

PUBLIC DISCLOSURE

March 8, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BANK
RSSD# 952846

409 Highway 61 South
Wapello, Iowa 52653

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

TABLE OF CONTENTS

PERFORMANCE EVALUATION	2
SCOPE OF EXAMINATION	2
DESCRIPTION OF INSTITUTION.....	3
DESCRIPTION OF ASSESSMENT AREA.....	4
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA	4
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	6
DES MOINES MSA – FULL REVIEW	7
DESCRIPTION OF INSTITUTION’S OPERATIONS IN DES MOINES IOWA MSA.....	7
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DES MOINES MSA.....	15
NON-MSA IOWA – FULL REVIEW.....	24
DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA IOWA	24
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA	30
APPENDIX A – MAP OF ASSESSMENT AREA.....	39
APPENDIX B – SCOPE OF EXAMINATION	40
APPENDIX C – 2018 AND 2019 ASSESSMENT AREA DEMOGRAPHICS TABLES	41
APPENDIX D – 2018 LENDING TABLES	45
APPENDIX E – GLOSSARY	49

BANK'S CRA RATING

BANK is rated Satisfactory.

BANK provides credit consistent with its size, location, and the economic conditions within the assessment area. Based on an analysis of lending activities, the bank is satisfactory in meeting the credit needs of its community. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, performance context, and assessment area credit needs. A majority of loans were originated in the assessment area. The loan distribution reflects reasonable penetration among individuals of different income levels and to businesses of different sizes. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Neither BANK nor this Reserve Bank received any CRA-related complaints since the previous examination.

SCOPE OF EXAMINATION

BANK's Community Reinvestment Act (CRA) performance was evaluated using the Interagency Small Institution Examination Procedures issued by the Federal Financial Institutions Examinations Council (FFIEC). The evaluation was performed within the context of information about the institution and its assessment area including asset size, financial condition, competition, and economic and demographic characteristics.

BANK operates within two delineated assessment areas which include the Non-Metropolitan Statistical Area of Iowa comprising Des Moines, Henry, Lee, and Louisa counties (hereafter referred to as Non-MSA Iowa), and Dallas and Polk County located in the Des Moines – West Des Moines, Iowa Metropolitan Statistical Area (MSA) #19780 (hereafter referred to as Des Moines MSA). Both assessment areas were selected for full-scope evaluations. The bank's performance in the Non-MSA Iowa assessment area was weighted heavier in determining the overall CRA rating due to branch concentration, deposit volume, and the volume of the bank's total Home Mortgage Disclosure Act (HMDA)-reportable and small business loans originated in the assessment area.

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

- ***Loan-to-Deposit Ratio*** – A 21-quarter average loan-to-deposit ratio from December 31, 2015 – December 31, 2020 was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2018 – December 31, 2019, and a sample of small business loans originated from November 1, 2019 – October 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 HMDA-reportable loans originated within the assessment area from January 1, 2018 – December 31, 2019, and a sample of the bank’s small business loans originated within the assessment area from November 1, 2019 – October 31, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – The bank’s HMDA-reportable loans originated within the assessment area from January 1, 2018 – December 31, 2019, and a sample of the bank’s small business loans originated within the assessment area from November 1, 2019 – October 31, 2020, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

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

DESCRIPTION OF INSTITUTION

BANK is a wholly owned subsidiary of Morning Sun Bank Corp., a one bank holding company located in Morning Sun, Iowa. The bank operates its main office in Wapello, Iowa, with additional locations in Morning Sun, Burlington, and West Des Moines, Iowa. Each location operates full-service automated teller machines (ATMs), in addition to a cash-only ATM located in Wever, Iowa. Furthermore, the bank operates one Loan Production Office (LPO) in Mediapolis, Iowa. Since the previous evaluation, the bank closed one location in Mount Union, Iowa in September of 2017.

BANK offers a variety of traditional lending products including agricultural, commercial, residential real estate (in-house and secondary market), and consumer closed-end loans. BANK is primarily a commercial and residential real estate lender, as these categories represent 53.9 and 24.6 percent of the loan portfolio, respectively. Furthermore, the bank offers standard, non-complex deposit and savings products including personal and business/commercial checking and savings accounts. According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$100.4 million and total deposits of \$78.5 million as of September 30, 2020.

Details of the allocation of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of September 30, 2020		
Loan Type	Dollar Volume (\$ are in 000s)	% of Portfolio
Commercial	42,097	53.9
Residential Real Estate	19,238	24.6
Agricultural	11,600	14.9
Consumer	5,170	6.6
Total Loans	78,105	100.0
<i>Note: Percentages may not total 100.00 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 November 16, 2015.

DESCRIPTION OF ASSESSMENT AREA

BANK operates in two assessment areas located in the central and southern portions of the state of Iowa. According to 2020 FFIEC Data, the noncontiguous combined assessment area is comprised of 143 census tracts. Since the previous examination, the delineated assessment area has changed to include a portion of the Des Moines-West Des Moines, IA MSA # 19780 comprising Dallas and Polk County in their entirety; Guthrie, Jasper, Madison, and Warren counties are also located in the Des Moines MSA but are excluded from this assessment area. The Des Moines MSA is comprised of 113 census tracts, of which nine are low-income, 29 are moderate-income, 45 are middle-income, 29 are upper-income, and one is an unknown income census tract.

The Non-MSA Iowa assessment area remains unchanged since the previous evaluation and includes Des Moines, Henry, Lee, and Louisa counties in their entirety. According to 2020 FFIEC Data, the Non-MSA Iowa assessment area is comprised of 30 census tracts including one low-income, six moderate-income, 22 middle-income, and one upper income census tract. Three of the thirty census tracts are designated underserved based on its remote rural location, all of which are in Louisa County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

BANK's loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, and assessment area credit needs. As of December 31, 2020, the bank's LTD ratio averaged 103.9 percent over a 21-quarter period. The bank's LTD was above that of most local competitors and peer banks in the market, falling only behind Luana Savings Bank and Fidelity Bank. BANK's LTD ratio has increased steadily since the previous evaluation conducted on November 16, 2015

largely due to increased loan demand. The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	21 – Quarter Average
BANK	103.9
Competitors	
Bank Iowa	81.0
Community Bank	87.7
Connection Bank	86.7
Danville State Savings Bank	45.7
Farmers and Merchants Bank & Trust	72.8
Farmers Savings Bank	92.6
Fidelity Bank	131.7
Luana Savings Bank	106.7
Mediapolis Savings Bank	99.3
Pilot Grove Savings Bank	91.7
Principal Bank	31.5
Two Rivers Bank and Trust	96.3
State Bank of Wapello	38.5
State Savings Bank	96.8

Assessment Area Concentration

BANK originated the majority of its HMDA-reportable loans from January 1, 2018 to December 31, 2019 and small business loans from November 1, 2019 to October 31, 2020 within the combined assessment area.

As presented in the table below, the bank originated 63.5 percent, by number, and 56.4 percent, by dollar amount, of total loans within the combined assessment area. Specific to HMDA-reportable loans, the bank originated 64.4 percent, by number, and 59.1 percent, by dollar amount, inside its combined assessment area. Similarly, the bank originated 59.4 percent, by number, and 41.4 percent, by dollar amount, of its small business loans inside the combined assessment area. As a mortgage correspondent, BANK provides loan origination and other services to other community banks. Lending concentration outside of the combined assessment area can be partially attributed to this correspondent relationship. Considering economic conditions, loan demand, and the bank’s financial condition, size and complexity, the percentage of HMDA-reportable and small business loans originated within the combined assessment area indicates the bank is actively serving the credit needs of the community.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase - Conventional	98	62.8	12,824	54.8	58	37.2	10,573	45.2
Home Improvement	13	86.7	312	67.4	2	13.3	151	32.6
Multi-Family Housing	3	100.0	994	100.0	0	0.0	0	0.0
Refinancing	90	62.9	13,620	61.6	53	37.1	8,496	38.4
Total HMDA related	204	64.4	27,750	59.1	113	35.6	19,220	40.9
Total Small Business related	41	59.4	3,411	41.4	28	40.6	4,828	58.6
Total Loans	245	63.5	31,161	56.4	141	36.5	24,048	43.6

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

Geographic and Borrower Distribution

BANK's overall geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, including low- and moderate-income (LMI) geographies. In addition, the borrower distribution reflects a reasonable penetration among individuals of different income levels, including LMI individuals, and businesses of different revenue sizes. A detailed analysis of the bank's geographic and borrower distribution is provided within the individual assessment area sections.

Response to Complaints

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

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.

DES MOINES MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Des Moines MSA. The scope is consistent with the scope of the examination described within the institution summary. For further information, please refer to the "Scope of Examination" section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DES MOINES IOWA MSA

BANK delineates Dallas and Polk County in their entirety within the Des Moines MSA. This change occurred when the bank opened a branch in West Des Moines, Iowa in 2015. BANK operates one branch with a full-service ATM located in an upper-income census tract within this assessment area.

In 2019, BANK ranked 104th among 391 HMDA-reporters comprising the assessment area, originating only seven HMDA-reportable loans. By comparison, the first and second ranking financial institutions included Greenstate Credit Union and Veridian Credit Union, with 2,600 and 2,419 HMDA originations, respectively. BANK's rank is largely attributed to its overall limited presence of only one branch office within the assessment area. In addition, the assessment area is highly competitive, including a significant number of community and national banks, mortgage companies, and credit unions.

According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, BANK ranked 39th of 42 FDIC-insured depository institutions operating in the bank's assessment area, with a market share of approximately 0.1 percent. For reference and comparison, the first and second ranked financial institutions by market share are Principal Bank and Wells Fargo Bank with 17.9 percent and 16.5 percent, respectively. The 42 FDIC-insured depository institutions operating in the assessment area maintain a total of 176 branch offices, only one of which belongs to BANK.

Information about census-related, business and farm demographic characteristics of the assessment area for 2020 is provided in the following table. Please see Appendix C to review this information for 2018 and 2019.

Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	8.0	6,000	4.5	1,837	30.6	27,494	20.5
Moderate-income	29	25.7	27,416	20.4	4,423	16.1	22,716	16.9
Middle-income	45	39.8	53,257	39.7	3,687	6.9	28,783	21.4
Upper-income	29	25.7	47,521	35.4	1,421	3.0	55,201	41.1
Unknown-income	1	0.9	0	0.0	0	0.0	0	0.0
Total Assessment Area	113	100.0	134,194	100.0	11,368	8.5	134,194	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	11,086	3,902	2.8	35.2	5,840	52.7	1,344	12.1
Moderate-income	47,514	26,477	18.8	55.7	17,052	35.9	3,985	8.4
Middle-income	90,671	58,325	41.4	64.3	26,352	29.1	5,994	6.6
Upper-income	69,306	52,076	37.0	75.1	14,618	21.1	2,612	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	218,577	140,780	100.0	64.4	63,862	29.2	13,935	6.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,021	3.8	885	3.7	128	5.3	8	3.0
Moderate-income	3,744	13.9	3,381	14.0	341	14.1	22	8.1
Middle-income	12,973	48.2	11,526	47.6	1,299	53.9	148	54.8
Upper-income	9,139	34.0	8,407	34.7	640	26.5	92	34.1
Unknown-income	11	0.0	8	0.0	3	0.1	0	0.0
Total Assessment Area	26,888	100.0	24,207	100.0	2,411	100.0	270	100.0
	Percentage of Total Businesses:			90.0		9.0		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4	0.6	3	0.5	1	5.9	0	0.0
Moderate-income	41	6.2	39	6.1	2	11.8	0	0.0
Middle-income	371	56.5	363	56.8	8	47.1	0	0.0
Upper-income	241	36.7	234	36.6	6	35.3	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	657	100.0	639	100.0	17	100.0	1	100.0
	Percentage of Total Farms:			97.3		2.6		0.2

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

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

Population Characteristics

Based on 2011-2015 American Community Survey (ACS) data, the population within the assessment area was 527,261, representing stable growth since 2010 at 6.1 percent. Dallas County experienced the most significant growth, at 13.2 percent, which exceeded the state of Iowa and the Des Moines MSA’s population growth rate from 2010 to 2015. A community representative attributed growth to competitive wage offerings within the area. Further, the community representative noted population growth is expected to continue due to new residential developments within Dallas County.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	496,775	527,261	6.1
Dallas County, IA	66,135	74,892	13.2
Polk County, IA	430,640	452,369	5.0
Des Moines-West Des Moines, IA MSA	569,633	637,913	12.0
State of Iowa	3,046,355	3,093,526	1.5
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i>			

Income Characteristics

According to the 2020 FFIEC Census Data, the assessment area is comprised of 134,194 families, with 4.5 percent being low-income, 20.4 percent moderate-income, 39.7 percent middle-income, and 35.4 percent upper-income by tract. Approximately 8.5 percent of families residing within the assessment area live below the poverty line.

The table below presents the Median Family Income (MFI) for the counties comprising the assessment area, the Des Moines MSA, and the state of Iowa. According to the 2011-2015 ACS data, the MFI in Dallas County and Polk County increased by 10.0 percent and 5.5 percent, respectively, since 2010. The MFI in Polk County aligns closely with the Des Moines MSA, which also experienced a 5.5 percent increase. Dallas County experienced the highest increase in MFI from 2010 to 2015 and continued to have the highest MFI compared to Polk County, the Des Moines MSA, and the state of Iowa. A community representative attributed the growth to competitive wages offered throughout the assessment area. According to the representative, wages are expected to continue to increase as financial services, one of the major industries in the assessment area, has historically offered competitive wages. The representative also noted that during the pandemic, area businesses did not experience income disturbances, and some even experienced increased activity.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Dallas County, IA	84,018	92,428	10.0
Polk County, IA	70,445	74,335	5.5
Des Moines-West Des Moines, IA MSA	71,705	75,653	5.5
State of Iowa	61,804	67,466	9.2
<i>Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i>			

According to data from the Administrative Office of the U.S. Courts, personal bankruptcy filing rates have remained stable from 2016 through 2019, experiencing slight increases during the time period. Dallas County continued to maintain the lowest bankruptcy filing ratio (per 1,000 population), which was 1.4 in 2019, and closely aligned with that of the state of Iowa at 1.5. The bankruptcy filing rates in Polk County were more aligned with those seen in the Des Moines MSA; as of 2019, rates were 2.1 and 2.0, respectively. Please see the table below for more detail on personal bankruptcy filing rates.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2016	2017	2018	2019
Dallas County, IA	1.1	1.3	1.6	1.4
Polk County, IA	1.8	1.8	1.9	2.1
Des Moines-West Des Moines, IA MSA	1.7	1.7	1.8	2.0
State of Iowa	1.3	1.3	1.4	1.5
<i>Source: Administrative Office of The U.S. Courts</i>				

Housing Characteristics

The following table presents trends in housing costs within the assessment area, the Des Moines MSA, and the state of Iowa. According to 2020 FFIEC Census data, there are 218,577 housing units in the assessment area, the majority of which are owner-occupied at 64.4 percent, while 29.2 are rental units and only 6.4 percent are vacant. Using 2011-2015 ACS data, the owner occupancy rate for Dallas and Polk counties, at 76.6 percent and 67.6 percent respectively, aligned with rates in the Des Moines MSA (70.0 percent) and the state of Iowa (71.5 percent).

Housing costs within the counties comprising the assessment area, the Des Moines MSA, and the state of Iowa experienced increases in median housing values and median gross rents from 2010 to 2015. While housing costs in Polk County align more closely with the Des Moines MSA, Dallas County maintained the highest costs, while experiencing modest growth in the median housing

value at 8.0 percent, and a significant increase in median gross rent at 32.3 percent. The state of Iowa continued to experience the lowest housing costs compared to the Des Moines MSA, and Dallas and Polk counties. The representative attributed the historically higher housing costs in the assessment area to Dallas and Polk counties being deemed more financially affluent than the state of Iowa overall.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E. Generally, a higher ratio supports more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratios for Dallas County and Polk County are 0.40 and 0.38, respectively, which is similar to the state of Iowa's ratio at 0.41 and the Des Moines MSA's at 0.39. The ratios indicate that housing in the assessment area is slightly less affordable when compared to the state of Iowa.

According to a community representative, affordable housing continues to be a need in Dallas and Polk counties, with limited housing permits attributing to the lack of more affordable housing options. A review of the U.S Census Bureau's Annual Building Permits Survey data show that trends in housing permit growth within the counties comprising the assessment area fluctuated from 2017 to 2019. More specifically, both Dallas and Polk County experienced a decline in single family housing permits from 2017 to 2018 at -26.1 percent and -10.3 percent, respectively. However, from 2018 to 2019, single family housing permits in Dallas and Polk counties experienced growth at 34.8 percent and 17.9 percent, respectively. As it relates to multi-family housing permits, all geographical areas reviewed experienced significant declines in permits from 2017 to 2018, most notably within Dallas County which decreased 92.8 percent. From 2018 to 2019, Dallas County is the only area reviewed to experience growth in multi-family housing permits at 34.9 percent, while all other areas experienced declines.

Please see the charts below for more detail around housing costs and permit trends.

Trends in Housing Costs 2010 and 2015								
Area	2006-2010 Median Housing Value	2011-2015 Median Housing Value	Percent Change	2006-2010 Median Gross Rent	2011-2015 Median Gross Rent	Percent Change	2006-2010 Affordability Ratio	2011-2015 Affordability Ratio
Dallas County, IA	176,600	190,700	8.0	688	910	32.3	0.38	0.40
Polk County, IA	149,700	157,200	5.0	714	799	11.9	0.37	0.38
Des Moines- West Des Moines, IA MSA	151,057	158,092	4.7	706	796	12.7	0.38	0.39
State of Iowa	119,200	129,200	8.4	617	697	13.0	0.41	0.41
Source: 2006-2010 — U.S. Census Bureau: American Community Survey 2011-2015 — U.S. Census Bureau: American Community Survey								

Total Single Family Housing Permit Growth						
Area	2017		2018		2019	
	Number of Housing Permits	Year Over Year Growth	Number of Housing Permits	Year Over Year Growth	Number of Housing Permits	Year Over Year Growth
Dallas County, IA	743	-8.6	549	-26.1	740	34.8
Polk County, IA	2,497	-3.6	2,240	-10.3	2,640	17.9
Des Moines-West Des Moines, IA MSA	3,760	0.0	3,306	-12.1	3,915	18.4
State of Iowa	8,054	-1.7	7,306	-9.3	7,865	7.7
Source: U.S. Census Bureau: Annual Building Permits Survey						

Total Multi-Family Housing Permit Growth						
Area	2017		2018		2019	
	Number of Housing Permits	Year Over Year Growth	Number of Housing Permits	Year Over Year Growth	Number of Housing Permits	Year Over Year Growth
Dallas County, IA	600	63.5	43	-92.8	58	34.9
Polk County, IA	2,047	-15.5	1,591	-22.3	1,281	-19.5
Des Moines-West Des Moines, IA MSA	2,684	-8.6	1,692	-37.0	1,354	-20.0
State of Iowa	5,881	-3.8	4,200	-28.6	3,993	-4.9

Source: U.S. Census Bureau: Annual Building Permits Survey

Foreclosure rates within the assessment area do not indicate any economic concerns, as rates have remained under 1.0 percent since the previous evaluation. Foreclosure rates within the assessment area align with the state of Iowa, which has reported a monthly rate of 1.0 percent or less since the previous evaluation.

Employment Characteristics

The following table presents the unemployment trends for Dallas County, Polk County, the Des Moines MSA, and the state of Iowa from 2016 to 2019. Dallas County continued to experience the lowest unemployment rate during the time period, while Polk County’s unemployment rate has historically aligned more with the Des Moines MSA and the state of Iowa. All areas reviewed experienced slight increases in unemployment rates from 2018 to 2019. As noted by a community representative, the area has experienced a labor shortage and a lack of workforce development in recent years which has had some impact on employment conditions.

Unemployment Rates				
Area	2016	2017	2018	2019
Dallas County, IA	2.7	2.1	1.7	2.0
Polk County, IA	3.5	3.1	2.5	2.8
Des Moines-West Des Moines, IA MSA	3.4	2.9	2.4	2.7
State of Iowa	3.7	3.1	2.5	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)

Industry Characteristics

The information presented in the table below illustrates the largest employers in the assessment area and details their respective industries. The assessment area contains a diverse employment base and is most heavily impacted by the industries of financial services, manufacturing, and healthcare. A community representative confirmed that financial services is a leading industry as both Principal Financial Group and Wells Fargo & Company are major financial services companies within the area. Healthcare is also a leading industry within the assessment area offering competitive wages. A community representative noted that the leading industries within the area were not heavily impacted by the COVID-19 pandemic in 2020, as both healthcare and financial services continued normal operations throughout the pandemic.

Since the previous evaluation, the assessment area has experienced minimal mass layoffs and company closures; the most recent notice was a mass layoff of 549 employees reported by UnitedHealthcare in 2019.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Principal Financial Group	8,000	Financial Advisory Services
Blank Children’s Hospital	6,000	Hospitals
State Public Policy Group Inc.	5,000	State Government
Iowa Methodist Medical Center	3,734	Hospitals
Mercy one Des Moines Medical Center	3,412	Hospitals
John Deere Co	3,000	Farm Equipment Manufacturers
Iowa Methodist Medical Center – ER	3,000	Physicians & Surgeons
Wells Fargo Home Mortgage	2,000	Real Estate Lending
TMC Transportation	2,000	Trucking-Motor Freight

Source: Business information provided by Infogroup®, Omaha, NE

Community Representative

A community representative with knowledge of affordable housing within the assessment area was contacted during this evaluation to gain a greater understanding of credit needs within the assessment area. The representative acknowledged that there is a need for affordable housing. Housing costs have continuously increased through the years and overall, the housing stock is fairly new. Additionally, the representative stated that neither Dallas nor Polk County was incredibly affected by the COVID-19 pandemic in 2020, but indicated that additional support from the Paycheck Protection Program (PPP) lending is still beneficial. As it relates to employment conditions since the COVID-19 pandemic, the contact noted that the biggest barrier to employment at the moment is a lack of remote work opportunities and workforce development. Entry level positions are available, but many employers within the hospitality and food industries have had to let staff go due to a decrease in demand brought on by the pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DES MOINES MSA

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable and small business loans reflects a reasonable dispersion of loans throughout the assessment area, which consists of nine low-income, 29 moderate-income, 45 middle-income, 29 upper-income, and one unknown income census tract.

An analysis of the geographic distribution was conducted to determine the dispersion of loans among the census tracts within the assessment area. In 2019, the bank originated loans in six of the total 113 census tracts comprising the area. Of the six census tracts where the bank made loans, two were in low-income, one was in moderate-income, and the remaining three were in middle-income census tracts. This is similar to geographic penetration across census tracts in 2018, where the bank originated loans in eight of the 113 census tracts, including one moderate-, eight middle-, and two upper-income census tracts. Considering the bank's size and complexity, branch presence, and overall limited lending activity within the assessment area, examiners determined that there were no conspicuous unexplained lending gaps in contiguous census tracts.

A breakdown of the bank's HMDA-reportable and small business loans is discussed in more detail below individually.

HMDA-Reportable Loans

BANK's geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. The bank's HMDA-reportable loans were evaluated in aggregate and not broken out by individual product due to the low volume of originations.

In 2019, the bank originated a total of five HMDA-reportable loans in the assessment area, of which two were home purchase loans and three were refinance loans. BANK originated two HMDA-reportable loans (40.0 percent) in low-income census tracts, which is significantly above the aggregate lender rate (1.7 percent) and the percentage of owner-occupied units (2.8 percent) in those tracts. One HMDA-reportable loan (20.0 percent) was originated in a moderate-income census tract, resulting in the bank outperforming the aggregate lender rate (13.1 percent) and the percentage of owner-occupied units (18.8 percent) in those tracts. Within middle-income census tracts the bank made two HMDA-reportable loans (40.0 percent), which aligns with the aggregate lender rate (39.2 percent) and the percentage of owner occupied housing units within such tracts (41.4 percent). The bank did not originate any of its home purchase loans in upper- or unknown-income census tracts in 2019.

In 2018, the bank originated a total of 11 HMDA-reportable loans in the assessment area, of which six were home purchase loans, four were refinance loans, and one was a multi-family loan. During this time, BANK did not originate any HMDA-reportable loans in low-income census tracts, which is slightly below the aggregate lender rate (2.7 percent) and the percentage of owner-occupied units (3.6 percent) in those tracts. The low percentage of owner-occupied housing units within low-income census tracts coupled with area competition makes it more difficult for the bank to make loans in these tracts. One HMDA-reportable loan (9.1 percent) was originated in a moderate-income census tract, resulting in the bank performing below the aggregate lender rate (15.1 percent) and the percentage of owner-occupied units (18.6 percent) in those tracts. Within middle-income census tracts the bank made eight HMDA-reportable loans (72.7 percent), performing above the aggregate lender rate (40.5 percent) and the percentage of owner occupied housing units within such tracts (42.4 percent). Finally, the bank made two HMDA-reportable loans (18.2 percent) in upper-income census tracts, performing below the aggregate lender rate (41.6 percent) and the percentage of owner-occupied housing units within these tracts (35.4 percent).

The table below presents the geographic distribution of HMDA-reportable loans for 2019 within the assessment area. Please see Appendix D to review the 2018 lending table.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2019						
		Count Bank		Agg	Dollar Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	50.0	2.0	48	26.2	1.1	2.8
	Moderate	1	50.0	15.0	135	73.8	9.3	18.8
	Middle	0	0.0	39.3	0	0.0	37.9	41.4
	Upper	0	0.0	43.7	0	0.0	51.7	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		2	100.0	100.0	183	100.0	100.0
Refinance	Low	1	33.3	1.0	137	18.8	0.5	2.8
	Moderate	0	0.0	9.9	0	0.0	5.3	18.8
	Middle	2	66.7	38.4	591	81.2	35.4	41.4
	Upper	0	0.0	50.7	0	0.0	58.8	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		3	100.0	100.0	728	100.0	100.0
Home Improvement	Low	0	0.0	1.9	0	0.0	1.5	2.8
	Moderate	0	0.0	11.8	0	0.0	9.8	18.8
	Middle	0	0.0	41.8	0	0.0	38.0	41.4
	Upper	0	0.0	44.5	0	0.0	50.8	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	8.0	0	0.0	4.6	Multi-Family 7.4
	Moderate	0	0.0	29.9	0	0.0	20.3	19.8
	Middle	0	0.0	36.4	0	0.0	35.4	45.6
	Upper	0	0.0	25.7	0	0.0	39.8	27.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose LOC	Low	0	0.0	0.9	0	0.0	0.8	2.8
	Moderate	0	0.0	7.8	0	0.0	4.4	18.8
	Middle	0	0.0	41.3	0	0.0	37.6	41.4
	Upper	0	0.0	50.1	0	0.0	57.3	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	2.0	0	0.0	0.9	2.8
	Moderate	0	0.0	13.9	0	0.0	8.3	18.8
	Middle	0	0.0	39.9	0	0.0	35.1	41.4
	Upper	0	0.0	44.2	0	0.0	55.7	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	3.5	0	0.0	2.2	2.8
	Moderate	0	0.0	34.7	0	0.0	24.2	18.8
	Middle	0	0.0	40.6	0	0.0	44.1	41.4
	Upper	0	0.0	21.2	0	0.0	29.5	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	2	40.0	1.7	185	20.3	1.2	2.8
	Moderate	1	20.0	13.1	135	14.8	8.7	18.8
	Middle	2	40.0	39.2	591	64.9	36.7	41.4
	Upper	0	0.0	46.1	0	0.0	53.3	37.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		5	100.0	100.0	911	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2020 (through October 31, 2020), the bank originated one small business loan (6.7 percent) within the sample in a low-income census tract, which exceeded the percentage of total businesses located in such tracts at 3.8 percent. Of the 15 small business loans within the sample originated in 2020, three loans (20.0 percent) were originated in moderate-income census tracts, exceeding the percentage of businesses located in these tracts at 13.9 percent. The bank originated nine (60.0 percent) of its small business loans within the sample in middle-income tracts, which is above the percentage of businesses located in these tracts at 48.2 percent. Finally, the bank originated two (13.3 percent) of its small business loans from the sample in upper-income census tracts, which is below the percentage of assessment area businesses located in upper-income census tracts at 34.0 percent.

From November 1, 2019 to December 31, 2019, the bank originated one small business loan within the sample in a middle-income census tract. This resulted in the bank outperforming the percentage of total businesses comprising these tracts at 48.6 percent. The following tables present the geographic distribution of small business loans during the review period of November 1, 2019 to October 31, 2020.

Geographic Distribution of Small Business Loans						
Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2019 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	3.7
	Moderate	0	0.0	0	0.0	13.9
	Middle	1	100.0	531	100.0	48.6
	Upper	0	0.0	0	0.0	33.7
	Unknown	0	0.0	0	0.0	0.0
	Total	1	100.0	531	100.0	100.0

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780						
	Tract Income Levels	Bank & Demographic Comparison				Total Businesses %
		2020		2020		
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	
Small Business	Low	1	6.7	51	6.2	3.8
	Moderate	3	20.0	210	25.3	13.9
	Middle	9	60.0	535	64.5	48.2
	Upper	2	13.3	33	4.0	34.0
	Unknown	0	0.0	0	0.0	0.0
	Total		15	100.0	829	100.0

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

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

The bank’s lending to individuals of different income levels and to businesses of different sizes is reasonable. A breakdown of the bank’s HMDA-reportable and small business loans is discussed in more detail below individually.

HMDA-Reportable Loans

BANK’s borrower distribution is reasonable for HMDA-reportable loans when compared to aggregate lending data and the percentage of families by family income in the assessment area. The bank’s HMDA-reportable loans were evaluated in aggregate and not broken out by individual product due to the low volume of originations.

In 2019, BANK originated a total of five HMDA-reportable loans in the assessment area. Of the total HMDA-reportable loans originated, one loan was made to a low-income borrower, comprising 20.0 percent of the bank’s total HMDA-reportable loans. This resulted in the bank performing above the rate of aggregate lenders (7.1 percent), and on par with the percentage of low-income families in the assessment area (20.5 percent). Similarly, the bank originated one HMDA-reportable loan to a moderate-income borrower (20.0 percent), performing slightly above the aggregate lender rate (19.0 percent) and percentage of moderate-income families in the assessment area (16.9 percent). The bank made one HMDA-reportable loan (20.0 percent) to an upper-income borrower, which was below the rate of aggregate lenders (36.2 percent) and percentage of upper-income families within the assessment area (41.1 percent). Finally, the bank originated two (40.0 percent) of its HMDA-reportable loans to borrowers with unknown incomes, significantly exceeding the aggregate lender rate (16.2 percent).

In 2018, BANK originated a total of 11 HMDA-reportable loans in the assessment area. Of the total HMDA-reportable loans originated, one loan was made to a low-income borrower (9.1 percent). This resulted in the bank performing above the rate of aggregate lenders (8.4 percent), but below the percentage of low-income families in the assessment area (20.7 percent). Similarly, the bank originated one HMDA-reportable loan to a moderate-income borrower (9.1 percent), performing below the aggregate lender rate (19.8 percent) and percentage of moderate-income families in the assessment area (17.1 percent). The bank made two HMDA-reportable loans (18.2 percent) to middle-income borrowers, which was below the rate of aggregate lenders (22.2 percent) and percentage of middle-income families within the assessment area (21.6 percent). Finally, the bank originated seven (63.6 percent) of its HMDA-reportable loans to borrowers with unknown incomes, significantly exceeding the aggregate lender rate (15.8 percent).

The table below presents the borrower distribution of HMDA-reportable loans for 2019 within the assessment area. Please see Appendix D to review the 2018 lending table.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2019			Dollar			
		Count Bank		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	1	50.0	9.0	135	73.8	5.1	20.5
	Moderate	0	0.0	23.6	0	0.0	18.4	16.9
	Middle	0	0.0	23.4	0	0.0	22.5	21.4
	Upper	0	0.0	30.7	0	0.0	40.3	41.1
	Unknown	1	50.0	13.2	48	26.2	13.6	0.0
	Total		2	100.0	100.0	183	100.0	100.0
Refinance	Low	0	0.0	5.3	0	0.0	2.5	20.5
	Moderate	1	33.3	14.4	250	34.3	9.3	16.9
	Middle	0	0.0	19.3	0	0.0	16.2	21.4
	Upper	1	33.3	42.1	341	46.8	52.4	41.1
	Unknown	1	33.3	18.9	137	18.8	19.6	0.0
	Total		3	100.0	100.0	728	100.0	100.0
Home Improvement	Low	0	0.0	4.9	0	0.0	3.2	20.5
	Moderate	0	0.0	16.9	0	0.0	13.7	16.9
	Middle	0	0.0	24.7	0	0.0	20.5	21.4
	Upper	0	0.0	49.4	0	0.0	57.4	41.1
	Unknown	0	0.0	4.1	0	0.0	5.1	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.9
	Middle	0	0.0	1.1	0	0.0	0.2	21.4
	Upper	0	0.0	6.5	0	0.0	1.2	41.1
	Unknown	0	0.0	92.3	0	0.0	98.6	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose LOC	Low	0	0.0	5.4	0	0.0	3.6	20.5
	Moderate	0	0.0	13.9	0	0.0	9.0	16.9
	Middle	0	0.0	24.1	0	0.0	19.8	21.4
	Upper	0	0.0	53.9	0	0.0	63.9	41.1
	Unknown	0	0.0	2.7	0	0.0	3.6	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	7.8	0	0.0	4.9	20.5
	Moderate	0	0.0	18.2	0	0.0	13.5	16.9
	Middle	0	0.0	27.6	0	0.0	20.6	21.4
	Upper	0	0.0	43.0	0	0.0	56.8	41.1
	Unknown	0	0.0	3.3	0	0.0	4.3	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.2	0	0.0	0.1	20.5
	Moderate	0	0.0	1.0	0	0.0	1.0	16.9
	Middle	0	0.0	0.5	0	0.0	0.3	21.4
	Upper	0	0.0	0.5	0	0.0	1.0	41.1
	Unknown	0	0.0	97.8	0	0.0	97.7	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	1	20.0	7.1	135	14.8	3.6	20.5
	Moderate	1	20.0	19.0	250	27.4	13.0	16.9
	Middle	0	0.0	21.6	0	0.0	18.0	21.4
	Upper	1	20.0	36.2	341	37.4	42.0	41.1
	Unknown	2	40.0	16.2	185	20.3	23.4	0.0
	Total		5	100.0	100.0	911	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

The distribution of loans to businesses of different sizes is reasonable.

In 2020 (through October 31, 2020), none of the bank's small business loans included in the sample were made to businesses with \$1 million or less in annual revenue. All 15 small business loans originated within the sample were made to businesses where the annual revenue was unknown. This is largely due to the bank's participation in the Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic, where revenue information was not required to be collected by financial institutions. For reference, in 2020 90.0 percent of total businesses within the assessment area reported annual revenues of \$1 million or less, while only 9.0 percent reported annual revenues over \$1 million, and 1.0 percent reported unknown revenues. From November 1, 2019 to December 31, 2019, the bank only originated one small business loan (100.0 percent) within the sample to a business reporting an annual revenue of \$1 million or less. This resulted in the bank outperforming the percentage of total businesses that report annual revenues of \$1 million or less at 89.8 percent.

Overall, the bank's small business lending demonstrates the bank's willingness to meet credit needs of local businesses, particularly supported by participation in PPP lending, and the significant number (73.3 percent) of small dollar loans made (i.e. \$100,000 or less), which are deemed most beneficial to local and small businesses. Further, PPP loans are incredibly beneficial to the community as they are exclusively for payroll or income replacement.

The following tables present the geographic distribution of small business loans during the review period of November 1, 2019 to October 31, 2020.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2019 Des Moines-West Des Moines, IA MSA 19780								
Product Type		Bank & Demographic Comparison						
		2019		2019		Total Businesses %		
#	%	Dollar Bank \$ 000s	\$ %	Total Businesses %				
					Small Business	Revenue	\$1 Million or Less	1
Over \$1 Million	0	0.0	0	0.0			9.3	
Unknown	0	0.0	0	0.0			1.0	
Total	1	100.0	531	100.0			100.0	
Loan Size	\$100,000 or Less	0	0.0	0		0.0		
	\$100,001 - \$250,000	0	0.0	0		0.0		
	\$250,001 - \$1 Million	1	100.0	531		100.0		
	Total	1	100.0	531		100.0		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0		0.0		
	\$100,001 - \$250,000	0	0.0	0		0.0		
	\$250,001 - \$1 Million	1	100.0	531		100.0		
	Total	1	100.0	531		100.0		

Originations & Purchases
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2020 Des Moines-West Des Moines, IA MSA 19780								
Product Type		Bank & Demographic Comparison						
		2020		2020		Total Businesses %		
#	%	Dollar Bank \$ 000s	\$ %	Total Businesses %				
					Small Business	Revenue	\$1 Million or Less	0
Over \$1 Million	0	0.0	0	0.0			9.0	
Unknown	15	100.0	829	100.0			1.0	
Total	15	100.0	829	100.0			100.0	
Loan Size	\$100,000 or Less	11	73.3	216		26.1		
	\$100,001 - \$250,000	4	26.7	613		73.9		
	\$250,001 - \$1 Million	0	0.0	0		0.0		
	Total	15	100.0	829		100.0		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0		0.0		
	\$100,001 - \$250,000	0	0.0	0		0.0		
	\$250,001 - \$1 Million	0	0.0	0		0.0		
	Total	0	0.0	0		0.0		

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

NON-MSA IOWA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Non-MSA Iowa assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, please refer to the "Scope of Examination" section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA IOWA

BANK's Non-MSA Iowa assessment area encompasses Lee, Henry, Louisa, and Des Moines County in their entirety and remains unchanged since the previous evaluation. According to 2020 FFIEC Census data, the assessment area consists of thirty census tracts, of which one is low-income, six are moderate-income, 22 are middle-income, and one is upper-income. The assessment area also includes three middle-income census tracts in Louisa County that are designated by the Federal Financial Institutions Examination Council (FFIEC) as underserved due to their remote rural location. BANK operates a main office and two additional branch locations the assessment area, all of which are located in middle-income census tracts. Each branch operates a full-service ATM. In addition, the bank maintains a standalone cash-only ATM located in a middle-income census tract. Lastly, the bank operates a loan production office (LPO) in Mediapolis, Iowa within an upper-income census tract. The bank closed one location in Mount Union, Iowa (Henry County) located in a middle-income census tract in September of 2017.

In 2019, 156 total HMDA reporters within the assessment area originated or purchased home mortgage loans. The first and second ranking HMDA reporters were Iowa Bankers Mortgage Corporation and Two Rivers Bank and Trust, with 279 and 205 originations, respectively. BANK originated 103 HMDA loans by comparison and does not fall too far below the leading HMDA reporters within the assessment area by number of originations.

The June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks BANK, with a market share of 2.4 percent, 13th of 17 FDIC-insured depository institutions operating in the assessment area. For reference and comparison, the first and second ranked financial institutions by market share are Two Rivers Bank & Trust and Pilot Grove Savings Bank with 21.6 and 18.4 percent of the market share, respectively. The 17 total FDIC-insured depository institutions operating in the assessment area maintain a total of 58 branch offices, three of which belong to BANK.

Information about census-related and business demographic characteristics of the assessment area for 2020 is provided in the following table. Please see Appendix C to review this information for 2018 and 2019.

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	1	3.3	527	1.9	221	41.9	6,377	22.6
Moderate-income	6	20.0	5,585	19.8	1,183	21.2	5,665	20.1
Middle-income	22	73.3	20,841	73.9	1,761	8.4	6,530	23.2
Upper-income	1	3.3	1,236	4.4	27	2.2	9,617	34.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	30	100.0	28,189	100.0	3,192	11.3	28,189	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	1,067	585	1.8	54.8	482	45.2	0	0.0
Moderate-income	10,380	5,516	17.3	53.1	3,449	33.2	1,415	13.6
Middle-income	34,574	24,392	76.3	70.6	6,903	20.0	3,279	9.5
Upper-income	1,940	1,475	4.6	76.0	285	14.7	180	9.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	47,961	31,968	100.0	66.7	11,119	23.2	4,874	10.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	108	2.3	90	2.1	18	4.6	0	0.0
Moderate-income	888	18.7	806	18.8	77	19.5	5	8.2
Middle-income	3,504	73.7	3,163	73.6	288	73.1	53	86.9
Upper-income	253	5.3	239	5.6	11	2.8	3	4.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,753	100.0	4,298	100.0	394	100.0	61	100.0
	Percentage of Total Businesses:			90.4		8.3		1.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	10	1.5	10	1.5	0	0.0	0	0.0
Middle-income	570	87.3	565	87.5	3	60.0	2	100.0
Upper-income	73	11.2	71	11.0	2	40.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	653	100.0	646	100.0	5	100.0	2	100.0
	Percentage of Total Farms:			98.9		0.8		0.3

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

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

Population Characteristics

The table below presents population changes within the counties comprising the assessment area and the state of Iowa from 2010 to 2015. The assessment area experienced minimal population change since the previous evaluation, with each county experiencing a slight decrease in population. During the same time, the state of Iowa had nominal growth at 1.5 percent. A community representative indicated that the population decrease can be attributed to its aging population and millennials moving to and remaining in more heavily populated areas for college.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	107,719	106,928	-0.7
Des Moines County, IA	40,325	40,208	-0.3
Henry County, IA	20,145	20,080	-0.3
Lee County, IA	35,862	35,369	-1.4
Louisa County, IA	11,387	11,271	-1.0
State of Iowa	3,046,355	3,093,526	1.5
<i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: American Community Survey</i>			

Income Characteristics

According to 2020 FFIEC Census Data, the assessment area is comprised of 28,189 families, with 1.9 percent being low-income, 19.8 moderate-income, 73.9 middle-income, and 4.4 percent upper-income. 11.3 percent of families residing within the assessment area live below the poverty line.

The following table compares the Median Family Income (MFI) for the counties comprising the assessment area and the state of Iowa. According to the 2011-2015 ACS data, the MFI in each county and the state of Iowa increased since 2010. Henry and Lee County experienced the most significant increases at 11.8 percent and 10.0 percent, respectively, which a community representative attributed to local businesses offering competitive wages within the hospital and manufacturing industries. As noted by the representative, multiple manufacturing plants have moved within the area, thus allowing more competitive wages to be offered. Des Moines County maintained the lowest MFI during the 2011-2015 ACS data period, also experiencing the lowest percentage change at 2.5 percent.

The table below provides more detail on the MFIs within the counties comprising the assessment area and the state of Iowa.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Des Moines County, IA	53,946	55,297	2.5
Henry County, IA	53,985	60,335	11.8
Lee County, IA	50,630	55,694	10.0
Louisa County, IA	54,923	60,068	9.4
State of Iowa	61,804	67,466	9.2
<i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: American Community Survey</i>			

According to data from the Administrative Office of the U.S. Courts, personal bankruptcy filing rates within the counties comprising the assessment area remained higher than the state of Iowa from 2016 through 2019. Des Moines County continued to maintain the highest bankruptcy filing ratio (per 1,000 population), which was 2.2 in 2019, and closely aligned with that of Henry County at 2.0. Please see the table below for more detail on personal bankruptcy filing rates.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2016	2017	2018	2019
Des Moines County, IA	2.1	2.3	2.8	2.2
Henry County, IA	1.3	1.9	1.5	2.0
Lee County, IA	1.1	1.7	1.8	1.9
Louisa County, IA	1.2	1.0	1.3	1.8
State of Iowa	1.3	1.3	1.4	1.5
<i>Source: Administrative Office of The U.S. Courts</i>				

Housing Characteristics

According to 2020 FFIEC Census data, there are 47,961 housing units in the assessment area, the majority of which are owner-occupied at 66.7 percent. The remaining housing units in the assessment area are rental units at 23.2 percent and 10.2 percent are vacant. Using 2011-2015 ACS data, the owner occupancy rate for the counties comprising the assessment area ranged from 72.9 percent (Henry County) to 77.8 percent (Louisa County), all of which were above the state of Iowa (71.5 percent).

Housing costs in all counties within the assessment area and the state of Iowa experienced increases from 2010 to 2015 according to ACS data. Housing costs within the counties are below that of the state of Iowa, with Lee County maintaining the lowest costs despite having the largest

increase in median gross rent at 13.8 percent. A community representative noted that Lee County’s lower housing costs can be partially attributed to the area’s rural nature. Louisa County experienced the largest increase in median housing value at 14.3 percent. Henry County had the highest median housing value during both ACS time period, which aligns with a comment from a community representative who noted the county to have the highest housing costs compared to surrounding counties. The highest median gross rent in the assessment area was present in Des Moines County during the 2011-2015 ACS data period. The community representative stated that overall housing cost is deemed affordable within the assessment area, even with the increasing prices. However, affordable housing can still remain a point of focus as demand increases, particularly within Henry County.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratio for each county in the assessment area is above the state of Iowa’s ratio of 0.41. Lee and Louisa County had the highest affordability ratio at 0.51 during the same time period. The ratios indicate that housing in the assessment area is slightly more affordable when compared to the state of Iowa.

Foreclosure rates within the assessment area do not indicate any economic concerns, as rates have remained under 2.0 percent since the previous evaluation. The most recent monthly foreclosure rates reported in September 2019 show that Louisa County had a 0.0 percent foreclosure rate during that month and the prior as well. Foreclosure rates within the assessment area align with the state of Iowa, which has reported a rate of 1.0 percent or less since the previous evaluation.

The following table presents recent trends in housing costs within the assessment area and the state of Iowa.

Trends in Housing Costs 2010 and 2015								
Area	2006-2010 Median Housing Value	2011-2015 Median Housing Value	Percent Change	2006-2010 Median Gross Rent	2011-2015 Median Gross Rent	Percent Change	2006-2010 Affordability Ratio	2011-2015 Affordability Ratio
Des Moines County, IA	90,400	98,200	8.6	578	637	10.2	0.46	0.45
Henry County, IA	96,400	103,900	7.8	569	612	7.6	0.44	0.47
Lee County, IA	78,900	85,400	8.2	507	577	13.8	0.54	0.51
Louisa County, IA	87,400	99,900	14.3	583	618	6.0	0.58	0.51
State of Iowa	119,200	129,200	8.4	617	697	13.0	0.41	0.41
Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey								

Employment Characteristics

The following table presents the unemployment trends for the counties in the assessment area and the state of Iowa from 2016 to 2019. Each county, aside from Lee County, and the state of Iowa experienced a slight increase in unemployment rates in 2019. Des Moines County experienced the highest unemployment rates over the time period, with a 4.0 percent rate in 2019, just below that of Lee County at 3.9 percent. Henry County’s unemployment rate has historically aligned with that of the state of Iowa and continued to be the lowest rate within the assessment area at 2.7 percent in 2019. This aligns with a comment from a community representative who noted that Henry County’s unemployment rate has remained below that of surrounding counties, noting its smaller population size to attribute to the lower rate. Regarding the COVID-19 pandemic in 2020, community representatives noted that industries such as hospitality, including entertainment venues and sit-down restaurants, experienced the most negative economic impacts.

Unemployment Rates				
Area	2016	2017	2018	2019
Des Moines County, IA	5.0	4.2	3.3	4.0
Henry County, IA	3.6	3.0	2.5	2.7
Lee County, IA	6.2	5.4	4.0	3.9
Louisa County, IA	4.0	3.3	2.6	3.1
State of Iowa	3.7	3.1	2.5	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)

Industry Characteristics

The information presented in the table below details the largest employers in the assessment area and their respective industries. The assessment area employers represent a diverse industry, predominantly consisting of the healthcare, manufacturing, and casino industries. A community representative stated that manufacturing is a leading industry in the area, as a lot of factories are located in some of the rural areas. Since the previous evaluation, the assessment area has experienced minimal mass layoffs and company closures according to WARN report data; the most recent notice was a mass layoff of 202 employees reported by Siemens in 2018. A representative also noted this mass layoff as being the most recent to occur in the assessment area.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Great River Medical Center	1,800	Hospitals
Tyson Foods Inc	1,200	Meat Products Manufacturers
Henniges Automotive	1,001	Automobile Manufacturers
American Ordinance LLC	992	Small Arms Ammunition Manufacturers
Walmart Distribution Center	900	Distribution Centers
Catfish Bend Casino Corp	800	Casinos
ABB Inc	750	Electric Equipment Manufacturers
Pzazz! Resort Hotel	650	Casinos
Federal-Mogul Corp	600	Automobile Parts
Innovairre Amg	600	Printers
<i>Source: Business information provided by Infogroup®, Omaha, NE</i>		

Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions within the assessment area. The representatives provided information on housing and employment conditions, and discussed economic development opportunities within the assessment area. The representatives stated there is a need for overall housing development in the surrounding communities, particularly with high demand for housing is increasing in some areas. One representative stated that local financial institutions should continue their participation with PPP lending, as it has stimulated the economy. Overall, representatives agree that opportunities exist for local financial institutions to be more responsive to the community credit needs for businesses and individuals.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable and small business loans reflects a reasonable dispersion of loans throughout the assessment area, which consists of one low-income, six moderate-income, 22 middle-income, and one upper-income census tract.

An analysis of the geographic distribution was conducted to determine the dispersion of loans among the census tracts within the assessment area. In 2019, the bank originated loans in 21 of the total 30 census tracts comprising the area. Of the 21 census tracts where the bank made loans,

three were moderate-income, 17 were middle-income, and one was an upper-income census tract. Geographic penetration across census tracts in 2018 was similar, as the bank originated loans in 21 of the 30 census tracts, including three moderate-income and 18 middle-income census tracts. Considering the bank's size and complexity, examiners determined that there were no conspicuous unexplained lending gaps in contiguous census tracts.

A breakdown of the bank's HMDA-reportable and small business loans is discussed in more detail below individually.

HMDA-Reportable Loans

BANK's geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. The bank's primary HMDA-reportable products originated during the review period were home purchase and refinance loans, which are discussed individually below. The remaining HMDA-reportable loan products will not be evaluated due to low volumes of originations.

Home Purchase

In 2019, home purchase loans represented 46.6 percent of the bank's total HMDA-reportable loans in the assessment area. BANK did not originate any of its home purchase loans in the low-income census tract. The bank's lack of performance in the low-income census tract is below the rate of aggregate lenders (1.1 percent) and the percentage of owner-occupied units (1.8 percent) in those tracts. However, the limited number of owner-occupied housing units comprising low-income census tracts coupled with area competition make it more difficult for the bank to make loans in these tracts. BANK made 12.5 percent of its home purchase loans in moderate-income census tracts by originating six loans, which was below the performance of aggregate lenders (14.2 percent) and the percentage of owner-occupied units (17.3 percent) in moderate-income census tracts.

Most of the bank's home purchase loans were originated in middle-income census tracts at 32 by number (66.7 percent). The bank's performance in middle-income census tracts was below the rate of aggregate lenders and percentage of owner-occupied units in such tracts at 80.1 percent and 76.3 percent, respectively. Finally, the bank originated 10 (20.8 percent) home purchase loans in upper-income census tracts, performing significantly above the aggregate lender rate and the percentage of owner-occupied units comprising the one upper-income tract, both at 4.6 percent.

The bank's home purchase lending performance in 2018 was similar with the bank's performance in 2019, with the exception of no such loans being made in the upper-income census tract. The bank's 2018 HMDA-reportable lending table is included in Appendix D.

Refinance

In 2019, refinance loans represented 47.6 percent of the bank's total HMDA-reportable loans in the assessment area. BANK did not originate any of its refinance loans in the low-income census tract, resulting in the bank performing below the rate of aggregate lenders (0.8 percent) and the percentage of owner-occupied units (1.8 percent) in those tracts. As aforementioned, this shows the bank had limited opportunity to lend in the low-income census tract. The bank originated five (10.2 percent) refinance loans in moderate-income census tracts, which is slightly below aggregate lending performance (12.6 percent), and moderately below the percentage of owner-occupied units (17.3 percent) in moderate-income tracts.

Similar to home purchase loans, the majority of the bank's refinance loans were originated in middle-income census tracts. The bank originated 43 (87.8 percent) refinance loans in middle-income census tracts, which is slightly above both the aggregate lender rate (83.4 percent) and the percentage of owner-occupied units (76.3 percent) in middle-income tracts. Finally, the bank originated one (2.0 percent) refinance loans in the upper-income census tract, which is slightly below the rate of aggregate lenders (3.2 percent) and the percentage of owner-occupied units (4.6 percent) located in the tract.

The bank's refinance lending performance in 2018 was similar with the bank's performance in 2019, with the exception of no such loans being made in the upper-income census tract. The bank's 2018 HMDA-reportable lending table is included in Appendix D.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2019 IA Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		Count		Dollar				
		Bank	Agg	Bank	Agg	Agg		
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	1.1	0	0.0	0.5	1.8
	Moderate	6	12.5	14.2	593	10.0	9.7	17.3
	Middle	32	66.7	80.1	4,311	72.7	84.1	76.3
	Upper	10	20.8	4.6	1,029	17.3	5.6	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		48	100.0	100.0	5,933	100.0	100.0
Refinance	Low	0	0.0	0.8	0	0.0	0.5	1.8
	Moderate	5	10.2	12.6	299	3.9	7.5	17.3
	Middle	43	87.8	83.4	7,157	93.3	88.3	76.3
	Upper	1	2.0	3.2	214	2.8	3.7	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		49	100.0	100.0	7,670	100.0	100.0
Home Improvement	Low	0	0.0	0.9	0	0.0	1.6	1.8
	Moderate	2	33.3	16.7	38	28.8	13.2	17.3
	Middle	4	66.7	77.2	94	71.2	76.3	76.3
	Upper	0	0.0	5.3	0	0.0	9.0	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		6	100.0	100.0	132	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 9.1
	Moderate	0	0.0	12.5	0	0.0	5.2	35.3
	Middle	0	0.0	75.0	0	0.0	92.4	54.6
	Upper	0	0.0	12.5	0	0.0	2.4	1.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	1.8
	Moderate	0	0.0	20.7	0	0.0	21.4	17.3
	Middle	0	0.0	72.4	0	0.0	73.2	76.3
	Upper	0	0.0	6.9	0	0.0	5.4	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	1.8
	Moderate	0	0.0	20.0	0	0.0	15.1	17.3
	Middle	0	0.0	74.0	0	0.0	80.5	76.3
	Upper	0	0.0	6.0	0	0.0	4.4	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	1.8
	Moderate	0	0.0	20.5	0	0.0	15.3	17.3
	Middle	0	0.0	79.5	0	0.0	84.7	76.3
	Upper	0	0.0	0.0	0	0.0	0.0	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	0	0.0	0.9	0	0.0	0.5	1.8
	Moderate	13	12.6	14.2	930	6.8	9.0	17.3
	Middle	79	76.7	80.8	11,562	84.2	85.7	76.3
	Upper	11	10.7	4.1	1,243	9.0	4.7	4.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		103	100.0	100.0	13,735	100.0	100.0
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

Geographic distribution of small business loans is reasonable throughout the assessment area. In 2020 (through October 31, 2020), the sample included 25 small business loans originated within the assessment area. No small business loans within the sample were made in this assessment area from November 1, 2019 to December 31, 2019.

Within the sample, the bank did not originate any small business loans in the one low-income census tract in the assessment area. However, the bank's lack of performance in the low-income census tracts is not abnormal due to low percentage of businesses in this tract at 2.3 percent. Of the 25 small business loans included in the sample, five loans (20.0 percent) were originated in moderate-income census tracts, which exceeded the percentage of businesses located in moderate-income census tracts at 18.7 percent. The bank originated 19 (76.0 percent) small business loans in middle-income tracts, which is slightly above the percentage of total businesses comprising these tracts at 73.7 percent. Finally, the bank originated 4.0 percent of its small business loans in upper-income census tracts by originating one loan, performing slightly below the percentage of assessment area businesses located in the upper-income census tract at 5.3 percent.

The following table presents the geographic distribution of small business loans from January 1, 2020 to October 31, 2020.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	2.3
	Moderate	5	20.0	96	4.7	18.7
	Middle	19	76.0	1,485	72.4	73.7
	Upper	1	4.0	469	22.9	5.3
	Unknown	0	0.0	0	0.0	0.0
	Total	25	100.0	2,050	100.0	100.0

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

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

The bank's lending to individuals of different income levels and to businesses of different sizes is reasonable. A breakdown of the bank's HMDA-reportable and small business loans is discussed in more detail below.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans to individuals of different income levels is reasonable. The bank's primary HMDA-reportable loan products originated during the review period were home purchase and refinance loans which are discussed individually below.

Home Purchase

In 2019, the bank originated six (12.5 percent) home purchase loans to low-income borrowers, performing above the rate of aggregate lenders (11.4 percent) but below the percentage of low-income families (22.6 percent) in the assessment area. BANK made 33.3 percent of its home purchase loans to moderate-income borrowers by originating 16 total loans. This resulted in the bank performing above both the aggregate lender rate (27.1 percent) and the percentage of moderate-income families (20.1 percent) comprising the assessment area.

The bank originated 15 (31.3 percent) home purchase loans to middle-income borrowers, which was above both the aggregate lender rate (22.2 percent) and the percentage of middle-income borrowers (23.2 percent) comprising the assessment area. Finally, the bank originated 11 (22.9 percent) home purchase loans to upper-income borrowers, which was below aggregate lenders performance (27.6 percent) and considerably below the percentage of upper-income families (34.1 percent) within the assessment area.

The borrower distribution of HMDA-reportable home purchase loans in 2018 was consistent with the bank's performance in 2019. Please refer to Appendix D to review the 2018 borrower distribution lending table.

Refinance

In 2019, BANK originated six (12.2 percent) refinance loans to low-income borrowers, which was above the rate of aggregate lenders (9.9 percent) yet below the percentage of low-income families (22.6 percent) comprising the assessment area. Similarly, the bank originated five (10.2 percent) refinance loans to moderate-income borrowers, which is significantly below both the aggregate lender rate and the assessment area's percentage of moderate-income families at 20.5 percent and 20.1 percent, respectively.

BANK originated 11 (22.4 percent) refinance loans to middle-income borrowers, performing slightly below both the aggregate lender rate and the percentage of middle-income families at 23.3 percent and 23.2 percent, respectively. The bank also originated 20 (40.8 percent) refinance loans to upper-income borrowers, which was above both the aggregate lender rate (31.8 percent) and the percentage of upper-income families in the assessment area at 34.1 percent. Lastly, 14.3 percent of the bank's refinance loans were originated to borrowers of unknown income, which was on par with the aggregate lender rate at 14.5 percent.

Overall, the borrower distribution of HMDA-reportable refinance loans in 2019 is similar to the bank's performance in 2018. Please refer to Appendix D for the 2018 borrower distribution table.

The following table summarizes the bank's 2019 borrower distribution of HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2019 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2019						
		Count Bank		Agg %	Dollar Bank		Agg \$ %	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	6	12.5	11.4	398	6.7	7.0	22.6
	Moderate	16	33.3	27.1	1,523	25.7	21.5	20.1
	Middle	15	31.3	22.2	2,084	35.1	22.1	23.2
	Upper	11	22.9	27.6	1,928	32.5	39.4	34.1
	Unknown	0	0.0	11.7	0	0.0	9.9	0.0
	Total		48	100.0	100.0	5,933	100.0	100.0
Refinance	Low	6	12.2	9.9	381	5.0	4.5	22.6
	Moderate	5	10.2	20.5	461	6.0	14.0	20.1
	Middle	11	22.4	23.3	1,026	13.4	20.9	23.2
	Upper	20	40.8	31.8	4,463	58.2	42.4	34.1
	Unknown	7	14.3	14.5	1,339	17.5	18.2	0.0
	Total		49	100.0	100.0	7,670	100.0	100.0
Home Improvement	Low	1	16.7	8.8	24	18.2	3.6	22.6
	Moderate	0	0.0	21.9	0	0.0	18.8	20.1
	Middle	2	33.3	21.9	35	26.5	18.5	23.2
	Upper	3	50.0	43.9	73	55.3	54.3	34.1
	Unknown	0	0.0	3.5	0	0.0	4.7	0.0
	Total		6	100.0	100.0	132	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	22.6
	Moderate	0	0.0	0.0	0	0.0	0.0	20.1
	Middle	0	0.0	0.0	0	0.0	0.0	23.2
	Upper	0	0.0	0.0	0	0.0	0.0	34.1
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose LOC	Low	0	0.0	10.3	0	0.0	10.3	22.6
	Moderate	0	0.0	10.3	0	0.0	12.7	20.1
	Middle	0	0.0	51.7	0	0.0	49.6	23.2
	Upper	0	0.0	24.1	0	0.0	20.6	34.1
	Unknown	0	0.0	3.4	0	0.0	6.7	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	2.0	0	0.0	1.0	22.6
	Moderate	0	0.0	28.0	0	0.0	17.1	20.1
	Middle	0	0.0	28.0	0	0.0	27.3	23.2
	Upper	0	0.0	36.0	0	0.0	45.6	34.1
	Unknown	0	0.0	6.0	0	0.0	9.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	22.6
	Moderate	0	0.0	0.0	0	0.0	0.0	20.1
	Middle	0	0.0	0.0	0	0.0	0.0	23.2
	Upper	0	0.0	0.0	0	0.0	0.0	34.1
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	13	12.6	10.0	803	5.8	5.6	22.6
	Moderate	21	20.4	23.2	1,984	14.4	17.4	20.1
	Middle	28	27.2	22.6	3,145	22.9	20.9	23.2
	Upper	34	33.0	29.6	6,464	47.1	39.3	34.1
	Unknown	7	6.8	14.6	1,339	9.7	16.8	0.0
	Total		103	100.0	100.0	13,735	100.0	100.0

Originations & Purchases

2016 FFIEC Census Data

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

Small Business Loans

The distribution of loans to businesses of different sizes is reasonable. In 2020 (through October 31, 2020), the bank made two small business loans (8.0 percent) within the sample to businesses with \$1 million or less in annual revenue. In addition, one small business loan (4.0 percent) within the sample was made to a business with over \$1 million in annual revenue. The remaining 22 small business loans (88.0 percent) originated in 2020 included in the sample were made to businesses where the annual revenue was unknown. This is largely due to the bank’s participation in the Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic, where revenue information was not required to be collected by financial institutions. For reference, in 2020, 90.4 percent of total businesses within the assessment area reported annual revenues of \$1 million or less, while only 8.3 percent reported annual revenues over \$1 million, and 1.3 percent reported unknown revenues. From November 1, 2019 to December 31, 2019, the sample did not include any small business loans.

Overall, the bank’s small business lending demonstrates the bank’s willingness to meet credit needs of local businesses, particularly supported by participation in PPP lending, and the significant number of small dollar loans made (i.e. \$100,000 or less), which are deemed most beneficial to local and small businesses. Further, PPP loans are incredibly beneficial to the community as they are exclusively for payroll or income replacement. This is deemed as a positive impact on the surrounding community as it helps replenish the income loss due to the pandemic.

The following table presents the borrower distribution of small business loans from January 1, 2020 to October 31, 2020.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses %	
		Count Bank	%	Dollar Bank \$ 000s	%		
Small Business	Revenue	\$1 Million or Less	2	8.0	100	4.9	90.4
		Over \$1 Million	1	4.0	640	31.2	8.3
		Unknown	22	88.0	1,310	63.9	1.3
		Total	25	100.0	2,050	100.0	100.0
	Loan Size	\$100,000 or Less	20	80.0	470	22.9	
		\$100,001 - \$250,000	3	12.0	470	22.9	
		\$250,001 - \$1 Million	2	8.0	1,110	54.1	
		Total	25	100.0	2,050	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	100.0	100	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million		0	0.0	0	0.0		
Total		2	100.0	100	100.0		
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	HMDA-Reportable Lending January 1, 2018-December 31, 2019 Small Business Lending November 1, 2019-October 31,2020		
FINANCIAL INSTITUTION BANK			PRODUCTS REVIEWED HMDA Reportable Loans – 2018, 2019 Small Business Loans – November 1, 2019- October 31, 2020
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
Des Moines-West Des Moines IA MSA #19780	Full Review	N/A	N/A
Non-MSA Iowa	Full Review	N/A	N/A

APPENDIX C – 2018 and 2019 Assessment Area Demographics Tables

Assessment Area: 2018 Des Moines-West Des Moines, IA MSA 19780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	10	8.8	7,240	5.4	2,091	28.9	27,821	20.7
Moderate-income	29	25.7	26,880	20.0	4,217	15.7	22,993	17.1
Middle-income	46	40.7	54,519	40.6	3,723	6.8	28,944	21.6
Upper-income	27	23.9	45,555	33.9	1,337	2.9	54,436	40.6
Unknown-income	1	0.9	0	0.0	0	0.0	0	0.0
Total Assessment Area	113	100.0	134,194	100.0	11,368	8.5	134,194	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	13,035	5,060	3.6	38.8	6,449	49.5	1,526	11.7
Moderate-income	46,779	26,168	18.6	55.9	16,736	35.8	3,875	8.3
Middle-income	92,990	59,715	42.4	64.2	27,081	29.1	6,194	6.7
Upper-income	65,773	49,837	35.4	75.8	13,596	20.7	2,340	3.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	218,577	140,780	100.0	64.4	63,862	29.2	13,935	6.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,133	4.3	972	4.1	153	6.2	8	2.6
Moderate-income	3,610	13.7	3,253	13.8	333	13.4	24	7.7
Middle-income	13,001	49.2	11,470	48.6	1,355	54.6	176	56.4
Upper-income	8,653	32.8	7,913	33.5	636	25.6	104	33.3
Unknown-income	9	0.0	6	0.0	3	0.1	0	0.0
Total Assessment Area	26,406	100.0	23,614	100.0	2,480	100.0	312	100.0
	Percentage of Total Businesses:			89.4		9.4		1.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	3	0.4	3	0.5	0	0.0	0	0.0
Moderate-income	37	5.4	35	5.3	2	10.5	0	0.0
Middle-income	397	58.0	387	58.3	10	52.6	0	0.0
Upper-income	247	36.1	239	36.0	7	36.8	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	684	100.0	664	100.0	19	100.0	1	100.0
	Percentage of Total Farms:			97.1		2.8		0.1

2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

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	1	3.3	527	1.9	221	41.9	6,419	22.8
Moderate-income	6	20.0	5,585	19.8	1,183	21.2	5,687	20.2
Middle-income	23	76.7	22,077	78.3	1,788	8.1	6,544	23.2
Upper-income	0	0.0	0	0.0	0	0.0	9,539	33.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	30	100.0	28,189	100.0	3,192	11.3	28,189	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	1,067	585	1.8	54.8	482	45.2	0	0.0
Moderate-income	10,380	5,516	17.3	53.1	3,449	33.2	1,415	13.6
Middle-income	36,514	25,867	80.9	70.8	7,188	19.7	3,459	9.5
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	47,961	31,968	100.0	66.7	11,119	23.2	4,874	10.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	125	2.6	103	2.4	22	5.3	0	0.0
Moderate-income	925	19.0	836	19.1	81	19.6	8	9.9
Middle-income	3,817	78.4	3,433	78.5	311	75.1	73	90.1
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,867	100.0	4,372	100.0	414	100.0	81	100.0
	Percentage of Total Businesses:			89.8		8.5		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	7	1.0	7	1.1	0	0.0	0	0.0
Middle-income	663	99.0	656	98.9	5	100.0	2	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	670	100.0	663	100.0	5	100.0	2	100.0
	Percentage of Total Farms:			99.0		0.7		0.3
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 Des Moines-West Des Moines, IA MSA 19780								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	8.0	6,000	4.5	1,837	30.6	27,494	20.5
Moderate-income	29	25.7	27,416	20.4	4,423	16.1	22,716	16.9
Middle-income	45	39.8	53,257	39.7	3,687	6.9	28,783	21.4
Upper-income	29	25.7	47,521	35.4	1,421	3.0	55,201	41.1
Unknown-income	1	0.9	0	0.0	0	0.0	0	0.0
Total Assessment Area	113	100.0	134,194	100.0	11,368	8.5	134,194	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	11,086	3,902	2.8	35.2	5,840	52.7	1,344	12.1
Moderate-income	47,514	26,477	18.8	55.7	17,052	35.9	3,985	8.4
Middle-income	90,671	58,325	41.4	64.3	26,352	29.1	5,994	6.6
Upper-income	69,306	52,076	37.0	75.1	14,618	21.1	2,612	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	218,577	140,780	100.0	64.4	63,862	29.2	13,935	6.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	987	3.7	853	3.6	129	5.3	5	1.9
Moderate-income	3,666	13.9	3,301	13.9	345	14.1	20	7.7
Middle-income	12,869	48.6	11,403	48.0	1,324	54.1	142	54.6
Upper-income	8,930	33.7	8,190	34.5	647	26.4	93	35.8
Unknown-income	10	0.0	7	0.0	3	0.1	0	0.0
Total Assessment Area	26,462	100.0	23,754	100.0	2,448	100.0	260	100.0
	Percentage of Total Businesses:			89.8		9.3		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	3	0.5	3	0.5	0	0.0	0	0.0
Moderate-income	39	5.9	36	5.6	3	15.8	0	0.0
Middle-income	376	57.1	368	57.7	8	42.1	0	0.0
Upper-income	240	36.5	231	36.2	8	42.1	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	658	100.0	638	100.0	19	100.0	1	100.0
	Percentage of Total Farms:			97.0		2.9		0.2
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: 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	1	3.3	527	1.9	221	41.9	6,377	22.6	
Moderate-income	6	20.0	5,585	19.8	1,183	21.2	5,665	20.1	
Middle-income	22	73.3	20,841	73.9	1,761	8.4	6,530	23.2	
Upper-income	1	3.3	1,236	4.4	27	2.2	9,617	34.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	30	100.0	28,189	100.0	3,192	11.3	28,189	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	1,067	585	1.8	54.8	482	45.2	0	0.0	
Moderate-income	10,380	5,516	17.3	53.1	3,449	33.2	1,415	13.6	
Middle-income	34,574	24,392	76.3	70.6	6,903	20.0	3,279	9.5	
Upper-income	1,940	1,475	4.6	76.0	285	14.7	180	9.3	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	47,961	31,968	100.0	66.7	11,119	23.2	4,874	10.2	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	115	2.4	96	2.2	19	4.7	0	0.0	
Moderate-income	898	18.9	816	19.0	77	18.9	5	8.5	
Middle-income	3,492	73.3	3,143	73.1	298	73.2	51	86.4	
Upper-income	258	5.4	242	5.6	13	3.2	3	5.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	4,763	100.0	4,297	100.0	407	100.0	59	100.0	
	Percentage of Total Businesses:			90.2		8.5		1.2	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	8	1.2	8	1.2	0	0.0	0	0.0	
Middle-income	584	88.4	579	88.5	3	60.0	2	100.0	
Upper-income	69	10.4	67	10.2	2	40.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	661	100.0	654	100.0	5	100.0	2	100.0	
	Percentage of Total Farms:			98.9		0.8		0.3	

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS

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

APPENDIX D – 2018 Lending Tables

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2018 Des Moines-West Des Moines, IA MSA 19780								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		Count Bank		Agg	Dollar Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	2.6	0	0.0	1.4	3.6
	Moderate	0	0.0	15.5	0	0.0	9.6	18.6
	Middle	5	83.3	39.9	428	29.0	38.0	42.4
	Upper	1	16.7	42.0	1,049	71.0	51.0	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		6	100.0	100.0	1,477	100.0	100.0
Refinance	Low	0	0.0	2.6	0	0.0	1.2	3.6
	Moderate	1	25.0	15.1	108	18.1	8.6	18.6
	Middle	2	50.0	42.4	177	29.6	39.7	42.4
	Upper	1	25.0	39.9	312	52.3	50.4	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		4	100.0	100.0	597	100.0	100.0
Home Improvement	Low	0	0.0	2.4	0	0.0	1.7	3.6
	Moderate	0	0.0	13.3	0	0.0	9.2	18.6
	Middle	0	0.0	42.0	0	0.0	39.7	42.4
	Upper	0	0.0	42.3	0	0.0	49.4	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	11.6	0	0.0	2.7	7.4
	Moderate	0	0.0	20.6	0	0.0	7.5	20.2
	Middle	1	100.0	39.2	720	100.0	41.3	46.4
	Upper	0	0.0	28.6	0	0.0	48.5	25.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		1	100.0	100.0	720	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.9	0	0.0	0.7	3.6
	Moderate	0	0.0	8.4	0	0.0	5.2	18.6
	Middle	0	0.0	38.8	0	0.0	33.9	42.4
	Upper	0	0.0	51.9	0	0.0	60.2	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	1.9	0	0.0	0.9	3.6
	Moderate	0	0.0	13.2	0	0.0	7.8	18.6
	Middle	0	0.0	40.4	0	0.0	31.3	42.4
	Upper	0	0.0	44.5	0	0.0	60.1	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	5.6	0	0.0	3.1	3.6
	Moderate	0	0.0	22.4	0	0.0	13.3	18.6
	Middle	0	0.0	38.7	0	0.0	38.6	42.4
	Upper	0	0.0	33.3	0	0.0	45.0	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	0	0.0	2.7	0	0.0	1.5	3.6
	Moderate	1	9.1	15.1	108	3.9	9.2	18.6
	Middle	8	72.7	40.5	1,325	47.4	38.6	42.4
	Upper	2	18.2	41.6	1,361	48.7	50.7	35.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		11	100.0	100.0	2,794	100.0	100.0

Originations & Purchases
2016 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2018 Des Moines-West Des Moines, IA MSA 19780								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018			Dollar			
		Count Bank #	%	Agg %	Bank \$ (000s)	%	Agg \$ %	
Home Purchase	Low	1	16.7	9.0	76	5.1	4.9	20.7
	Moderate	1	16.7	22.0	108	7.3	16.4	17.1
	Middle	0	0.0	22.6	0	0.0	21.7	21.6
	Upper	0	0.0	31.1	0	0.0	40.7	40.6
	Unknown	4	66.7	15.4	1,293	87.5	16.3	0.0
	Total	6	100.0	100.0	1,477	100.0	100.0	100.0
Refinance	Low	0	0.0	9.1	0	0.0	5.0	20.7
	Moderate	0	0.0	17.5	0	0.0	12.5	17.1
	Middle	2	50.0	22.7	420	70.4	19.5	21.6
	Upper	0	0.0	37.7	0	0.0	49.0	40.6
	Unknown	2	50.0	13.1	177	29.6	14.0	0.0
	Total	4	100.0	100.0	597	100.0	100.0	100.0
Home Improvement	Low	0	0.0	5.6	0	0.0	3.9	20.7
	Moderate	0	0.0	17.1	0	0.0	12.4	17.1
	Middle	0	0.0	24.5	0	0.0	21.1	21.6
	Upper	0	0.0	49.2	0	0.0	56.3	40.6
	Unknown	0	0.0	3.5	0	0.0	6.4	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.7
	Moderate	0	0.0	0.5	0	0.0	0.1	17.1
	Middle	0	0.0	2.1	0	0.0	0.2	21.6
	Upper	0	0.0	1.6	0	0.0	0.1	40.6
	Unknown	1	100.0	95.8	720	100.0	99.7	0.0
	Total	1	100.0	100.0	720	100.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	5.5	0	0.0	3.8	20.7
	Moderate	0	0.0	16.1	0	0.0	12.3	17.1
	Middle	0	0.0	24.2	0	0.0	20.0	21.6
	Upper	0	0.0	51.9	0	0.0	61.7	40.6
	Unknown	0	0.0	2.3	0	0.0	2.1	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	6.4	0	0.0	3.4	20.7
	Moderate	0	0.0	19.5	0	0.0	14.2	17.1
	Middle	0	0.0	25.2	0	0.0	20.3	21.6
	Upper	0	0.0	46.9	0	0.0	57.9	40.6
	Unknown	0	0.0	2.1	0	0.0	4.2	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.6	0	0.0	0.7	20.7
	Moderate	0	0.0	0.4	0	0.0	0.1	17.1
	Middle	0	0.0	0.9	0	0.0	0.0	21.6
	Upper	0	0.0	1.1	0	0.0	0.2	40.6
	Unknown	0	0.0	97.0	0	0.0	99.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	1	9.1	8.4	76	2.7	4.3	20.7
	Moderate	1	9.1	19.8	108	3.9	13.5	17.1
	Middle	2	18.2	22.2	420	15.0	18.5	21.6
	Upper	0	0.0	33.8	0	0.0	37.9	40.6
	Unknown	7	63.6	15.8	2,190	78.4	25.9	0.0
	Total	11	100.0	100.0	2,794	100.0	100.0	100.0

Originations & Purchases

2016 FFIEC Census Data

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

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2018 IA Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2018			2018			
		Count Bank		Agg %	Dollar Bank		Agg \$ %	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	1.6	0	0.0	1.0	1.8
	Moderate	4	9.5	18.0	411	7.9	11.5	17.3
	Middle	38	90.5	80.3	4,820	92.1	87.4	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.1	0	0.0	0.1	0.0
	Total		42	100.0	100.0	5,231	100.0	100.0
Refinance	Low	0	0.0	1.5	0	0.0	1.4	1.8
	Moderate	3	8.8	15.0	248	5.4	9.8	17.3
	Middle	31	91.2	83.4	4,377	94.6	88.8	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		34	100.0	100.0	4,625	100.0	100.0
Home Improvement	Low	0	0.0	2.3	0	0.0	2.5	1.8
	Moderate	0	0.0	19.4	0	0.0	18.6	17.3
	Middle	7	100.0	78.3	180	100.0	78.9	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		7	100.0	100.0	180	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 9.1
	Moderate	0	0.0	20.0	0	0.0	26.3	35.3
	Middle	2	100.0	80.0	274	100.0	73.7	55.6
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		2	100.0	100.0	274	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	1.8
	Moderate	0	0.0	19.0	0	0.0	17.4	17.3
	Middle	0	0.0	81.0	0	0.0	82.6	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	1.8
	Moderate	0	0.0	8.7	0	0.0	10.9	17.3
	Middle	0	0.0	91.3	0	0.0	89.1	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	1.8
	Moderate	0	0.0	30.6	0	0.0	22.6	17.3
	Middle	0	0.0	69.4	0	0.0	77.4	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	0	0.0	1.5	0	0.0	1.0	1.8
	Moderate	7	8.2	17.3	659	6.4	12.5	17.3
	Middle	78	91.8	81.1	9,651	93.6	86.4	80.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.1	0	0.0	0.0	0.0
	Total		85	100.0	100.0	10,310	100.0	100.0
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2018 IA Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018						
		Count Bank		Agg		Dollar Bank		
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	8	19.0	12.9	532	10.2	7.6	22.8
	Moderate	9	21.4	26.7	860	16.4	20.0	20.2
	Middle	11	26.2	23.1	1,453	27.8	21.9	23.2
	Upper	14	33.3	26.5	2,386	45.6	41.1	33.8
	Unknown	0	0.0	10.9	0	0.0	9.5	0.0
	Total		42	100.0	100.0	5,231	100.0	100.0
Refinance	Low	2	5.9	16.1	125	2.7	10.5	22.8
	Moderate	9	26.5	23.6	1,089	23.5	19.1	20.2
	Middle	11	32.4	25.6	1,119	24.2	27.9	23.2
	Upper	11	32.4	27.2	2,212	47.8	33.8	33.8
	Unknown	1	2.9	7.5	80	1.7	8.7	0.0
	Total		34	100.0	100.0	4,625	100.0	100.0
Home Improvement	Low	0	0.0	11.6	0	0.0	9.3	22.8
	Moderate	0	0.0	18.6	0	0.0	18.9	20.2
	Middle	3	42.9	28.7	79	43.9	28.0	23.2
	Upper	4	57.1	34.1	101	56.1	37.3	33.8
	Unknown	0	0.0	7.0	0	0.0	6.5	0.0
	Total		7	100.0	100.0	180	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	22.8
	Moderate	0	0.0	0.0	0	0.0	0.0	20.2
	Middle	0	0.0	10.0	0	0.0	3.0	23.2
	Upper	0	0.0	5.0	0	0.0	0.2	33.8
	Unknown	2	100.0	85.0	274	100.0	96.9	0.0
	Total		2	100.0	100.0	274	100.0	100.0
Other Purpose LOC	Low	0	0.0	16.7	0	0.0	16.2	22.8
	Moderate	0	0.0	19.0	0	0.0	15.8	20.2
	Middle	0	0.0	28.6	0	0.0	32.8	23.2
	Upper	0	0.0	35.7	0	0.0	35.2	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	10.9	0	0.0	11.9	22.8
	Moderate	0	0.0	15.2	0	0.0	13.5	20.2
	Middle	0	0.0	34.8	0	0.0	32.7	23.2
	Upper	0	0.0	34.8	0	0.0	35.8	33.8
	Unknown	0	0.0	4.3	0	0.0	6.1	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	22.8
	Moderate	0	0.0	0.0	0	0.0	0.0	20.2
	Middle	0	0.0	0.0	0	0.0	0.0	23.2
	Upper	0	0.0	0.0	0	0.0	0.0	33.8
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	10	11.8	13.3	657	6.4	7.9	22.8
	Moderate	18	21.2	23.8	1,949	18.9	18.0	20.2
	Middle	25	29.4	24.0	2,651	25.7	22.2	23.2
	Upper	29	34.1	26.9	4,699	45.6	35.9	33.8
	Unknown	3	3.5	12.0	354	3.4	16.0	0.0
	Total		85	100.0	100.0	10,310	100.0	100.0

Originations & Purchases
2016 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX E – 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 household and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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