farm loans reflects reasonable dispersion throughout the assessment area, including the two moderate income census tracts, and ten middle-income census tracts located in Butler and Winneshiek Counties that are designated underserved by the FFIEC. Small farm loans were weighted more heavily for this analysis as it is the bank's primary loan product representing a majority of the loan portfolio. Please refer to Appendix B for the geographic dispersion of 2014 HMDA-reportable loans.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2015 IA Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2015			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	2	3.9	4.4	107	2.0	2.9	4.4
	Middle	46	90.2	83.7	4,902	90.1	78.4	86.9
	Upper	3	5.9	11.9	430	7.9	18.6	8.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		51	100.0	100.0	5,439	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	6.3	3.7	227	2.7	1.9	4.4
	Middle	57	90.5	88.4	7,162	85.0	87.6	86.9
	Upper	2	3.2	7.8	1,038	12.3	10.4	8.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		63	100.0	100.0	8,427	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	1.8	0	0.0	1.4	4.4
	Middle	12	100.0	91.9	469	100.0	86.7	86.9
	Upper	0	0.0	6.4	0	0.0	11.9	8.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		12	100.0	100.0	469	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	0	0.0	5.3	0	0.0	1.1	3.0
	Middle	1	100.0	89.5	51	100.0	90.3	78.3
	Upper	0	0.0	5.3	0	0.0	8.7	18.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		1	100.0	100.0	51	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	6	4.7	3.8	334	2.3	2.3	4.4
	Middle	116	91.3	86.7	12,584	87.5	83.6	86.9
	Upper	5	3.9	9.5	1,468	10.2	14.1	8.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		127	100.0	100.0	14,386	100.0	100.0

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

HMDA-Reportable Loans

The table above indicates reasonable geographic dispersion when compared to aggregate lenders and families by family income in 2015. In Appendix B, geographic dispersion of 2014 HMDA-reportable loans shows similar results. Due to low home-improvement and multi-family loan volume in the assessment area, these loan products will not be discussed.

Home Purchase

In 2015, the bank originated 3.9 percent of its home purchase loans in moderate-income census tracts, which was slightly below the performance of aggregate lenders (4.4 percent) and the percentage of owner-occupied housing in moderate-income census tracts (4.4 percent). The bank originated 90.2 percent of its home purchase loans in middle-income census tracts, which was above the performance of aggregate lenders (83.7 percent) and the percentage of owner occupied housing in middle-income census tracts (86.9 percent). The bank originated 5.9 percent of its home purchase loans in upper-income census tracts, which is below to the performance of aggregate lenders (11.9 percent) and the percentage of owner-occupied housing in upper-income census tracts (8.7 percent).

Refinance

Refinance loans represent 49.6 percent of the bank's total HMDA-reportable loans in 2015. Four loans representing 6.3 percent of the bank's refinance lending were originated in moderate-income census tracts. This was above aggregate lending (3.7 percent) as well as the percentage of owner-occupied housing (4.4 percent) in moderate-income census tracts.

Refinance lending in middle-income census tracts (90.5 percent) was above aggregate lending (88.4 percent) and above the percent of owner-occupied housing (86.9 percent) in middle-income census tracts. The bank originated 3.2 percent of its refinance loans in upper-income census tracts, which was lower than the performance of aggregate lenders (7.8 percent) and the percentage of owner-occupied housing (8.7 percent) in upper-income census tracts.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion of loans throughout the assessment area. In 2016, the bank originated a majority of its small farms loans (98.2 percent) in middle income tracts where the majority of farms are located. While no loans were originated in the moderate-income census tracts according to the assessment area demographics only 0.6 percent of farms are located in moderate-income geographies.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2016 IA Non MSA						
Tract Income Levels	Bank & Demographic Comparison					
	Count		2016		Total Farms	
	Bank		Dollar	Bank		
#	%	\$ 000s	\$ %	%		
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.6
	Middle	111	98.2	11,143	97.7	91.0
	Upper	2	1.8	264	2.3	8.5
	Unknown	0	0.0	0	0.0	0.0
	Total	113	100.0	11,407	100.0	100.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

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

The borrower distribution of HMDA-reportable loans in the Non-MSA assessment area reflects reasonable penetration among individuals of different income levels and a reasonable distribution of loans among farms of different sizes in the bank’s assessment area. Refinance loans represented the majority (49.6 percent of HMDA-reportable loans in 2015 and 62.7 percent in 2014) of originations in the assessment area. Small farm loans were weighted more heavily as agricultural loans comprise a significant portion of the bank’s loan portfolio. Please refer to Appendix B for 2014 borrower distribution tables.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2015 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income %	
		2015			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	8	15.7	12.1	387	7.1	5.9	16.9
	Moderate	13	25.5	25.0	745	13.7	17.9	19.0
	Middle	11	21.6	21.9	1,154	21.2	20.6	24.6
	Upper	16	31.4	31.5	2,990	55.0	45.5	39.4
	Unknown	3	5.9	9.5	163	3.0	10.2	0.0
	Total		51	100.0	100.0	5,439	100.0	100.0
Refinance	Low	7	11.1	8.2	384	4.6	4.7	16.9
	Moderate	14	22.2	19.1	1,345	16.0	12.2	19.0
	Middle	18	28.6	22.6	1,678	19.9	20.4	24.6
	Upper	19	30.2	39.4	4,440	52.7	50.1	39.4
	Unknown	5	7.9	10.7	580	6.9	12.7	0.0
	Total		63	100.0	100.0	8,427	100.0	100.0
Home Improvement	Low	0	0.0	8.8	0	0.0	4.3	16.9
	Moderate	2	16.7	23.7	12	2.6	14.8	19.0
	Middle	4	33.3	26.1	219	46.7	23.8	24.6
	Upper	5	41.7	38.5	205	43.7	55.4	39.4
	Unknown	1	8.3	2.8	33	7.0	1.8	0.0
	Total		12	100.0	100.0	469	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	16.9
	Moderate	0	0.0	0.0	0	0.0	0.0	19.0
	Middle	0	0.0	0.0	0	0.0	0.0	24.6
	Upper	0	0.0	0.0	0	0.0	0.0	39.4
	Unknown	1	100.0	100.0	51	100.0	100.0	0.0
	Total		1	100.0	100.0	51	100.0	100.0
HMDA Totals	Low	15	11.8	10.0	771	5.4	4.9	16.9
	Moderate	29	22.8	22.2	2,102	14.6	14.2	19.0
	Middle	33	26.0	22.5	3,051	21.2	19.4	24.6
	Upper	40	31.5	35.4	7,635	53.1	45.3	39.4
	Unknown	10	7.9	9.9	827	5.7	16.2	0.0
	Total		127	100.0	100.0	14,386	100.0	100.0
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

HMDA-Reportable Loans

The table above indicates reasonable borrower distribution when compared to aggregate lenders and families by family income in 2015. In Appendix B, borrower distribution of 2014 HMDA-reportable loans shows slightly better results. Due to low loan volume in the assessment area, home-improvement and multi-family loans will not be discussed.

Home Purchase

Home purchase loans represent 40.2 percent of the bank's total HMDA-reportable loans in 2015. Lending to low-income borrowers (15.7 percent), which was above the aggregate (12.1 percent) and comparable to the percentage of low-income families in the assessment area (16.9 percent). Loans originated to moderate-income borrowers (25.5 percent), was comparable to the aggregate (25.0 percent) and slightly above the percentage of moderate-income families in the assessment area (19.0 percent).

Lending to middle-income borrowers (21.6 percent) was consistent with aggregate lending (21.9 percent) and the percentage of middle-income families in the assessment area (24.6 percent). The bank originated 31.4 percent of its home purchase loans to upper-income borrowers, which is consistent with the performance of aggregate lenders (31.5 percent) and the percentage of upper-income families in the assessment area (39.4 percent).

Refinance

Refinance loans represent 49.6 percent of the bank's total HMDA-reportable loans in 2015. Lending to low-income borrowers (11.1 percent) was slightly higher than the aggregate (8.2 percent). Both the bank and aggregate lenders performed above the percentage of low-income families in the assessment area (16.9 percent). Lending to moderate-income borrowers (22.2 percent) was higher than the aggregate (19.1 percent) as well as the percentage of moderate income families in the assessment area (19.0 percent).

In 2015, lending to middle-income borrowers (28.6 percent) was comparable with aggregate (22.6 percent) and the percentage of middle-income families in the assessment area (24.6 percent). The bank originated 30.2 percent of its refinance loans to upper-income borrowers, which is lower than the performance of aggregate lenders (39.4 percent) and the percentage of upper-income families in the assessment area (39.4 percent).

Small Farm Loans

The table below indicates a reasonable distribution of loans in the bank's assessment area when compared to the percentages of small farms in the assessment area in 2016.

Small farm lending reflects reasonable penetration among farms of different revenue sizes. In 2016, the bank originated 92.9 percent of farm loans by number to farms with annual revenues of \$1 million dollars or less. Performance was comparable to area demographics as 98.8 percent of all farms in the assessment area that have annual revenues of \$1 million or less. In addition, 64.8 percent of these farm loans were in dollar amounts of \$100,000 or less demonstrating the bank's willingness to meet small farm credit needs.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2016 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2016		2016		Total Farms	
		Count		Dollar			
		Bank		Bank			
		#	%	\$ 000s	%	%	
Small Farm	Revenue	\$1 Million or Less	105	92.9	10,182	89.3	98.8
		Over \$1 Million or Unknown	8	7.1	1,225	10.7	1.2
		Total	113	100.0	11,407	100.0	100.0
	Loan Size	\$100,000 or Less	71	62.8	2,347	20.6	
		\$100,001 - \$250,000	30	26.5	4,822	42.3	
		\$250,001 - \$500,000	12	10.6	4,237	37.1	
		Total	113	100.0	11,406	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	68	64.8	2,233	21.9	
		\$100,001 - \$250,000	26	24.8	4,212	41.4	
		\$250,001 - \$500,000	11	10.5	3,737	36.7	
		Total	105	100.0	10,182	100.0	

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

The bank demonstrated adequate responsiveness to community development needs in the Non-Metropolitan Iowa assessment area. This determination was also made in light of the type and availability of opportunities in the area, as well as the bank's capacity to participate in such activities.

Lending

State Bank originated three qualified community development loans totaling \$444,000 in the Non-Metropolitan Iowa assessment area. This is an increase from the prior evaluation in which community development lending in the Non-MSA Iowa area totaled \$154,968. Three loans qualified under economic development where funds supported job creation and new small businesses for low- and moderate-income individuals.

Investments

The bank made one qualified investment in the amount of \$3.9 million, a significant increase in dollar amount from the previous evaluation where the bank made two qualified investments totaling \$600,000. Community development investments helped support community service initiatives such as providing healthcare costs and services for state population including LMI individuals in areas that had been designated as being underserved. In addition, the bank made eleven qualified donations totaling \$42,625 to seven organizations supporting community service initiatives to low- and moderate income individuals, as well as revitalization and stabilization efforts.

Services

State Bank made a significant increase from the prior evaluation's 731 community development service hours. Bank staff provided 3,284 hours of qualified community development services to 22 organizations that benefited the assessment area for this evaluation. Services included serving on the board of economic development organizations, preparing grants for affordable housing assistance, and teaching financial literacy.

APPENDIX A – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Lending Test- HMDA-reportable loans: January 01, 2014- December 31, 2015 Small Farm Loans: January 01, 2016 – December 31, 2016 Community Development Test- April 22, 2013 – July 10, 2017	
FINANCIAL INSTITUTION	State Bank	PRODUCTS REVIEWED Home Mortgage Loans Agricultural Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Waterloo-Cedar Falls, Iowa MSA #47940 - Bremer and Grundy Counties	Full scope	N/A	N/A
Non-Metropolitan Iowa- Allamakee, Butler, Cerro Gordo, Chickasaw, Fayette, Floyd, Howard, Mitchell, and Winneshiek Counties	Full scope	N/A	N/A

APPENDIX B – Lending Tables
Waterloo-Cedar Falls, IA MSA 47940

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2014 Waterloo-Cedar Falls, IA MSA 47940								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2014			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	1.7	0	0.0	0.9	2.3
	Moderate	0	0.0	8.6	0	0.0	5.5	12.0
	Middle	7	63.6	63.3	706	57.7	57.9	63.2
	Upper	4	36.4	26.4	517	42.3	35.7	22.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		11	100.0	100.0	1,223	100.0	100.0
Refinance	Low	0	0.0	1.6	0	0.0	1.1	2.3
	Moderate	0	0.0	10.0	0	0.0	5.3	12.0
	Middle	13	72.2	63.3	2,293	78.2	59.4	63.2
	Upper	5	27.8	25.0	640	21.8	34.2	22.4
	Unknown	0	0.0	0.1	0	0.0	0.0	0.0
	Total		18	100.0	100.0	2,933	100.0	100.0
Home Improvement	Low	0	0.0	1.5	0	0.0	1.6	2.3
	Moderate	0	0.0	11.3	0	0.0	7.5	12.0
	Middle	0	0.0	64.4	0	0.0	64.2	63.2
	Upper	0	0.0	22.6	0	0.0	26.6	22.4
	Unknown	0	0.0	0.2	0	0.0	0.1	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	19.6	0	0.0	22.9	10.3
	Moderate	0	0.0	6.5	0	0.0	7.5	10.6
	Middle	0	0.0	65.2	0	0.0	67.9	46.7
	Upper	0	0.0	8.7	0	0.0	1.7	32.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	0	0.0	1.7	0	0.0	2.2	2.3
	Moderate	0	0.0	9.4	0	0.0	5.6	12.0
	Middle	20	69.0	63.4	2,999	72.2	59.2	63.2
	Upper	9	31.0	25.4	1,157	27.8	33.0	22.4
	Unknown	0	0.0	0.1	0	0.0	0.0	0.0
	Total		29	100.0	100.0	4,156	100.0	100.0
Originations & Purchases								
2014 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2014 Waterloo-Cedar Falls, IA MSA 47940								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income %	
		2014			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	1	9.1	7.5	100	8.2	4.4	20.2
	Moderate	2	18.2	21.3	122	10.0	13.9	17.9
	Middle	3	27.3	22.5	535	43.7	20.7	23.9
	Upper	5	45.5	31.0	466	38.1	41.1	38.0
	Unknown	0	0.0	17.8	0	0.0	19.9	0.0
	Total		11	100.0	100.0	1,223	100.0	100.0
Refinance	Low	1	5.6	6.0	57	1.9	3.0	20.2
	Moderate	2	11.1	19.1	141	4.8	12.2	17.9
	Middle	6	33.3	22.5	636	21.7	18.0	23.9
	Upper	8	44.4	39.5	2,003	68.3	51.0	38.0
	Unknown	1	5.6	12.9	96	3.3	15.8	0.0
	Total		18	100.0	100.0	2,933	100.0	100.0
Home Improvement	Low	0	0.0	7.8	0	0.0	4.8	20.2
	Moderate	0	0.0	20.1	0	0.0	14.5	17.9
	Middle	0	0.0	28.7	0	0.0	23.4	23.9
	Upper	0	0.0	39.5	0	0.0	47.1	38.0
	Unknown	0	0.0	3.9	0	0.0	10.2	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.2
	Moderate	0	0.0	0.0	0	0.0	0.0	17.9
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	38.0
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	2	6.9	6.9	157	3.8	3.6	20.2
	Moderate	4	13.8	20.2	263	6.3	12.6	17.9
	Middle	9	31.0	22.9	1,171	28.2	18.6	23.9
	Upper	13	44.8	34.6	2,469	59.4	42.4	38.0
	Unknown	1	3.4	15.4	96	2.3	22.7	0.0
	Total		29	100.0	100.0	4,156	100.0	100.0
Originations & Purchases 2014 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Non-MSA Iowa

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2014 IA Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2014			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	2.9	4.4	20	0.6	3.2	4.4
	Middle	33	97.1	84.8	3,323	99.4	80.2	86.9
	Upper	0	0.0	10.9	0	0.0	16.6	8.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		34	100.0	100.0	3,343	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	4.3	5.5	205	2.4	2.4	4.4
	Middle	66	95.7	86.0	8,237	97.6	83.8	86.9
	Upper	0	0.0	8.4	0	0.0	13.8	8.7
	Unknown	0	0.0	0.1	0	0.0	0.0	0.0
	Total		69	100.0	100.0	8,442	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	14.3	6.7	17	4.1	5.2	4.4
	Middle	6	85.7	87.3	398	95.9	89.2	86.9
	Upper	0	0.0	5.6	0	0.0	5.4	8.7
	Unknown	0	0.0	0.4	0	0.0	0.2	0.0
	Total		7	100.0	100.0	415	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	9.1	0	0.0	23.3	3.0
	Middle	0	0.0	90.9	0	0.0	76.7	78.3
	Upper	0	0.0	0.0	0	0.0	0.0	18.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	5	4.5	5.1	242	2.0	3.9	4.4
	Middle	105	95.5	85.6	11,958	98.0	82.1	86.9
	Upper	0	0.0	9.2	0	0.0	13.9	8.7
	Unknown	0	0.0	0.1	0	0.0	0.0	0.0
	Total		110	100.0	100.0	12,200	100.0	100.0

Originations & Purchases
2014 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2014 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2014			2014			
		Count		Agg %	Dollar		Agg \$ %	
#	%	Bank \$(000s)	\$ %					
Home Purchase	Low	3	8.8	11.5	82	2.5	6.6	16.9
	Moderate	5	14.7	23.4	350	10.5	19.0	19.0
	Middle	9	26.5	21.5	1,165	34.8	21.8	24.6
	Upper	15	44.1	29.7	1,694	50.7	39.4	39.4
	Unknown	2	5.9	13.9	52	1.6	13.1	0.0
	Total	34	100.0	100.0	3,343	100.0	100.0	100.0
Refinance	Low	4	5.8	9.0	335	4.0	5.7	16.9
	Moderate	23	33.3	20.3	1,392	16.5	12.8	19.0
	Middle	11	15.9	20.8	1,530	18.1	16.6	24.6
	Upper	30	43.5	40.1	5,090	60.3	54.4	39.4
	Unknown	1	1.4	9.9	95	1.1	10.6	0.0
	Total	69	100.0	100.0	8,442	100.0	100.0	100.0
Home Improvement	Low	0	0.0	14.7	0	0.0	8.5	16.9
	Moderate	2	28.6	20.6	135	32.5	16.9	19.0
	Middle	4	57.1	25.8	120	28.9	22.3	24.6
	Upper	1	14.3	31.0	160	38.6	45.4	39.4
	Unknown	0	0.0	7.9	0	0.0	6.8	0.0
	Total	7	100.0	100.0	415	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	16.9
	Moderate	0	0.0	0.0	0	0.0	0.0	19.0
	Middle	0	0.0	0.0	0	0.0	0.0	24.6
	Upper	0	0.0	0.0	0	0.0	0.0	39.4
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	7	6.4	10.7	417	3.4	5.9	16.9
	Moderate	30	27.3	21.6	1,877	15.4	15.1	19.0
	Middle	24	21.8	21.6	2,815	23.1	18.4	24.6
	Upper	46	41.8	34.1	6,944	56.9	44.5	39.4
	Unknown	3	2.7	12.0	147	1.2	16.1	0.0
	Total	110	100.0	100.0	12,200	100.0	100.0	100.0
Originations & Purchases 2014 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

APPENDIX C - Glossary

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

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

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

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

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

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

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

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

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

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

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

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

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

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

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

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

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

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

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

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

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