

PUBLIC DISCLOSURE

September 12, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Trust & Savings Bank
RSSD# 363648

601 Lake Avenue
Storm Lake, Iowa 50588

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

Security Trust & Savings Bank is rated Satisfactory.

Security Trust & Savings Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is less than reasonable given the bank's size, financial condition, and the assessment area credit needs. A substantial majority of loans are originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration among borrowers of different income levels, including low- and moderate-income, and to businesses and farms of different sizes. There were no CRA-related complaints received by the institution or the Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC) Examination Procedures for Small Institutions were utilized to review the bank's CRA performance. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, and market competition, as well as assessment area demographic, economic, and credit needs. Lending performance was assessed within the bank's single, non-metropolitan (non-MSA) assessment area comprised of Buena Vista and Clay counties in their entirety, and one census tract in Sac County.

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

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage and small business loans originated from August 14, 2018 – December 31, 2021, and small farm loans originated from January 1, 2021, to December 31, 2021, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's home mortgage and small business loans originated in the assessment area from August 14, 2018 – December 31, 2021, and small farm loans originated from January 1, 2021, to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – A sample of the bank's home mortgage and small business loans originated in the assessment area from August 14, 2018 – December 31, 2021, and small farm loans

originated from January 1, 2021, to December 31, 2021, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and 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. Neither Security Trust & Savings Bank nor this Reserve Bank received any CRA-related complaints since the previous examination.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: agricultural and economic development.

DESCRIPTION OF INSTITUTION

Security Trust & Savings Bank is a community bank headquartered in Storm Lake, Iowa with total assets of \$298.3 million as of June 30, 2022. In addition to its main office, the bank operates two additional branches, one limited-service branch in Storm Lake and one full-service branch in Rembrandt, Iowa, which opened in 2018 with the acquisition of First National Bank. The bank operates a full-service ATM within their main branch, as well as two additional cash-only ATMs within Storm Lake. As of June 30, 2022, the bank’s loan portfolio is primarily comprised of loans to finance agriculture, as these loans represent 54.7 percent of the bank’s total loans.

Security Trust & Savings Bank serves its assessment area primarily as an agricultural lender, and to a lesser extent, serves the commercial, consumer, and residential real estate credit needs of the area. Overall, products are generally non-complex. Loan products include residential real estate, home equity lines of credit, consumer installment, commercial, and agricultural loans. Deposit products include traditional checking and savings accounts, certificates of deposit, money market deposit accounts, and negotiable order of withdrawal accounts.

As of June 30, 2021, the bank’s combined market share of 10.2 percent of Federal Deposit Insurance Corporation (FDIC)-insured deposits in the IA Non-MSA assessment area, ranked third of 19 institutions in the assessment area. Farmers Trust and Savings Bank ranked first with a 16.7 percent market share, while Central Bank ranked second with a 12.5 percent market share. The fourth ranked institution, Northwest Bank, had an identical market share (10.2 percent) as Security Trust & Savings Bank.

Composition of Loan Portfolio as of June 30, 2022		
Loan Type	\$ in 000s	%
Agriculture	40,188	54.7
Residential Real Estate	17,456	23.8
Commercial	13,958	19.0
Consumer	1,900	2.6
Other	8	0.0
Total Loans	73,510	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 August 13, 2018.

DESCRIPTION OF ASSESSMENT AREA

Security Trust & Savings Bank operates within one assessment area, non-MSA Iowa, which includes Buena Vista and Clay counties in their entirety and census tract 801 in Sac County, all of which are in the state of Iowa. This reflects a change in the assessment area from the previous evaluation, due to the bank’s acquisition of First National Bank in Rembrandt, Iowa. Previously, the bank’s delineated assessment area consisted of four of six census tracts of Buena Vista County. With the acquisition, the bank expanded its assessment area to include all of Buena Vista County and Clay County in their entirety, and one census tract in Sac County, bringing the assessment area to a total of 11 census tracts. Of the bank’s 11 census tracts, one is designated as moderate-income, nine are middle-income, and one is an upper-income tract. Additionally, the bank’s census tract in Sac County is designated as underserved and distressed.

The bank’s main office with its full-service ATM, and another cash-only ATM are in the moderate-income census tract in Storm Lake, Iowa. The bank operates another cash-only ATM and two additional branches in middle-income census tracts. One branch is in Storm Lake, Iowa, and the second branch was added in the bank’s 2018 acquisition of First National Bank and is in Rembrandt, Iowa.

The majority of the population in the assessment area consists of upper- and middle-income families, accounting for 62.3 percent of all families in the assessment area. Low- and moderate-income families represent 18.1 percent and 19.6 percent of the families in the assessment area, respectively. Small businesses with revenues of \$1.0 million or less comprise a significant portion of the total businesses in the assessment area at 89.5 percent. Further, small farms with revenues of \$1.0 million or less comprise the vast majority of total farms in the assessment area at 98.8 percent. Additional 2021 assessment area demographic information is presented in the following table.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	1	0
Middle	3	9	+ 6
Upper	0	1	+ 1
Unknown	0	0	0
Total	4	11	+ 7

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010
U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015*

Assessment Area: 2021 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	1,889	18.1
Moderate-income	1	9.1	1,410	13.5	207	14.7	2,044	19.6
Middle-income	9	81.8	8,124	77.9	654	8.1	2,410	23.1
Upper-income	1	9.1	891	8.5	34	3.8	4,082	39.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	10,425	100.0	895	8.6	10,425	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	2,410	1,277	11.1	53.0	910	37.8	223	9.3
Middle-income	13,735	9,172	79.6	66.8	3,252	23.7	1,311	9.5
Upper-income	1,420	1,069	9.3	75.3	227	16.0	124	8.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	17,565	11,518	100.0	65.6	4,389	25.0	1,658	9.4
	Total Businesses Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	258	12.9	228	12.7	23	13.1	7	19.4
Middle-income	1,564	78.1	1,403	78.3	139	79.4	22	61.1
Upper-income	181	9.0	161	9.0	13	7.4	7	19.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,003	100.0	1,792	100.0	175	100.0	36	100.0
	Percentage of Total Businesses:			89.5		8.7		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
Moderate-income	12	2.5	12	2.5	0	0.0	0	0.0
Middle-income	387	80.1	381	79.9	6	100.0	0	0.0
Upper-income	84	17.4	84	17.6	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	483	100.0	477	100.0	6	100.0	0	0.0
	Percentage of Total Farms:			98.8		1.2		0.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Change

The assessment area has a population of 47,145 as of the 2011-2015 U.S. Census Bureau's ACS. Population growth rates in the assessment area declined from 2010 to 2015 apart from Buena Vista County with a 1.2 percent growth rate, just below the state of Iowa at 1.5 percent. A community representative stated that overall, the community population has remained fairly stable, but low available housing has impacted any opportunities for further growth.

Population Change			
Area	2010 Population	2015 Population	Percentage Change (%)
Assessment Area	47,277	47,145	-0.3
Buena Vista County, IA	20,260	20,507	1.2
Clay County, IA	16,667	16,537	-0.8
Sac County, IA	10,350	10,101	-2.4
Non-MSA Iowa	1,261,493	1,250,756	-0.9
Iowa	3,046,355	3,093,526	1.5

*Source: 2010 U.S. Census Bureau Decennial Census
2011 - 2015 U.S. Census Bureau American Community Survey*

Income Characteristics

According to the U.S. Census Bureau, Median Family Income (MFI) grew at the highest level within Sac and Clay counties, at 7.8 percent and 5.0 percent respectively, while Buena Vista County saw the smallest increase at 0.8 percent. The assessment area outpaced the growth rate of the state of Iowa from 2010 to 2015. A community contact indicated that the MFI growth within the assessment area may be attributed to rising wages within the area, as unemployment remains low, and employers have been forced to increase wages to attract qualified workers.

Median Family Income Change			
Area	2010 Median Family Income (\$)	2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	58,954	61,348	4.1
Buena Vista County, IA	58,130	58,604	0.8
Clay County, IA	61,482	64,563	5.0
Sac County, IA	59,134	63,750	7.8
Non-MSA Iowa	61,224	61,681	0.7
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

The bank’s assessment area includes 17,565 total housing units, of which 65.6 percent are owner-occupied. The vast majority of the assessment area’s housing stock is located in middle-income census tracts (78.2 percent), with 11.1 percent of owner-occupied housing located in the moderate-income census tract. Of the homes located in middle-income tracts, 66.8 percent are owner-occupied, suggesting prevalent home ownership among the predominantly middle-class assessment area. Home ownership is less prominent in the moderate-income tract as 53.0 percent of housing units are owner-occupied, 37.8 percent are rental units, and 9.3 percent are vacant. Area representatives noted a need for more housing options throughout the assessment area.

The following table presents the recent housing cost burden for individuals. The housing cost burden percentage represents the number of renters and homeowners whose housing cost equals 30.0 percent or more of total household income. The table compares the housing cost burden within the assessment area to Buena Vista, Clay, and Sac counties, and the state of Iowa. Renters across all income levels in the assessment area experience this burden at 27.2 percent, which is lower than the percentage of renters across the state of Iowa (38.0 percent). Homeowners within the assessment area experience housing cost burden at 13.6 percent, which is lower than that of state of Iowa (15.2 percent). A community representative indicated housing cost burden percentages may be lower than the state of Iowa due to rising incomes, as job availability within the assessment area is high and area employers have been forced to raise wages to attract workers.

Housing Cost Burden						
Area	Cost Burden (\$) – Renters			Cost Burden (\$) – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	61.3	7.5	27.2	57.3	18.6	13.6
Buena Vista County, IA	61.7	4.5	21.6	58.3	16.2	12.8
Clay County, IA	60.5	9.3	33.2	67.3	20.8	15.8
Sac County, IA	63.2	12.0	27.8	41.7	18.3	11.6
Non-MSA Iowa	65.2	16.3	32.4	55.7	20.9	14.7
Iowa	72.2	24.1	38.0	58.9	25.3	15.2

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

Employment Conditions

The following table illustrates unemployment statistics for the assessment area, Buena Vista, Clay and Sac Counties, and the state of Iowa. The unemployment rate within the assessment area, as well as Buena Vista, Clay, and Sac Counties has been lower than the state of Iowa each of the past four years, which supports a community representative’s indication that job availability within the assessment area has been on the rise. The increase in the unemployment rate within the assessment area in 2020 can be attributed to the COVID-19 pandemic. Community representatives indicated that the unemployment rate has continued to decline as more area workers have been returning to

work.

Unemployment Rates (%)				
Area	2018	2019	2020	2021
Assessment Area	2.5	2.3	3.8	3.4
Buena Vista County, IA	2.1	2.0	3.6	3.2
Clay County, IA	3.2	2.6	4.4	3.6
Sac County, IA	2.3	2.2	3.5	3.3
Non-MSA Iowa	2.6	2.7	4.8	4.1
Iowa	2.5	2.6	5.1	4.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

The following table shows the largest employment industries within the assessment area, with manufacturing, government, and retail trade employing the highest number of individuals, with retail trade having the highest number of establishments operating in the assessment area.

Employment by Industry in Assessment Area		
Industry	# Of Employees	# Of Establishments
Manufacturing	4,729	75
Government	3,663	162
Retail Trade	2,745	236
Health Care and Social Assistance	1,539*	183
Accommodation and Food Services	1,407	108

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages
* Indicates that some or all of the data for this category was suppressed for confidentiality reasons

Community Representatives

Community representatives stated that farming operations have benefitted from government programs put in place during the COVID-19 pandemic, as well as row crop operations benefitting from an increase in commodity prices and yields that were better than expected. Animal operations encountered supply chain problems during the pandemic due to a variety of issues involving finishing plants. There has also been a noticeable uptick in input costs impacting both livestock and row crop operations. Farmers seeking to get started face high startup costs as equipment, land, and inputs are all at record or near record highs, which places stress on margins. Small farms are more vulnerable than larger operations due to established connections, priorities by vendors, and economies of scale. Overall, the COVID-19 pandemic had a greater impact on the ability of operations to have access to necessary items as opposed to a shut down in business. Regular farming activities were, for the most part, uninterrupted.

Community representatives explained that economic development has been encouraged by the local banking institutions and communities appear to be proactive in facing challenges common in rural Iowa. Low unemployment rates have contributed to a lack of individuals available to fill job openings, as well as housing challenges primarily in the low- to moderate-income levels but being felt by all. Available housing has been a hurdle as newer developments have faced challenges due

to labor and supply shortages. Additionally, the lack of available existing homes further contributes to the challenge. Lack of housing options has made enticing people to relocate into the rural communities difficult, even if they were seeking to leave metro or other rural areas. Community population has remained fairly stable, but job openings at all levels have been difficult to fill.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Security Trust & Savings Bank's performance relative to the lending test is rated Satisfactory based on the following factors: The loan-to-deposit ratio is less than reasonable given the bank's size, financial condition, and assessment area credit needs; a substantial majority of loans were originated within the assessment area; geographic distribution reflects reasonable dispersion throughout the assessment area; and lending activity reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and to businesses and farms of different sizes. Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous examination.

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is less than reasonable given its size, financial condition, assessment area credit needs, and comparison to several of its local competitors. As of June 30, 2022, the bank's 17-quarter average LTD ratio was 38.9 percent. Due to the acquisition of First National Bank, Security Trust & Savings Bank saw some initial loan growth but has since experienced an overall steady decline through the review period. Deposits saw a similar spike in 2018 but has followed with steady growth, which has further inhibited the LTD ratio from increasing. As illustrated previously, the top four institutions in the assessment area each hold approximately 10 to 16 percent of the market share for deposits, which suggests a highly competitive market. Additionally, the bank operates in an agricultural community in which demand for agricultural loans has continued to decrease in recent years due to increased commodity prices and self-financing by farmers. Like agricultural lending, demand for home mortgage loans has also decreased due to lack of available homes on the market, particularly in the Storm Lake area. The lack of available homes has impacted real estate lending in the area, further inhibiting growth of the bank's LTD ratio.

The bank's high volume of deposits, indicated by the deposit market share, and lower loan demand helps to explain the low LTD ratio; however, the fifth- and sixth-ranked institutions (Citizens First Bank and Community State Bank) each has a higher LTD ratio compared to Security Trust & Savings Bank. Despite this, the LTD ratio has slightly improved from the last evaluation (35.2 percent).

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
Security Trust & Savings Bank	38.9
Competitors	
Citizens First Bank	61.6
Iowa State Bank	89.5
First Community Bank	66.9
Community State Bank	62.6
State Bank of Schaller	34.5

Assessment Area Concentration

A substantial majority of the bank’s loans were originated in the assessment area (85.5 percent), which is an increase since the previous evaluation (71.0 percent). An analysis of residential and commercial loan products originated during the August 14, 2018, through December 31, 2021, evaluation period determined 82.5 percent of home mortgage loans and 90.0 percent of small business loans were originated within the delineated assessment area. An analysis of the bank’s agricultural loan products originated between January 1, 2021, and December 31, 2021, evidenced that 83.3 percent of loans were originated within the assessment area.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	47	82.5	\$6,016	88.8	10	17.5	\$761	11.2
Total non-HMDA related	47	82.5	\$6,016	88.8	10	17.5	\$761	11.2
Small Business Loans	54	90.0	\$4,923	89.6	6	10.0	\$570	10.4
Total Small Business related	54	90.0	\$4,923	89.6	6	10.0	\$570	10.4
Small Farm Loans	40	83.3	\$5,003	77.6	8	16.7	\$1,442	22.4
Total Small Farm related	40	83.3	\$5,003	77.6	8	16.7	\$1,442	22.4
Total Loans	141	85.5	\$15,987	85.2	24	14.5	\$2,773	14.8

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. As the assessment area is comprised of one moderate-income, nine middle-income, and one upper-income census tract, the analysis of this performance criterion received less weighting than other criterion of the lending test. Since the previous evaluation, the assessment area has expanded, but all additional census tracts were middle-income, except for one upper-income census tract. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. The bank originated loans in all but two middle-income census tracts within the assessment area in 2021,

which exhibited an increase in the level of dispersion since the beginning of the review period. Examiners determined that there were no conspicuous unexplained gaps in contiguous census tracts. Due to the overall low volume of home mortgage and small business lending, a review period from August 14, 2018, to December 31, 2021, was utilized to construct a meaningful analysis.

Home Mortgage Lending

Home mortgage lending in the assessment area is reasonable. The bank originated six home mortgage loans (12.8 percent) in the moderate-income census tract in the assessment area, which was above the demographic in which 11.1 percent of housing units are owner occupied in the moderate-income census tract. However, based on low volume of home mortgage lending and the bank's primary focus on agricultural lending, less weight was given to home mortgage lending in the geographic distribution of loans.

Geographic Distribution of Home Mortgage Loans								
Assessment Area: 2018-2021 IA Non MSA								
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units		
		August 14, 2018 through December 31, 2021						
		Count Bank		Dollar Bank				
		#	%	\$ (000s)	\$ %			
Totals	Low	0	0.0	0	0.0	0.0		
	Moderate	6	12.8	567	9.4	11.1		
	Middle	40	85.1	5,429	89.6	79.6		
	Upper	1	2.1	65	1.1	9.3		
	Unknown	0	0.0	0	0.0	0.0		
	Total	47	100.0	6,061	100.0	100.0		
Average 2018-2021 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

Small business lending reflects reasonable dispersion throughout the assessment area. Security Trust & Savings Bank originated ten (18.5 percent) small business loans in the moderate-income census tract within the assessment area, exceeding the total percentage of businesses that are established in that tract (12.8 percent). However, based on low volume of small business lending and the bank's primary focus on agricultural lending, less weight was given to small business lending in the geographic distribution of loans.

Geographic Distribution of Small Business Loans						
Assessment Area: 2018-2021 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		August 14, 2018 through December 31, 2021				
		Count Bank		Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	10	18.5	1,809	36.7	12.8
	Middle	42	77.8	2,868	58.2	78.0
	Upper	2	3.7	247	5.0	9.2
	Unknown	0	0.0	0	0.0	0.0
	Total	54	100.0	4,924	100.0	100.0
2021 FFIEC Census Data & Average 2018-2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Farm Lending

Small farm lending within the assessment area is reasonable. The bank originated two small farm loans (5.0 percent) within the moderate-income census tract, which is double the percentage of total farms located in that tract (2.5 percent). The small percentage of farms located in the moderate-income census tract, coupled with the competition of local banks, further demonstrates the bank’s willingness to meet the assessment area credit needs and its ability to be competitive in the agricultural lending space, even in the moderate-income census tract.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2021 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		2021				
		Count Bank		Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	2	5.0	165	3.3	2.5
	Middle	37	92.5	4,788	95.7	80.1
	Upper	1	2.5	50	1.0	17.4
	Unknown	0	0.0	0	0.0	0.0
	Total	40	100.0	5,003	100.0	100.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

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

The bank’s lending activity reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and to businesses and farms of different sizes. Due to the overall low volume of home mortgage and small business lending, a review period from August 14, 2018, to December 31, 2021, was utilized to construct a meaningful analysis.

Home Mortgage Lending

Home mortgage lending is reasonable. The level of lending to low- and moderate-income individuals both exceeds the percent of families designated as low- (18.2 percent) and moderate-income (19.6 percent) within the assessment area. The bank originated ten (21.3 percent) and 12 (25.5 percent) total home mortgage loans to low- and moderate-income borrowers, respectively. However, based on low volume of lending and the bank’s primary focus on agricultural lending, less weight was given to home mortgage lending in the analysis of lending to borrowers of different incomes and farms of different sizes criterion of the lending test.

Borrower Distribution of Home Mortgage Loans								
Assessment Area: 2018-2021 IA Non MSA								
	Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income		
		August 14, 2018 through December 31, 2021						
		Count		Dollar				
		#	%	\$ (000s)	\$ %	%		
Totals	Low	10	21.3	466	7.7	18.2		
	Moderate	12	25.5	940	15.5	19.6		
	Middle	7	14.9	670	11.1	23.1		
	Upper	14	29.8	3,221	53.1	39.1		
	Unknown	4	8.5	765	12.6	0.0		
	Total		47	100.0	6,062	100.0	100.0	
Average 2018-2021 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

Small business lending is reasonable. The bank originated a total of 47 small business loans during the review period, with 87.0 percent originated to businesses with gross revenues of \$1 million or less. This is consistent with the gross revenue composition of businesses in the assessment area, as 88.9 percent of those businesses had gross revenues of \$1 million or less. Additionally, the bank originated 39 (83.0 percent) of its small business loans in amounts of \$100,000 or less to those businesses, which shows the bank’s willingness to lend small dollar amounts when needed.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2018-2021 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		August 14, 2018 through December 31, 2021					
		Count Bank		Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	47	87.0	4,445	90.3	88.9
		Over \$1 Million	2	3.7	268	5.4	9.3
		Unknown	5	9.3	211	4.3	1.8
		Total	54	100.0	4,924	100.0	100.0
	Loan Size	\$100,000 or Less	45	83.3	1,448	29.4	
		\$100,001 - \$250,000	3	5.6	511	10.4	
		\$250,001 - \$1 Million	6	11.1	2,965	60.2	
		Total	54	100.0	4,924	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	39	83.0	1,169	26.3	
		\$100,001 - \$250,000	2	4.3	311	7.0	
		\$250,001 - \$1 Million	6	12.8	2,965	66.7	
		Total	47	100.0	4,445	100.0	
Originations & Purchases							
2021 FFIEC Census Data & Average 2018-2021 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Lending

Small farm lending is reasonable. The bank originated a total of 33 small farm loans during the review period, with 82.5 percent originated to farms with gross revenues of \$1 million or less. This is below the gross revenue composition of farms in the assessment area, as 98.8 percent of those farms had gross revenue of \$1 million or less. The bank originated 20 (60.6 percent) small farm loans in loan amounts of \$100,000 or less to those farms, which shows the bank's willingness to lend small dollar amounts when needed.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2021 IA Non MSA								
Product Type		Bank & Demographic Comparison						
		Count		2021		Total Farms		
Revenue	Loan Size	Bank	%	Dollar	%		%	
		#	%	\$ 000s	\$ %			
Small Farm	Revenue	\$1 Million or Less	33	82.5	3,793	75.8	98.8	
		Over \$1 Million	6	15.0	942	18.8	1.2	
		Unknown	1	2.5	267	5.3	0.0	
		Total	40	100.0	5,003	100.0	100.0	
	Loan Size	\$100,000 or Less	24	60.0	1,299	26.0		
		\$100,001 - \$250,000	11	27.5	1,812	36.2		
		\$250,001 - \$500,000	5	12.5	1,893	37.8		
		Total	40	100.0	5,004	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	20	60.6	961	25.3		
		\$100,001 - \$250,000	10	30.3	1,657	43.7		
		\$250,001 - \$500,000	3	9.1	1,176	31.0		
		Total	33	100.0	3,794	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Response to Complaints

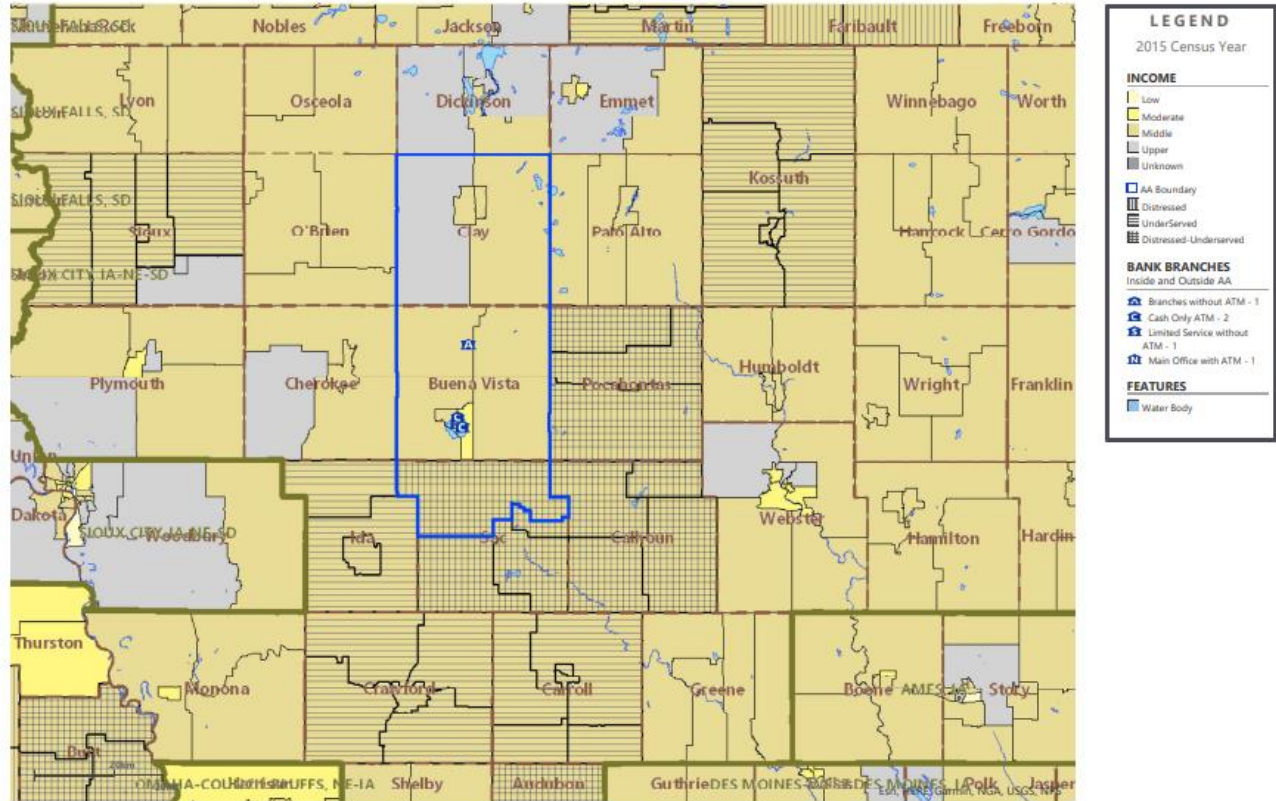
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area

Security Trust & Savings Bank 363648
IA Non MSA



APPENDIX B – Demographic Information

Assessment Area: 2018 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	1,903	18.3
Moderate-income	1	9.1	1,410	13.5	207	14.7	2,049	19.7
Middle-income	9	81.8	8,124	77.9	654	8.1	2,420	23.2
Upper-income	1	9.1	891	8.5	34	3.8	4,053	38.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	10,425	100.0	895	8.6	10,425	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	2,410	1,277	11.1	53.0	910	37.8	223	9.3
Middle-income	13,735	9,172	79.6	66.8	3,252	23.7	1,311	9.5
Upper-income	1,420	1,069	9.3	75.3	227	16.0	124	8.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	17,565	11,518	100.0	65.6	4,389	25.0	1,658	9.4
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	262	12.8	223	12.4	31	15.3	8	19.5
Middle-income	1,591	78.0	1,411	78.5	156	77.2	24	58.5
Upper-income	187	9.2	163	9.1	15	7.4	9	22.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,040	100.0	1,797	100.0	202	100.0	41	100.0
	Percentage of Total Businesses:		88.1		9.9		2.0	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	18	3.3	18	3.4	0	0.0	0	0.0
Middle-income	437	80.6	429	80.3	8	100.0	0	0.0
Upper-income	87	16.1	87	16.3	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	542	100.0	534	100.0	8	100.0	0	0.0
	Percentage of Total Farms:		98.5		1.5		0.0	
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Assessment Area: 2019 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	1,889	18.1
Moderate-income	1	9.1	1,410	13.5	207	14.7	2,044	19.6
Middle-income	9	81.8	8,124	77.9	654	8.1	2,410	23.1
Upper-income	1	9.1	891	8.5	34	3.8	4,082	39.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	10,425	100.0	895	8.6	10,425	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	2,410	1,277	11.1	53.0	910	37.8	223	9.3
Middle-income	13,735	9,172	79.6	66.8	3,252	23.7	1,311	9.5
Upper-income	1,420	1,069	9.3	75.3	227	16.0	124	8.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	17,565	11,518	100.0	65.6	4,389	25.0	1,658	9.4
	Total Businesses Tract		Businesses by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	260	12.9	225	12.5	29	15.3	6	17.6
Middle-income	1,574	78.0	1,406	78.4	147	77.4	21	61.8
Upper-income	184	9.1	163	9.1	14	7.4	7	20.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,018	100.0	1,794	100.0	190	100.0	34	100.0
	Percentage of Total Businesses:			88.9		9.4		1.7
	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	16	3.2	16	3.3	0	0.0	0	0.0
Middle-income	399	80.0	391	79.6	8	100.0	0	0.0
Upper-income	84	16.8	84	17.1	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	499	100.0	491	100.0	8	100.0	0	0.0
	Percentage of Total Farms:			98.4		1.6		0.0
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Assessment Area: 2020 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	1,889	18.1
Moderate-income	1	9.1	1,410	13.5	207	14.7	2,044	19.6
Middle-income	9	81.8	8,124	77.9	654	8.1	2,410	23.1
Upper-income	1	9.1	891	8.5	34	3.8	4,082	39.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	10,425	100.0	895	8.6	10,425	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	2,410	1,277	11.1	53.0	910	37.8	223	9.3
Middle-income	13,735	9,172	79.6	66.8	3,252	23.7	1,311	9.5
Upper-income	1,420	1,069	9.3	75.3	227	16.0	124	8.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	17,565	11,518	100.0	65.6	4,389	25.0	1,658	9.4
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	255	12.7	223	12.4	27	14.7	5	15.2
Middle-income	1,569	78.0	1,405	78.3	143	77.7	21	63.6
Upper-income	187	9.3	166	9.3	14	7.6	7	21.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,011	100.0	1,794	100.0	184	100.0	33	100.0
Percentage of Total Businesses:			89.2		9.1		1.6	
	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	13	2.6	13	2.6	0	0.0	0	0.0
Middle-income	405	80.5	398	80.2	7	100.0	0	0.0
Upper-income	85	16.9	85	17.1	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	503	100.0	496	100.0	7	100.0	0	0.0
Percentage of Total Farms:			98.6		1.4		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								

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Home mortgage loans originated from August 14, 2018, to December 31, 2021 Small business loans originated from August 14, 2018, to December 31, 2021 Small farm loans originated from January 1, 2021, to December 31, 2021		
FINANCIAL INSTITUTION Security Trust & Savings Bank			PRODUCTS REVIEWED Home mortgage loans Small business loans Small farm 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
Iowa Non- MSA	Full Scope	None	N/A

APPENDIX C – Glossary

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

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

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

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, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male 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.

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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