

# **PUBLIC DISCLOSURE**

November 15, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Logan State Bank  
RSSD# 754246

323 East Seventh Street  
Logan, Iowa 51546

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

Logan State Bank is rated Satisfactory.

The bank is meeting the credit needs of its community based on an analysis of its lending activities. The loan-to-deposit ratio is reasonable considering the bank's size, financial condition, and assessment area credit needs. A majority of the loans analyzed were originated in the assessment area. The geographic distribution of loans reflects reasonable distribution throughout the assessment area. The loan distribution reflects reasonable penetration among farms of different sizes and among borrowers of different income levels, particularly those considered low- or moderate-income. Neither the bank nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation

## SCOPE OF EXAMINATION

Based on asset size, the bank's performance was evaluated under the Federal Financial Institutions Examination Council's (FFIEC) Small Institution Examination Procedures. This performance was viewed in the context of the bank's financial condition, competition, and economic and demographic characteristics.

The performance criteria listed below incorporate activities within the bank's designated assessment area of Harrison County, Iowa, which is one of eight counties in the Omaha-Council Bluffs IA-NE Metropolitan Statistical Area #36540 (Omaha-Council Bluffs IA-NE MSA 36540). This assessment area was evaluated through a full-scope review as it is the bank's sole assessment area. The loan products examined for geographic and borrower distribution were chosen based on the bank's lending volume and the credit needs of the assessment area. The products reviewed consisted of a sample of consumer closed-end loans and a sample of small farm loans.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio ending June 30, 2021 was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's closed-end consumer and small farm loans originated from January 1, 2020 through December 31, 2020 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's closed-end consumer and small farm loans originated in the assessment area, from January 1, 2020 through December 31, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as

moderate-income.

- ***Lending to Borrowers of Different Income and to Farms of Different Sizes*** – The bank’s closed-end consumer and small farm loans originated in the assessment area, from January 1, 2020 through December 31, 2020, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- and moderate-income, and to farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Neither Logan State Bank nor this Reserve Bank received any CRA- related complaints since the previous evaluation.

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

## DESCRIPTION OF INSTITUTION

Logan State Bank (LSB) is a wholly owned subsidiary of Logan Bancorporation, Inc., headquartered in Logan, Iowa. The bank has no affiliates or subsidiaries. In addition to the main location in Logan, the bank has a branch in Missouri Valley, Iowa. Both branches are in middle-income census tracts and each offers a cash-only ATM. No changes to the branching structure have occurred since the previous evaluation.

As of June 30, 2021, the bank’s Uniform Bank Performance Report (UBPR) reported assets of \$78 million. With standard deposit and loan products offered at both locations within Harrison County, the bank is positioned to meet the credit needs of Harrison County farms, businesses, and residents. Details of the bank’s loan portfolio mix are shown in the table below.

Composition of Loan Portfolio as of June 30, 2021 (\$ are in 000s)		
Type	\$	%
Agricultural	42,121	70.9
Commercial	7,584	12.8
Residential	7,244	12.2
Consumer	2,426	4.1
Other	43	0.1
<b>Total</b>	<b>59,418</b>	<b>100.0</b>

*Note: Percentages may not total 100.0 due to rounding.*

According to the FDIC Deposit Market Share Report as of June 30, 2021, Logan State Bank is ranked second out of eight institutions operating in Harrison County with 17.8 percent of the market share. The bank with the largest market share is Midstates Bank with 19.8 percent of the market. Out of the eight institutions in the market, LSB is the only one with branching operations exclusively within Harrison County.

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 September 11, 2017.

#### **DESCRIPTION OF ASSESSMENT AREA<sup>1</sup>**

The assessment area delineated by the bank consists of the entirety of Harrison County, Iowa, located on Iowa's western border with Nebraska. The assessment area remains unchanged since the previous CRA examination. Harrison County is a rural county on the periphery of the Omaha-Council Bluffs IA-NE MSA 36540. The largest town in the county is Missouri Valley and other towns with over 1,000 residents include Woodbine, Logan, and Dunlap. Towns within Harrison County with less than 1,000 residents include Mondamin, Modale, Magnolia, and Little Sioux.

The assessment area consists of five census tracts, all that were previously designated as middle-income. As of 2017, census tract #2901, which is located in the upper quadrant of the county and includes the towns Dunlap and Little Sioux has been designated as a moderate-income tract, while the other four have remained designated as middle-income tracts. The bank's two branches and ATM locations are in middle-income census tracts.

Additional 2020 assessment area demographic information is presented in the following table.

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<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2017 and after, the designations are based on 2011-2015 ACS data. For years 2016 and before, the designations are based on 2006-2010 ACS data. For examinations that include performance before and after 2017, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	794	20.2
Moderate-income	1	20.0	660	16.8	74	11.2	905	23.0
Middle-income	4	80.0	3,274	83.2	211	6.4	966	24.6
Upper-income	0	0.0	0	0.0	0	0.0	1,269	32.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5</b>	<b>100.0</b>	<b>3,934</b>	<b>100.0</b>	<b>285</b>	<b>7.2</b>	<b>3,934</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,250	835	18.7	66.8	228	18.2	187	15.0
Middle-income	5,477	3,642	81.3	66.5	1,268	23.2	567	10.4
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>6,727</b>	<b>4,477</b>	<b>100.0</b>	<b>66.6</b>	<b>1,496</b>	<b>22.2</b>	<b>754</b>	<b>11.2</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	125	17.6	112	17.4	9	18.8	4	20.0
Middle-income	585	82.4	530	82.6	39	81.3	16	80.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>710</b>	<b>100.0</b>	<b>642</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>		<b>90.4</b>		<b>6.8</b>		<b>2.8</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	50	25.5	49	25.1	1	100.0	0	0.0
Middle-income	146	74.5	146	74.9	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>196</b>	<b>100.0</b>	<b>195</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>		<b>99.5</b>		<b>0.5</b>		<b>0.0</b>	
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

## Population Characteristics

The following table presents the population changes according to the U.S. Census Bureau data from 2010 to 2015. Based on the data, the population of Harrison County decreased by approximately 3.1 percent. Over the same period, the Omaha-Council Bluffs IA-NE MSA grew by 3.5 percent and the state of Iowa grew slightly by 1.5 percent. While the assessment area experienced a slight population decline during the above-referenced timespan, community representatives indicated a stable population in recent years, particularly compared to other rural communities across the state. Harrison County is rural, on the periphery of the metropolitan area, and only represents 1.6 percent of the MSA’s total population.

According to community representatives, employment opportunities attracted new families to the county between 2010 and 2015, but not at a rate high enough to offset the population lost due to the passing of its aging demographic. The community of Woodbine, Iowa, directly on Highway 30, experienced some population growth due to its school district and short drive to Omaha, Nebraska. The county enjoys varied employment opportunities and its central location between the cities of Sioux City, Iowa and Omaha, Nebraska makes it a convenient place for commuters to live. An absence of quality housing units is hindering population growth; a specific example cited by both community representatives was lack of workforce multi-family housing for young teachers and healthcare employers.

Population Change			
Area	2010 Population	2015 Population	Percent Change
Assessment Area – Harrison County, IA	14,928	14,467	-3.1%
Omaha-Council Bluffs, NE-IA MSA	865,350	895,919	3.5%
State of Iowa	3,046,355	3,093,526	1.5%
<i>Source: 2010 U.S. Census Bureau Decennial Census            2011 - 2015 U.S. Census Bureau American Community Survey</i>			

## Income Characteristics

The U.S. Census Bureau data in the table below present the changes in median family income (MFI) from 2010 to 2015. Based on the data, the median family income (MFI) in Harrison County decreased by 5.5 percent to \$65,147 and remains lower than the Omaha-Council Bluffs IA-NE MSA MFI. In 2010, the State of Iowa’s MFI was lower than that of the assessment area, but since then the state’s MFI increased slightly by 0.2 percent and now outpaces the assessment area.

Throughout 2020, the state of Iowa has also maintained income stability by supporting businesses so that they remain operational throughout the pandemic. Community representatives agreed that the pandemic did not affect the county’s businesses and jobs in a significant way. A community contact shared the 2021 United States Prosperity Index, which ranked Harrison County as the most

improved county in terms of economic prosperity in the state of Iowa from 2011 to 2021. The county was previously ranked 87<sup>th</sup> out of 99 counties and is currently ranked 44<sup>th</sup> out of 99 counties.

<b>Median Family Income Change 2010 and 2015</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Assessment Area – Harrison County, IA	\$68,912	\$65,147	-5.5%
Omaha-Council Bluffs, NE-IA MSA	\$75,723	\$73,632	-2.8%
State of Iowa	\$67,302	\$67,466	0.2%
<i>Source: 2010 U.S. Census Bureau Decennial Census            2011 - 2015 U.S. Census Bureau American Community Survey            Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

### Housing Characteristics

As of 2020, 66.6 percent of housing stock in the assessment area is owner-occupied, 22.2 percent is rental units, and 11.2 percent is vacant. Community representatives cited renovated housing as a major community need, further elaborating that much of the area’s housing stock is older, out of code, dilapidated, and in need of rehabilitation. The Federal Emergency Management Agency (FEMA) declared Harrison County a disaster area in 2019 after a major flood that led to property damage and mass evacuations. This event provides additional context to account for the current state of the area’s housing inventory and subsequent efforts of the City of Logan toward housing rehabilitation efforts as well as building on infill lots. On par with nationwide trends, demand for real estate continues to soar as homes quickly sell within one week of being placed on the market.

The table below presents the recent housing cost burden within the assessment area, the Omaha-Council Bluffs NE-IA MSA, and the state of Iowa. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. Renters and owners in Harrison County experience this burden at 30.2 and 14.3 percent respectively, which reflect lower overall rates than those of the MSA and state of Iowa. Similarly, the proportion of low- and moderate-income renters and owners that experience housing cost burden is lower in Harrison County compared to the other geographies. This indicates that affordable housing is more attainable in the assessment area. This comparative affordability can be attributed to the location of housing within a declared disaster area combined with a sub-optimal housing inventory. These factors contribute to decreased home values, thus increasing affordability of housing in the assessment area. The cost burden among moderate-income renters and owners in the assessment area is significantly lower than that of the other geographies at 6.2 and 16.3 percent, respectively. This metric suggests that these households may have a better repayment capacity for consumer loans than households in other areas.



Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area – Harrison County, IA	57.0%	6.2%	30.2%	49.0%	16.3%	14.3%
Omaha-Council Bluffs, NE-IA MSA	75.0%	28.0%	40.0%	66.0%	34.0%	18.0%
State of Iowa	71.3%	21.3%	38.2%	57.5%	25.1%	15.4%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

## Employment and Industry Characteristics

Employment remains strong in the assessment area due to a stable local economy. As seen in the table below, the unemployment rate in Harrison County consistently fell below that of the state of Iowa and the larger Omaha-Council Bluffs, NE-IA MSA from 2017 to 2020. The COVID-19 pandemic generated increases in 2020 unemployment rates across all geographies.

Unemployment Rates				
Area	2017	2018	2019	2020
Assessment Area – Harrison County, IA	2.7%	2.3%	2.5%	4.0%
Omaha-Council Bluffs, NE-IA MSA	3.0%	2.9%	3.0%	4.8%
State of Iowa	3.1%	2.6%	2.8%	5.3%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>				

The economy is well-diversified with agricultural and manufacturing employment opportunities. Both small farms and large agricultural operations are key economic drivers in the county. Agricultural employers include Lincoln Premium Poultry, a large chicken processor who is the dedicated poultry supplier for Costco Wholesale. Large manufacturers include Woodbine Manufacturing Company, the developer of Tommy Gate and Vulcan Industries, which makes water treatment systems. According to community contacts, pandemic-induced declines in the assessment area employment rate were not as significant as they were in other areas of the MSA. One representative credited this comparative trend to the limited restrictions of the State of Iowa that resulted in minimal operational shutdowns, as opposed to the more expansive restrictions of Omaha and the state of Nebraska.

## Community Representatives

Examiners contacted two community representatives to be interviewed for this performance evaluation. These discussions provided information and insight on economic development and housing conditions in Harrison County. Representatives indicated that some housing and community development issues are related to the fact the county is in a flood zone along the Missouri River. Harrison County still has access to funding for development after the county was

declared a FEMA disaster area, but representatives believe that human capital in navigating the processes is vital to take full advantage of the program. A common theme in discussions with community representatives was the need for expertise in addressing the area's community development needs, specifically in navigating complex development projects that include annexation of rural land, rehabilitating dilapidated buildings, working with outdated residential and commercial building codes, and updating water infrastructure. Local efforts to address critical issues related to sewage and access to clean water prevalent in a number of areas present opportunities for local institutions to participate in addressing community needs. Additionally, the community of Woodbine is working toward funding a new career academy that provides courses in trades, applied agriculture, and science, technology, engineering and mathematics (STEM). The academy may be a catalyst for increasing population, as students may be more likely to stay within their communities if they have the skills to attain local jobs. This academy was also noted as a project with opportunities for involvement for local financial institutions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

### LENDING TEST

LSB's performance relative to the lending test is rated Satisfactory. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the assessment area. A majority of the bank's loans were originated within the assessment area and there is a reasonable distribution throughout the assessment area, including to moderate-income census tracts. In addition, the loan distribution reflects a reasonable penetration among individuals of different income levels, including to low- and moderate-income individuals, and to farms of different sizes.

### Loan-to-Deposit Ratio

LSB demonstrates a reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, and the credit needs of its assessment area. With a 16-quarter average ending June 30, 2021 of 94.3 percent, the bank's ratio exceeds that of the average of peer banks listed in the table below. The quarters ending on December 31, 2017 and on June 30, 2019 both saw LTD ratio highs of 100.6 percent. The LTD ratio remained above 90.0 percent in 2019 and most of 2020 but dropped

in the fourth quarter of 2020 and has been under 90.0 percent since. Over the 12-month period, June 30, 2020 to June 30, 2021, assets increased by 11.0 percent, which indicates some growth. The bank has experienced growth in the deposit portfolio and has not decreased the level of lending.

<b>Comparative Loan-to-Deposit Ratios as of June 30, 2021</b>	
<b>Institution</b>	<b>Loan-to-Deposit Ratio (%)</b>
	<b>16 – Quarter Average</b>
Logan State Bank; Logan, Iowa	94.3
<b>Competitors</b>	
Bank Plus	105.4
United Bank of Iowa	88.8
Farmers & Traders Savings Bank	87.1
Crawford City Trust & Savings Bank	83.5
Shelby County State Bank	76.3

### Assessment Area Concentration

A majority of LSB's loans were originated in its assessment area during the review period. An analysis of each product demonstrates lending activity within the delineated assessment area is 90.6 percent by number for consumer closed-end loans and 88.5 percent by number for small farm loans. Across all loan products, the bank originated 89.5 percent of loans inside the assessment area. This concentration of lending demonstrates the bank's commitment to providing credit to its community.

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Types</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Closed-End Consumer Loans	48	90.6	825	89.8	5	9.4	94	10.2
Small Farm Loans	46	88.5	5,259	81.8	6	11.5	1,170	18.2
Total Loans	94	89.5	6,084	82.8	11	10.5	1,263	17.2

### Geographic Distribution of Loans

LSB's geographic distribution of loans from January 1, 2020 to December 30, 2020 is reasonable given the bank's assessment area. The assessment area contains one moderate-income census tract located in the northern tier of Harrison County, where the bank does not have any physical branches, and includes the communities of Little Sioux and Dunlap.

*Closed-End Consumer Loans*

LSB’s geographic distribution of consumer closed-end loans is reasonable. In 2020, approximately 4.2 percent of the closed-end consumer loans within the sample analyzed were originated in the moderate-income census tract, falling below the 17.8 percent of households located within that tract. The discrepancy between the bank’s consumer lending and the demographic of households in the area is attributed to the considerable distance between this census tract and the bank’s branch locations. This context supports the conclusion that the bank’s consumer closed-end lending activity reasonably responds to the credit needs of the assessment area. The following tables display loan distributions of a sample of all loan products in calendar year 2020

<b>Geographic Distribution of Consumer Loans</b>						
<b>Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				<b>Households</b>
				<b>2020</b>		
		<b>Count Bank</b>		<b>Dollar Bank</b>		
		<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>%</b>
<b>Totals</b>	Low	0	0.0	0	0.0	0.0
	Moderate	2	4.2	24	2.9	17.8
	Middle	46	95.8	801	97.1	82.2
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>825</b>	<b>100.0</b>	<b>100.0</b>

2020 FFIEC Census Data  
*Note: Percentages may not add to 100.0 percent due to rounding*

*Small Farm Loans*

LSB’s geographic distribution of small farm loans is reasonable. In 2020, 10.9 percent of small farm loans within the sample analyzed were originated in the moderate-income census tract, falling below the 25.5 percent of small farms in that tract. The lower level of penetration in this census tract is reasonable when considering the distance between this census tract and the bank’s branch locations.

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540</b>						
	Tract Income Levels	Bank & Demographic Comparison				Total Farms
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	5	10.9	792	15.1	25.5
	Middle	41	89.1	4,467	84.9	74.5
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>5,259</b>	<b>100.0</b>	<b>100.0</b>

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

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

LSB demonstrates a distribution of loans to individuals of different income levels, including low- and moderate-income individuals, and farms of different sizes that is reasonable given the demographics of the bank’s assessment area. Based on origination volume and proportion of the loan portfolio by dollar, small farm loans carry greater weight in the analysis of the bank’s performance.

#### *Closed-End Consumer Loans*

The table below presents the 2020 borrower distribution of a sample of consumer closed- end loans in the assessment area. Of the 48 closed-end consumer loans originated in the sample, 15 were to low-income borrowers representing 31.3 percent of total originations by volume which compares favorably to the number of low-income households in the assessment area of 26.2 percent. The bank originated 23 loans to moderate-income borrowers representing 47.9 percent of total originations which was well above the number of moderate-income households in the assessment area of 17.4 percent. This reflects excellent penetration of households of different income levels, particularly those with low and moderate incomes.

<b>Borrower Distribution of Consumer Loans</b>						
<b>Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540</b>						
	<b>Borrower Income Levels</b>	<b>Bank &amp; Demographic Comparison 2020</b>				<b>Households by Household Income %</b>
		<b>Count</b>		<b>Dollar</b>		
		<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	
<b>Totals</b>	Low	15	31.3	199	24.2	26.2
	Moderate	23	47.9	462	56.1	17.4
	Middle	4	8.3	46	5.6	20.9
	Upper	6	12.5	117	14.2	35.6
	Unknown	0	0.0	0	0.0	
	<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>824</b>	<b>100.0</b>	<b>100.0</b>
2020 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

*Small Farm Loans*

The table below presents the 2020 borrower distribution of a sample of small farm loans in the assessment area by revenue and loan size. Of the 46 small farm loans originated in 2020, 42 were to small farms with gross annual revenues of \$1 million or less, representing 91.3 percent of total originations. Small farms make up 99.5 percent of farms in the assessment area. This represents a reasonable penetration to farms of different revenue sizes. Of the loans made to small farms with revenues of \$1 million or less, 69.0 percent by number were made in amounts of \$100,000 or less, which is considered most beneficial to small farms. The bank's 2020 agricultural lending demonstrates they are meeting the small farm credit needs of the community.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 Omaha-Council Bluffs, NE-IA MSA 36540							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Farms	
		Count		Dollar			
		Bank		Bank			
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	42	91.3	4,120	78.3	99.5
		Over \$1 Million	4	8.7	1,140	21.7	0.5
		Unknown	0	0.0	0	0.0	0.0
		<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>5,259</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	30	65.2	1,163	22.1	
		\$100,001 - \$250,000	10	21.7	1,734	33.0	
		\$250,001 - \$500,000	6	13.0	2,362	44.9	
		<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>5,259</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	29	69.0	1,088	26.4	
		\$100,001 - \$250,000	9	21.4	1,484	36.0	
		\$250,001 - \$500,000	4	9.5	1,548	37.6	
		<b>Total</b>	<b>42</b>	<b>100.0</b>	<b>4,120</b>	<b>100.0</b>	

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

### Response to Complaints

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

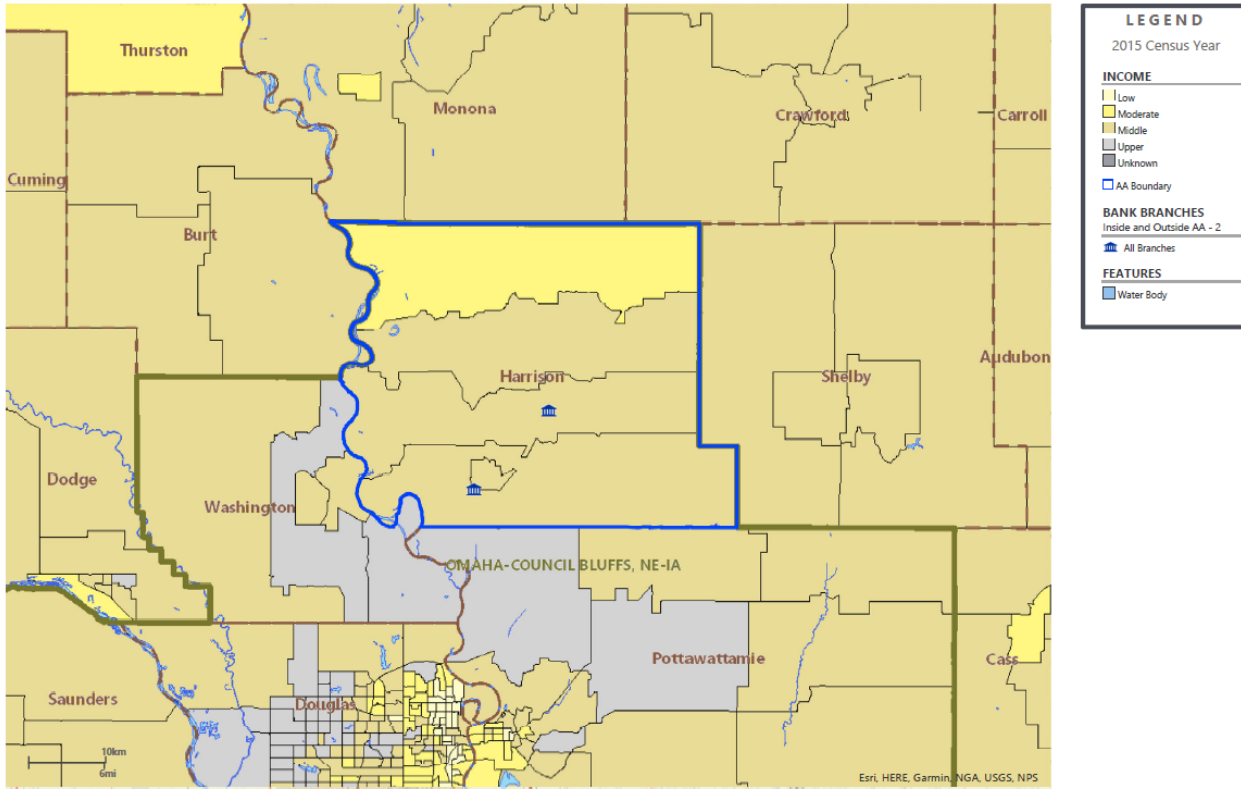
### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

#### Logan State Bank 754246

2020 Omaha-Council Bluffs, NE-IA MSA 36540





**APPENDIX B – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>		Consumer Closed-End Loans: January 1, 2020 – December 31, 2020 Agricultural Loans: January 1, 2020 – December 31, 2020	
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Logan State Bank			Consumer Closed-End Loans Agricultural Loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	Not applicable		Not applicable
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Harrison County, IA	Full scope review	None	The assessment area delineation has not changed since the last evaluation.

## 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.<sup>2</sup>

**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

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<sup>2</sup> 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 nonmetropolitan 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).