

PUBLIC DISCLOSURE

December 1, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hedrick Savings Bank
RSSD# 977942

216 South Market Street
Ottumwa, Iowa 52501

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this institution'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 institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution's performance is rated **Satisfactory**.

Hedrick Savings Bank is satisfactorily meeting the credit needs of the community based upon an analysis of its lending activities and supported by information obtained from community representatives. The loan-to-deposit ratio is more than reasonable given the characteristics of the bank, local competition, and the credit needs of the assessment area. Lending in the assessment area is satisfactory as a majority of the loans is originated within the assessment area. Lending to borrowers of different income reflects an excellent distribution to low- and moderate-income individuals and a reasonable distribution to small businesses and small farms. Furthermore, the geographic distribution of loans throughout the bank's assessment area is reasonable dispersed and meets the standard for satisfactory performance. There were no CRA-related complaints received by the institution or this Reserve Bank since the previous evaluation.

This institution was rated **Outstanding** under the CRA at its previous evaluation on November 17, 2003.

SCOPE OF EXAMINATION

The bank's CRA Performance was evaluated in the context of information about the institution and its assessment area, such as asset size, financial condition, competition, and economic and demographic characteristics. The samples for the evaluation included agricultural, commercial, residential real estate and consumer loans originated between August 1, 2007 and July 31, 2008. Performance within the designated assessment area was evaluated using *small bank, full-scope examination procedures* based on the following performance standards:

- ***Loan-to-Deposit Ratio*** – The average loan-to-deposit (LTD) ratio based on quarterly data for the period December 31, 2003 to September 30, 2008 was compared to the bank's national peer group and local competitors.
- ***Lending in the Assessment Area*** – A sample of agricultural, commercial, residential real estate and consumer loans were reviewed to determine the percentage of loans originated in the assessment area.
- ***Lending to Borrowers of Different Incomes and Businesses and Farms of Different Sizes*** – An analysis was conducted using a sample of residential real estate loans to assess the loan distribution among borrowers of different incomes. In addition, the June 30, 2008 Consolidated Report of Condition and Income was utilized to assess the distribution of loans to business and farms with different revenue levels.

- **Geographic Distribution of Lending in the Assessment Area** – The assessment area contains 4 moderate-income, 30 middle-income, and 5 upper-income geographies. An analysis was conducted using agricultural, commercial, residential real estate and consumer loans originated within the assessment area to assess the dispersion of loans across all census tracts and to ensure that moderate-income geographies were not arbitrarily excluded from the assessment area.
- **Complaints** – Neither Hedrick Savings Bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

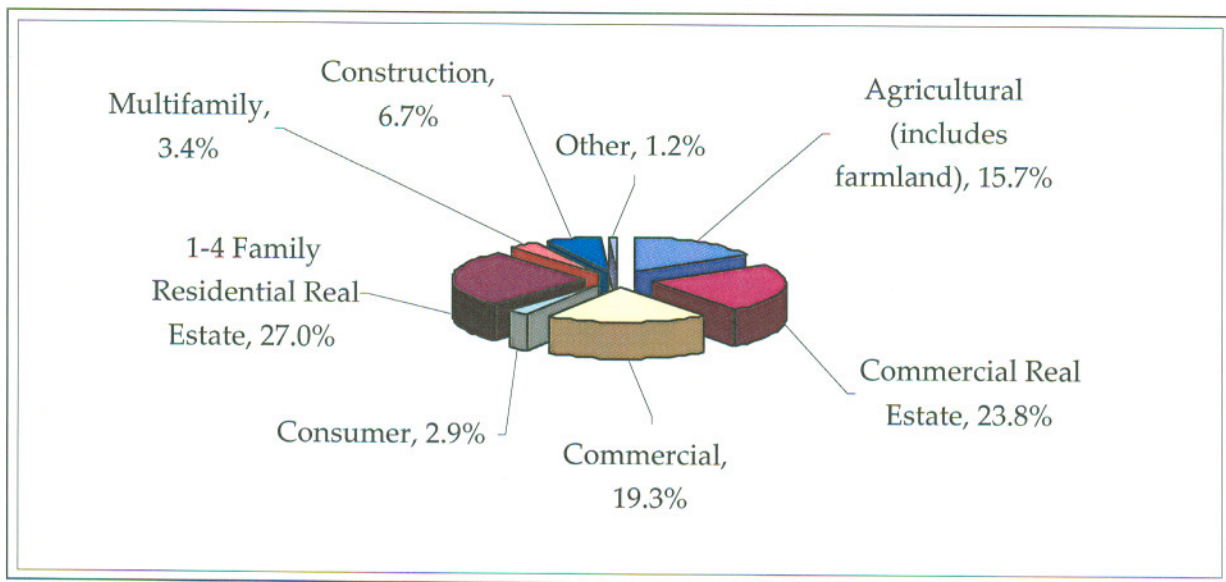
In addition to the above criteria, information obtained through discussions with three community representatives was considered in the overall evaluation.

DESCRIPTION OF INSTITUTION

Hedrick Savings Bank is a subsidiary of Hedrick Bancorp, Inc., a one-bank holding company based in Hedrick, Iowa. The main facility and one of the branch offices are located in Ottumwa, Iowa, approximately 88 miles southeast of Des Moines, Iowa. The bank operates one branch office in Hedrick, Iowa and opened an additional branch office January 24, 2008 in Kellogg, Iowa. The bank utilizes one full-service automated service machine (ATM) in Ottumwa and four cash-only ATM's; three located in Ottumwa and one in Kellogg, Iowa, respectively.

As of the September 30, 2008 Uniform Bank Performance Report, the bank reported total assets of \$60.3 million. The bank offers standard, non-complex loan and deposit products and services. The loan portfolio consists primarily of commercial and residential real estate loans, as shown in Exhibit #1 below.

Exhibit #1 – Hedrick Savings Bank's Loan Portfolio as of 9/30/2008



The bank's peer group includes commercial banks having total assets between \$50 million and \$100 million and located in a non-metropolitan area with three or more full-service offices. Local competitors for loans and deposits as identified by the bank include South Ottumwa Savings Bank, Ottumwa, Iowa; branch offices of Wells Fargo Bank, NA, Sioux Falls, South Dakota located in Ottumwa and Grinnell, Iowa; branch offices of U S Bank, NA, Cincinnati, Ohio located in Ottumwa and Newton, Iowa; a branch office of MidWest One Bank, Oskaloosa, Iowa located in Ottumwa; a branch of Bank of the West, San Francisco, California, located in Ottumwa, Iowa; F&M Bank, Marshalltown, Iowa; a branch of VantU.S. Bank, Sioux City, Iowa located in Newton and Grinnell, Iowa; Patriot Bank, Brooklyn, Iowa; First National Bank, Fairfield, Iowa; First Newton National Bank, Newton, Iowa; Grinnell State Bank, Grinnell, Iowa; and a branch of Bank Iowa, Altoona, Iowa located in Newton, Iowa.

According to the June 30, 2008 FDIC Deposit Market Share Report, Hedrick Savings Bank held 1.9% of the deposits in Davis, Jasper, Jefferson, Keokuk, Marshall, Poweshiek, and Wapello Counties. The bank ranks 20th out of the 39 financial institutions located within the assessment area. Hedrick Savings Bank deposit market share within Wapello and Keokuk Counties, where the majority of the bank's offices and ATMs are located is 8.2% and 6.0%, respectively. Deposit share in Jasper County is minimal due to the short presence of Kellogg branch in the area.

There are no apparent factors relating to the bank's financial condition, size, products offered, prior performance, legal impediments, or local economic condition that would prevent it from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

An institution's assessment area(s) will include towns, counties, or other political subdivision where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by census tracts, which are statistical subdivisions of a county. The 2000 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

Hedrick Savings Bank's assessment area is primarily comprised of middle-income tracts. The assessment area includes four moderate-income tracts, 30 middle-income tracts, and 5 upper-income tracts in Davis, Jasper, Jefferson, Keokuk, Marshall, Poweshiek, and Wapello counties for a total of 39 tracts. The bank is not located within an MSA, but contains all of Davis, Jasper, Marshall, Wapello counties, the southern half of Keokuk County, the western half of Jefferson County, and the majority of Poweshiek County.

The main office in Ottumwa is located in a moderate-income tract, two branches in Hedrick and Kellogg are located in middle-income tracts and the Ottumwa branch location is situated in an upper-income tract. Changes to the assessment area from the previous evaluation include inclusion of two middle-income tracts in Davis County; eight middle-income and one upper-income tracts in Jasper County; one moderate-income, seven middle-income and two upper-income tracts in Marshall County; and three middle-income and one upper-income tracts in Poweshiek County.

Refer to Appendices A and B for a map of the bank’s current assessment area and Exhibit #2 for a breakout of census tracts per county based on income level.

Exhibit# 2 Hedrick Savings Bank’s Assessment Area			
County/County Code	Tract / Income Level		
	Moderate	Middle	Upper
Davis – 51		9801.00 and 9802.00	
Jasper – 99		401.00 – 405.00 and 407.00 – 409.00	406.00
Jefferson - 101		9902.00	
Keokuk – 107		9803.00 and 9804.00	
Marshall – 127	9505.00	9501.00 - 9504.00, 9506.00,9507.00 and 9509.00	9508.00 and 9510.00
Poweshiek – 157		9702.00, 9704.00 and 9705.00	9703.00
Wapello – 179	9602.00, 9605.00 and 9610.00	9601.00, 9604.00, 9606.00 – 9609.00 and 9611.00	9603.00
Totals	4	30	5

Source: 2000 U.S. Bureau of Census

Population

According to the 2000 U.S. Census data, the total population of the assessment area is 145,976. Moderate-income, middle-income, and upper-income tracts have populations of 12,647, 111,005 and 22,234, respectively. Ottumwa is the largest community in the assessment area that has a branch facility with a population of 24,998, while Hedrick and Kellogg have populations of 837 and 606, respectively.

Income Characteristics

Exhibit #3 compares the income levels for the assessment area to the Non-Metropolitan Iowa based on the 2000 U.S. Census Bureau data. In contrast to the 2000 data, the 2008 Housing and Urban Development (HUD) adjusted median family income for Non-Metropolitan Iowa is \$53,500. The assessment area appears to be in a slightly better economic position, based on the 2000 data for median family income, when compared to the statewide non-metropolitan areas.

Exhibit #3 Distribution of Families by Income Level						
Location	Median Family Income (\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	45,163	16.4	18.6	25.2	39.8	7.1
Non-Metropolitan Iowa	43,887	16.4	19.5	26.3	37.8	6.4

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

Housing Characteristics and Affordability

The assessment area has 62,300 total housing units of which 69.6% are owner-occupied, 23.3% are rental units, and 7.2% are vacant. In comparison, in Non-Metropolitan Iowa 68.6% of total housing units are owner occupied, 22.7% are rental units and 8.7% are vacant. The median age of housing stock in the assessment area is slightly newer than Non-Metropolitan Iowa at 47 and 48 years, respectively, while the median housing value is slightly higher at \$69,789 and \$69,296, respectively.

Affordability ratios, developed by dividing the median household income by the median housing value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio.

The affordability ratios for the assessment area and Non-Metropolitan Iowa are each .52, indicating that housing is equally affordable for both.

Labor and Employment

According to the Iowa Workforce Development, the unemployment rate for Davis, Jasper, Jefferson, Keokuk, Marshall and Wapello counties is higher than the State of Iowa, while Poweshiek County remains the only county in the assessment area below state figures. The unemployment rate for the of State of Iowa, Jasper, Jefferson, Keokuk, Marshall, Poweshiek and Wapello counties has increased over the past year, while the rate has lowered slightly in Davis County. Significant increase in the unemployment rate in Jasper County is attributed to the October 2007 closing of Maytag Headquarters in Newton, Iowa, resulting in approximately 1,800 layoffs. Other county increases are attributed to seasonal manufacturing layoffs to remain in line with decreasing production demand. Exhibit #4 reflects the unemployment rates per county.

Exhibit #4		
Unemployment Statistics		
Location	September 2008 (%)	September 2007 (%)
Davis County	4.7	4.8
Jasper County	7.0	5.7
Jefferson County	4.3	4.2
Keokuk County	4.5	4.0
Marshall County	4.6	4.0
Poweshiek County	3.7	3.6
Wapello County	5.3	4.6
State of Iowa	4.2	3.8

The major employers in the assessment area are depicted in Exhibit #5. According to Iowa Workforce Development, the assessment area's largest employers are in the manufacturing and health services industries.

Exhibit #5		
Major Employers in the Assessment Area		
Company	Location	Description of Industry
Davis County Hospital	Davis County	Health Services
Davis County Community School District	Davis County	Education
The Vernon Company	Jasper County	Wholesale Goods
Iowa Telecommunications Services Inc.	Jasper County	Telecommunications
Somebody Cares Inc.	Jefferson County	Retail Goods
Dexter Apache Holdings Inc.	Jefferson County	Manufacturing
Sigourney Independent School District	Keokuk County	Education
County of Keokuk	Keokuk County	Municipality
Fisher Controls International LLC	Marshall County	Manufacturing
Marshalltown Community School District	Marshall County	Education
Marshalltown Medical & Surgical Center	Marshall County	Health Services
Grinnell Mutual Reinsurance Company	Poweshiek County	Insurance
Grinnell Regional Medical Center	Poweshiek County	Health Services
Ottumwa Regional Health Center, Inc.	Wapello County	Health Services
Cargill Meat Solutions	Wapello County	Manufacturing
Regional Ventures Inc.	Wapello County	Health Services

Community Representatives

Information obtained through three community representatives was considered for this evaluation. The contacts included representatives of agricultural, economic development and housing groups.

Community representatives indicated the assessment area economy has been affected by seasonal layoffs resulting in higher unemployment rates. Representatives indicated a need for affordable housing as a large portion of the housing stock is older homes in need of rehabilitation. The current housing values in the assessment area enable individuals to purchase homes; however, many existing homeowners are withholding home improvement projects due to the economy. Overall, representatives stated the credit needs of the assessment area are being met.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Loan-to-Deposit (LTD) Ratio

The bank's average LTD ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to its capacity to lend, loan-to-deposit ratios of competitors, national peer and banks of similar asset size, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.

The bank's LTD ratio is more than reasonable given the bank's asset size, financial condition, and assessment area credit needs. Exhibit #6 shows the comparison of the average LTD ratios for each bank based on quarterly data beginning December 31, 2003 through September 30, 2008. The bank's average LTD ratio of 97.8% is well above its national peer group and the majority of its competitors.

Exhibit #6		
LTD Ratios for Local Competitors		
Bank Name, City	Assets as of 9/30/2008 (Millions)	Avg. LTD Ratio (%)
Hedrick Savings Bank, Ottumwa, IA	\$60.3	97.8
National Peer Group	N/A	76.3
Bank Iowa, Altoona, IA	167.1	93.8
Citizens Savings Bank, Marshalltown, IA	50.5	106.2
Community First Bank, Keosauqua, IA	123.0	86.9
F&M Bank Iowa, Marshalltown, IA	417.7	64.2
Grinnell State Bank, Grinnell, IA	144.3	81.3
Keokuk County State Bank, Keokuk, IA	65.7	80.6
Patriot Bank, Brooklyn, IA	98.5	81.2
South Ottumwa Savings Bank, Ottumwa, IA	245.1	63.5
LTD Ratios for Large Banking Organizations		
Wells Fargo Bank, NA, Sioux Falls, SD	\$514,853.0	93.8
Bank of the West, San Francisco, CA	63,655.1	109.6
U.S. Bank, NA, Cincinnati, OH	242,596.8	102.9

Lending in the Assessment Area

To assess the extent of lending within the assessment area, the following were reviewed: agricultural, commercial, residential real estate, and consumer loans. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

Lending within the assessment area meets the standards for satisfactory performance under this criterion. A majority of Hedrick Savings Bank's loans are originated within the assessment area, with an overall penetration of 86.5%, showing the bank is committed meeting the lending needs of consumers and business/farm customers within the assessment area. The lower percentage of agricultural lending in the assessment area is attributed to customer referrals located outside of the area. Community contacts noted that ample lending opportunities exist in the community. The distribution of a sample of the bank's primary loan products is illustrated in Exhibit #7.

Exhibit #7			
Distribution of Loans in Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
Consumer	259	240	92.7
Commercial	174	145	83.3
Residential RE	102	89	87.3
Agricultural	85	62	72.9
Totals	620	536	86.5

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

The distribution of loans among borrowers of different income levels was determined by reviewing a sample of residential real estate loans. The June 30, 2008 Consolidated Report of Condition was used to determine the distribution of loans to businesses and farms with different revenue levels. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, was considered when evaluating the bank's performance.

Given the demographics of the assessment area, the residential real estate loan distribution across borrowers of different income levels reflects an excellent penetration to low- and moderate-income borrowers. A review of commercial and agricultural loan data reveals a reasonable penetration to small businesses and farms of different revenue levels. Overall, lending to borrowers of different income levels and to businesses and farms of different sizes meets the standards for satisfactory performance.

Residential Real Estate Loans

Exhibit #8 shows the distribution of residential real estate loans by income level. Residential real estate loans reflect an excellent penetration to low- and moderate-income borrowers as compared to the income demographics of the assessment area. Based on the 2008 HUD adjusted median family income for non-metropolitan Iowa, the bank originated 47.6% of residential real estate loans to low- and moderate-income borrowers in the assessment area compared to 35.0% of families in the assessment area. First-time homebuyer assistance is offered through Area-wide Housing Enterprises & Development, Inc., through the Area 15 Regional Planning Commission.

Exhibit #8 Loan Distribution of Residential Real Estate Loans by Income Level			
Income Level	# of Loans	% of Total Loans	Percent of Families in Assessment Area
Low	8	19.0	16.4
Moderate	12	28.6	18.6
Middle	7	16.7	25.2
Upper	15	35.7	39.8
Totals	42	100.0	100.0

Loans to Small Businesses and Small Farms

The distribution of commercial and agricultural loans reflects a reasonable penetration of small farms and small businesses. Small farms are defined as those with original amounts of \$500,000 or less, while small businesses are viewed as those with original amounts of \$1 million or less.

Small Business Loans

As Exhibit #9 shows, lending to small businesses is reasonable as originations equal to or less than \$100,000 represent 79.4% of the number and 32.3% of the dollar amount of small business loans. Emphasis is placed on this category because loans for \$100,000 or less are most beneficial to small businesses. According to the June 30, 2008 Consolidated Report of Condition, small business loans represent 93.3% of the dollar amount in the commercial and industrial loan portfolio. Hedrick Savings Bank offers flexible credit programs through Small Business Administration and has originated five loans totaling \$481,000 since the previous evaluation.

Exhibit #9		
Distribution of Small Business Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loan Secured by Non-Farm Non-Residential Properties		
Less than or equal to \$100,000	96	\$2,645
Greater than \$100,000 through \$250,000	25	3,207
Greater than \$250,000 through \$1,000,000	13	4,877
Total	134	\$10,729
Commercial and Industrial Loans		
Less than or equal to \$100,000	158	\$3,174
Greater than \$100,000 through \$250,000	17	1,254
Greater than \$250,000 through \$1,000,000	11	2,838
Total	186	\$7,266
Loans Secured by Non-Farm Non-Residential Properties and Commercial and Industrial Loans		
Grand totals	320	\$17,995

Small Farm Loans

As Exhibit #10 shows, lending to small farms is reasonable as originations equal to or less than \$100,000 represent 86.4% of the number and 26.9% of the dollar amount of small farm loans. Emphasis is placed on this category because loans for \$100,000 or less are most beneficial to small farms. According to the June 30, 2008 Consolidated Report of Condition, small farm loans represent 77.8% of the bank's overall agricultural loan portfolio. Farm Service Agency lending products are offered but the bank has not had significant activity since the previous evaluation.

Exhibit #10		
Distribution of Small Farm Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Farmland		
Less than or equal to \$100,000	25	\$358
Greater than \$100,000 through \$250,000	7	746
Greater than \$250,000 through \$1,000,000	6	1,811
Total	38	\$2,915
Loans to Finance Agricultural Production and Other Loans to Farmers		
Less than or equal to \$100,000	83	\$1,102
Greater than \$100,000 through \$250,000	1	105
Greater than \$250,000 through \$1,000,000	3	1,315
Total	87	\$2,522
Loans Secured by Farmland and Loans to Finance Agricultural Production and Other Loans to Farmers		
Grand totals	125	\$5,437

Geographic Distribution of Loans

The distribution of lending among geographies of different income levels within the assessment area was reviewed. To assess the bank’s performance, the following loans were reviewed: agricultural, commercial, residential real estate, and consumer. Demographic characteristics of census tracts, such as housing types and income level, were considered in the evaluation.

The assessment area is comprised of 39 census tracts, four of which are moderate-income, thirty middle-income, and 5 upper-income tracts. The geographic distribution focused on lending in moderate-income tracts as the assessment area does not contain any low-income census tracts. A review of the geographic distribution of lending within the assessment area shows that loans are reasonably dispersed throughout the assessment area given the location of banking offices. The majority of lending is distributed in Davis, Jefferson, Keokuk, and Wapello counties as the Kellogg branch in Jasper County was acquired in January 2008. The distribution of the bank’s primary loan products is illustrated below.

Residential Real Estate Loans

As Exhibit #11 shows, the bank originated 4.5% of residential real estate loans in moderate-income tracts compared to area demographics of 7.5% of owner-occupied units located in moderate-income tracts. Originations to residential real estate borrowers are lower than owner-occupied units in the assessment area due to high levels of competition and decreased demand due to the stagnant housing market. Considering the market conditions and lending environment, the geographic distribution of residential real estate loans reflects reasonable dispersion throughout the assessment area.

Exhibit #11 Geographic Distribution of Residential Real Estate Loans						
Census Tract	Assessment Area				Residential Real Estate Totals	
	Census Tracts		Owner-Occupied Units			
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	4	10.3	3,265	7.5	4	4.5
Middle	30	76.9	33,194	76.6	73	82.0
Upper	5	12.8	6,891	15.9	12	13.5
Totals	39	100.0	43,350	100.0	89	100.0

Consumer Loans

As Exhibit #12 illustrates, consumer lending is slightly below area demographics for moderate-income census tracts. The bank originated 6.7% of consumer loans in moderate-income tracts compared to area demographics of 7.7% of families in moderate-income tracts. The geographic distribution of consumer loans in the assessment area is reasonable due to the level of competition.

Exhibit #12 Geographic Distribution of Consumer Lending						
Census Tract	Assessment Area				Consumer Totals	
	Census Tracts		Families			
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	4	10.3	3,043	7.7	16	6.7
Middle	30	76.9	30,332	76.9	213	88.7
Upper	5	12.8	6,069	15.4	11	4.6
Totals	39	100.0	39,444	100.0	240	100.0

Business Loans

As Exhibit #13 shows, the geographic distribution of business loans reflects excellent dispersion throughout the assessment area. The bank originated 21.4% of business loans to moderate-income tracts, which is well above area demographics, as 7.9% of businesses in the assessment area are located in moderate-income tracts. The majority of business loans originated in moderate-income tracts are located in Ottumwa due to the bank's main location being in a moderate-income tract. A review of loans affiliated with the recent opening of the Kellogg branch found that the highly competitive banking environment in Marshalltown, Iowa, has made it difficult to access new commercial/small business customers in that area. However, the bank did close two commercial loans located in Marshalltown's moderate income census tract.

Exhibit #13 Geographic Distribution of Business Lending						
Census Tract	Assessment Area				Business Totals	
	Census Tracts		Businesses			
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	4	10.3	449	8.2	31	21.4
Middle	30	76.9	4,338	79.3	103	71.0
Upper	5	12.8	684	12.5	11	7.6
Totals	39	100.0	5,471	100.0	145	100.0

Agricultural Loans

The bank originated one agricultural loan in a moderate-income tract which is comparable to area demographics. Moderate income census tracts are concentrated in the downtown areas of Ottumwa and Marshalltown, Iowa. Overall, agricultural lending is evenly dispersed through the various rural census tracts of the assessment area.

Exhibit 14 Geographic Distribution of Agricultural Lending						
Census Tract	Assessment Area				Farm Totals	
	Census Tracts		Farms			
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	4	10.3	1	0.1	1	1.6
Middle	30	76.9	1,529	96.0	60	96.8
Upper	5	12.8	63	4.0	1	1.6
Totals	39	100.0	1,593	100.0	62	100.0

Complaints

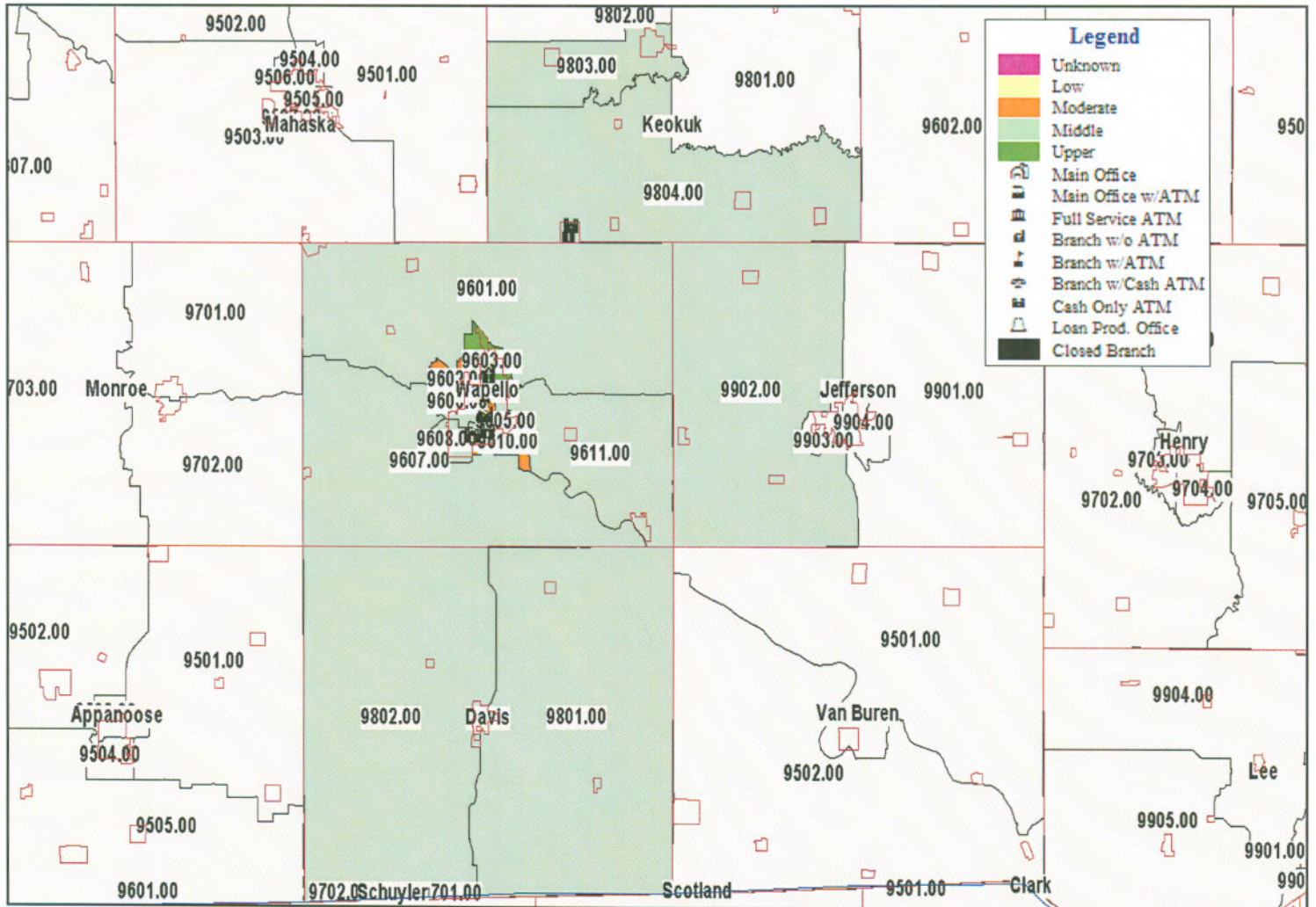
Neither Hedrick Savings Bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with substantive portions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A review of loan policies and procedures, articulated lending standards, forms, denied loan applications, and a sample of loans originated since the previous examination revealed no evidence of patterns or practices of prohibited discriminatory treatment or other illegal credit practices.

Appendix A

Hedrick Savings Bank's Assessment Area
Wapello, Keokuk, Jefferson & Davis Counties



Appendix B

Hedrick Savings Bank's Assessment Area
Marshall, Jasper, and Poweshiek Counties

