PUBLIC DISCLOSURE

March 9, 2026

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

State Bank
RSSD# 651149

728 North Grand Ave
Spencer, Iowa 51301

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, 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

BANK'S CRA RATING

State Bank is rated Satisfactory.

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

SCOPE OF EXAMINATION

State Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Small Institution CRA Examination Procedures. The evaluation considered information about the bank such as the bank's asset size, financial condition, competition, and the assessment area's economic and demographic characteristics.

The evaluation included a full-scope review of the bank's sole assessment area, Iowa Non-Metropolitan Statistical Area (IA Non-MSA), which includes Clay County in its entirety, and portions of Buena Vista, Cherokee, Dickinson, and O'Brien Counties. Due to origination volume and loan portfolio composition, the products reviewed during this evaluation consisted of small business and small farm loans originated from February 15, 2022, to December 31, 2025.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio ending December 31, 2025, was calculated for the bank and compared to a sample of local competitors

- ***Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated from February 15, 2022, to December 31, 2025, were reviewed to determine the percentage of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated in the assessment area, from February

15, 2022, to December 31, 2025, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.

- ***Lending to Businesses and Farms of Different Sizes*** – A sample of the bank's small business and small farm loans originated in the assessment area, from February 15, 2022, to December 31, 2025, were reviewed to determine the distribution of lending among businesses and farms of different 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, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and affordable housing.

DESCRIPTION OF INSTITUTION

State Bank, headquartered in Spencer, IA, is a wholly owned subsidiary of Everly Bancorporation, a one-bank holding company in Everly, IA. The bank operates its main office and cash-only Automated Teller Machine (ATM) in Spencer, IA, as well as two branch offices in Everly and Peterson, IA. The bank has not closed or opened any locations since the prior examination.

According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits Market Share Report from June 30, 2025, State Bank is ranked 19th out of 27 FDIC-insured financial institutions with operations located in its assessment area, indicating a strong level of competition in the area. The bank held $68.3 million in deposits representing 1.4% of the total deposit market share within the assessment area. The financial institutions comprising the largest percentage of the deposit market share in the assessment area are Central Bank (13.0 percent), Northwest Bank (12.1 percent), and Farmers Trust and Savings Bank (10.6 percent).

According to the Uniform Bank Performance Report, the bank reported total assets of $73.9 million and total deposits of $67.1 million as of December 31, 2025. State Bank serves its assessment area primarily as an agricultural lender given its location in rural counties; however, residential real estate and commercial products also comprise a notable portion of the lending portfolio. Residential real estate loans, agricultural loans, and commercial loans represent 37.6 percent, 37.2 percent, and 19.6 percent of the bank's loan portfolio by dollar volume, respectively. The bank offers conventional banking products with a focus on residential, commercial, and agricultural lending. Additional information about the bank's products and services, including loan and deposit information, and access to online banking services, can be found on the bank's website, located at www.statebank-spencer.com.

Details of the allocation of the bank's loan portfolio are provided in the following table:

Composition of Loan Portfolio As of December 31, 2025		
Loan Type	**Dollar Volume ($ in 000s)**	**% of Portfolio**
Residential Real Estate	18,722	37.6
Agricultural	18,528	37.2
Commercial	9,728	19.6
Consumer-Closed End	1,362	2.7
Consumer-Open End	1,152	2.3
Other Loans	249	1.0
Total	49,741	100.0
Note: Percentages may not total 100.0 percent due to rounding		

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 February 14, 2022.

DESCRIPTION OF ASSESSMENT AREA[1]

State Bank is an intrastate bank that operates within an Iowa Non-MSA assessment area. The assessment area remains unchanged since the previous evaluation and consists of Clay County, in its entirety, as well as partial Buena Vista, Cherokee, Dickinson, and O'Brien Counties. While the geographical area of the assessment area remains unchanged from the previous evaluation, due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020 the number of census tracts increased from 11 to 13. Specifically, the assessment area is comprised of two moderate-income, five middle-

[1] *Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.*

income, and six upper-income census tracts. Further, in 2025, census tract 4901.00 in O'Brien County was designated as an underserved nonmetropolitan middle-income geography by the FFIEC due to its remote rural location. Finally, there were two major declared disasters designated by FEMA that impacted the assessment area since the previous evaluation. Those disasters that impacted the area are as follows:

- On June 16, 2024, a major disaster declaration was issued regarding severe storms, flooding, straight-line winds, and tornadoes (DR-4796) impacting all five counties within the bank's assessment area.
- On May 20, 2024, a major disaster declaration was issued regarding severe storms, tornadoes, and flooding (DR-4784) impacting Buena Vista, Cherokee, and Clay Counties

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	**2021 Designations (#)**	**2022 Designations (#)**	**Net Change (#)**
Low	0	0	0
Moderate	0	2	2
Middle	8	5	- 3
Upper	3	6	3
Unknown	0	0	0
Total	11	13	2
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 *U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020*			

Additional demographic information for the assessment area is presented in the following table. Please refer to Appendix B for 2022, 2023, and 2024 demographic information.

2025 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,790	17.7
Moderate	2	15.4	1,848	18.3	177	9.6	1,830	18.1
Middle	5	38.5	3,444	34.1	273	7.9	2,166	21.5
Upper	6	46.2	4,795	47.5	177	3.7	4,301	42.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**13**	**100.0**	**10,087**	**100.0**	**627**	**6.2**	**10,087**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,164	1,987	16.1	47.7	1,545	37.1	632	15.2
Middle	6,456	4,215	34.1	65.3	1,460	22.6	781	12.1
Upper	11,890	6,156	49.8	51.8	1,770	14.9	3,964	33.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**22,510**	**12,358**	**100.0**	**54.9**	**4,775**	**21.2**	**5,377**	**23.9**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	298	19.8	280	19.8	14	25.0	4	11.4
Middle	458	30.4	429	30.3	17	30.4	12	34.3
Upper	749	49.8	705	49.9	25	44.6	19	54.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**1,505**	**100.0**	**1,414**	**100.0**	**56**	**100.0**	**35**	**100.0**
Percentage of Total Businesses:				**94.0**		**3.7**		**2.3**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	9	2.2	9	2.2	0	0.0	0	0.0
Middle	181	44.6	178	44.4	3	75.0	0	0.0
Upper	216	53.2	214	53.4	1	25.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**406**	**100.0**	**401**	**100.0**	**4**	**100.0**	**1**	**100.0**
Percentage of Total Farms:				**98.8**		**1.0**		**0.2**

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Population Change

According to U.S. Census Bureau demographic data, the assessment area's population is 80,750 which represents a 1.0 percent increase from 2015. Over the same period, the entire non-metropolitan portion of Iowa (Non-MSA Iowa) had a population decrease of 1.4 percent, and the state of Iowa had a population increase of 3.1 percent. Of the counties comprising the assessment area, Dickinson and Buena Vista Counties experienced the largest population increases at 4.3 percent and 1.5 percent, respectively, while O'Brien had a slight growth at 0.6 percent. Clay and Cherokee Counties experienced a decline in population of 0.9 percent and 1.6 percent, respectively. Community representatives stated that Clay County continues to see a decline in population due to the flood and storms in 2024 that damaged many homes. In particular, the representative stated that approximately 500 homes were damaged in the flood, of which only 150 were repairable. The representative noted that many residents left the local area as it was too costly to repair damaged property or buy a new home. The community representative stated Dickinson County experienced less damage from the flood and is a growing community, particularly for those of retirement age. In addition, the community representative stated that the growth in Buena Vista County is largely attributable to the presence of the local university and the growing immigrant population, while O'Brien County is growing due to its proximity to the interstate which allows for travel to nearby larger cities, such as Sioux City and Sioux Falls.

The following table presents the population trends for the assessment area, each county in the assessment area, Non-MSA Iowa, and the state of Iowa from 2015 to 2020.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percentage Change**
Assessment Area	79,956	80,750	1.0
Buena Vista County, IA	20,507	20,823	1.5
Cherokee County, IA	11,853	11,658	-1.6
Clay County, IA	16,537	16,384	-0.9
Dickinson County, IA	16,967	17,703	4.3
O'Brien County, IA	14,092	14,182	0.6
NonMSA Iowa	1,250,756	1,232,642	-1.4
Iowa	3,093,526	3,190,369	3.1

Source: 2011-2015 U.S. Census Bureau American Community Survey
2020 U.S. Census Bureau Decennial Census

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 10,087 families, with 17.7 percent of families designated as low-income, 18.1 percent as moderate-income, 21.5 percent as middle-income, and 42.6 percent as upper-income. Families living below the poverty level within the assessment area is at 6.2 percent, which is below the state of Iowa's poverty rate of 7.1 percent.

According to the American Community Survey, the assessment area had a median family income (MFI) of $75,648, which is less than the MFI for the state of Iowa at $79,186. The increase in MFI from 2015 to 2020 for the assessment area was 6.6 percent, which was slightly less than the state of Iowa at 7.4 percent, and comparable to non-MSA Iowa, which increased 6.5 percent from 2015 to 2020. Buena Vista County experienced the largest increase in MFI at 12.8 percent, followed by O'Brien County at 10.1 percent and Cherokee County at 9.9 percent. Clay and Dickinson Counties each had a decrease in MFI at 0.8 percent and 2.3 percent, respectively. A community representative noted that Dickinson County has had a decrease in high paying jobs and stated there is not a lot of specialized employment in the area. The representative further explained that most of the jobs are service-related and tourism-based, and once the warm season is over, most people will return to their homes outside of the local area. Another community representative stated that there are not many high-wage job opportunities in Clay County, as employers have not increased wages due to the low cost of living in the area.

The following table presents the MFI trends for the assessment area, each county in the assessment area, non-MSA Iowa, and the state of Iowa from 2015 to 2020.

Median Family Income Change			
Area	**2015 Median Family Income ($)**	**2020 Median Family Income ($)**	**Percentage Change**
Assessment Area	70,985	75,648	6.6
Buena Vista, IA	64,029	72,230	12.8
Cherokee County, IA	71,319	78,351	9.9
Clay County, IA	70,540	69,988	-0.8
Dickinson County, IA	77,930	76,161	-2.3
O'Brien County, IA	72,907	80,243	10.1
Non-MSA Iowa	67,391	71,763	6.5
Iowa	73,712	79,186	7.4
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.			

Housing Characteristics

There is a total of 22,510 housing units in the assessment area. The majority of housing units are owner-occupied at 54.9 percent, while 21.2 percent are rental units, and 23.9 percent of housing units are vacant within the assessment area. The percentage of vacant housing units in the assessment area is considerably higher than the percentage of vacant units for the state of Iowa at 9.5 percent.

The following table presents housing cost burden data within the assessment area, non-MSA Iowa, and the state of Iowa. A household is considered housing cost burdened when it spends 30.0 percent or more of its income on housing costs. As indicated in the table below, 31.9 percent of all renters in the assessment area are considered housing cost burdened. The percentage of low-income and moderate-income renters experiencing housing burden within the assessment area, at 58.4 percent and 19.4 percent, respectively, is lower when compared to the state of Iowa at 71.9 percent and 21.4 percent, respectively. For homeowners, 14.1 percent of all owners are experiencing housing cost burden within the assessment area; however, similar to renters, a higher percentage of low-income homeowners are cost burdened at 58.7 percent while 19.9 percent of moderate-income homeowners are cost burdened. Both community representatives stated there is a limited supply of rental and affordable housing in Clay County due to flood damage. One community representative stated that one of the largest challenges is building new affordable homes, as construction can be costly due to the recent increase in the cost of construction materials. The community representative also stated that damage from the flood has also impacted the rental market, stating that in one area of Spencer, the flood left several low-income apartment buildings damaged and unrepairable, causing the landlords to leave the area. Additionally, the community representative stated there is a waiting list of over 300 people seeking Section 8 housing vouchers in the city of Spencer, due to the limited supply of affordable housing. The representative mentioned that damage in Dickinson County was not as severe compared to Clay County; however, there is also a waiting list for affordable rental units in Dickinson County since the housing demand in the area is driven by tourists and retired people. The community representative also noted that older homes in Dickinson County are being demolished and rebuilt on West Okoboji Lake at market rate, thus decreasing the stock of affordable housing.

The following table represents the housing cost burden for the assessment area, each county in the assessment area, Non-MSA Iowa, and the state of Iowa.

Housing Cost Burden (%)						
	Cost Burden - Renters			Cost Burden - Owners		
Area	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	58.4	19.4	31.9	58.7	19.9	14.1
Buena Vista County	58.6	18.2	26.0	43.2	18.0	11.7
Cherokee County	46.5	13.5	27.2	54.5	5.4	8.8
Clay Country	59.6	11.9	33.1	70.1	26.4	17.6
Dickinson County	71.5	38.8	42.4	74.8	27.4	18.0
O'Brien County	55.6	14.8	31.1	44.8	15.8	11.9
Non-MSA Iowa	65.8	16.7	33.2	54.8	18.9	14.2
Iowa	71.9	21.4	37.9	58.7	23.5	14.9
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Conditions

According to data from the Bureau of Labor Statistics, unemployment rates from 2020 through 2024 in the assessment area have slowly decreased, as indicated in the table below. The COVID-19 pandemic in 2020 saw unemployment rates at the highest throughout the assessment area at 4.1 percent and the state of Iowa at 5.2 percent. The 2024 unemployment rate in the assessment area decreased to 2.7 percent, which is lower than the state of Iowa's unemployment rate of 3.0 percent. Clay and Dickinson Counties had the highest rates of unemployment in 2024 at 3.2 percent and 3.1 percent, respectively, while O'Brien and Cherokee Counties both had the lowest unemployment rate at 2.3 percent. A community representative stated that the area is generally insulated from economic downturns and unemployment rates would only change if larger employers, such as Polaris or Berkley Fishing, were to leave. The representative stated construction workers are always needed in Dickinson County, due to the increase in housing construction on lakefront properties. Another community representative stated it is not difficult finding a job in the local education or healthcare industries, which are the major industries in the area. Both of the community representatives stated that area is short of hospital and nursing staff, with one representative noting that the shortage has resulted in a staffing agency that offers travel nursing positions in the area.

The following table represents the unemployment trends for the assessment area, each county in the assessment area, Non-MSA Iowa and the state of Iowa from 2020 to 2024.

Unemployment Rates (%)					
Area	**2020**	**2021**	**2022**	**2023**	**2024**
Assessment Area	4.1	3.2	2.6	2.7	2.7
Buena Vista County, IA	3.7	3.1	2.5	2.5	2.6
Cherokee County, IA	3.5	3.0	2.3	2.3	2.3
Clay County, IA	4.3	3.3	2.7	2.8	3.2
Dickinson County, IA	5.2	3.8	3.0	3.0	3.1
O'Brien County, IA	3.6	3.0	2.4	2.6	2.3
Non-MSA Iowa	4.9	3.8	3.0	3.0	3.0
Iowa	5.2	3.9	2.8	2.9	3.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Characteristics

According to data from the U.S. Bureau of Labor Statistics, the assessment area contains an employment base that is most heavily impacted by the industries of manufacturing, retail trade, health care, accommodation and food services, and health and social service. One community representative stated that Dickinson County has more manufacturing plants, such as Polaris and Berkley Fishing, while Eaton Corporation recently shut down one of its facilities within Clay County. The representative noted that Dickinson County also tends to have more seasonal employment in the services sector, with more businesses active during the warm months to support the influx of tourists. For the agriculture sector, both community representatives have indicated that there are mid-sized, larger conglomerates purchasing more small family farms in the area. One of the community representatives stated this was due to the increase in farmland value resulting in lucrative opportunities for family farms to sell their land. The representative also stated older children tend to leave the area for college and do not return to maintain the family farm.

Community Representatives

Two community representatives were contacted to provide information and context to the assessment area's banking needs and local economic conditions. The representatives provided information on the availability of affordable housing, small business development, agricultural development, population trends and the banking needs for the assessment area. Both representatives expressed that the flood in 2024 had a significant impact on the assessment area, especially in Clay County, stating the floods had a major impact on the local housing and rental markets and left many residents displaced. The representatives noted that the area’s primary need is the construction or repair of affordable flood damaged homes. The community representatives both expressed that local banks are active in helping local businesses in the area. One representative noted that larger organizations that come into the area, such as Walmart and Dollar General, make it tougher for small businesses to compete. Regarding agricultural lending, one representative stated that the Iowa Farm Bureau helps support farmers when it comes to obtaining financing, and the other representative said that their revolving loan fund is well utilized, including by local farmers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

State Bank's performance relative to the lending test is Satisfactory. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of small business and small farm loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and lending activity reflects reasonable penetration among businesses and farms of different revenue sizes. There have been no CRA-related complaints received by the bank or this Reserve Bank since the previous evaluation.

Loan-to-Deposit Ratio

State Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The table below shows the bank's 16-quarter average LTD ratio ending December 31, 2025, in comparison to local competitors in the assessment area. During that period the bank's average LTD ratio was 66.3 percent, which is a decrease from the previous evaluation's average of 72.0 percent. The bank's LTD ratio is also slightly below its peer average of 68.1 percent. For context, the bank's quarterly LTD ratio in Q1 and Q2 of 2022 was 55.9 percent and 55.3 percent, respectively, and has risen to 73.2 percent as of December 31, 2025.

The table below presents the bank's 16-quarter average LTD ratio from March 31, 2022, to December 31, 2025, in comparison to local competitors who are similar in asset size and complexity.

Comparative Loan-to-Deposit Ratios	
Institution	**Loan-to-Deposit Ratio (%)**
	16 – Quarter Average
State Bank	66.3
Peer Average	68.1
Competitors	
Sanborn Savings Bank	85.7
First National Bank of Primghar	73.9
Home State Bank	69.2
First Community Bank	64.8
Farmers State Bank	61.9
The State Bank	53.2

Assessment Area Concentration

During the review period, a majority of State Bank's small business and small farm loans were originated in its assessment area. The bank originated 84.9 percent of total loans by number and 88.1 percent by dollar volume inside the assessment area. Small business and small farm lending patterns were similar, with loans by number in the assessment area at 84.2 percent and 85.5 percent, respectively. When evaluating loans by dollar volume, 92.9 percent of small business loans and 85.0 percent of small farm loans were originated inside the assessment area. Overall, the percentage of small business and small farm loans originated within the assessment area indicates the bank is serving the credit needs of the local community.

The following table displays State Bank's lending inside and outside of its assessment area for small business and small farm loans.

Lending Inside and Outside the Assessment Area								
Loan Types	**Inside**				**Outside**			
	#	%	**$(000s)**	%	#	%	**$(000s)**	%
Small Business	48	84.2	6,385	92.9	9	15.8	490	7.1
Small Farm	53	85.5	9,105	85.0	9	14.5	1,610	15.0
Total Loans	**101**	**84.9**	**15,490**	**88.1**	**18**	**15.1**	**2,100**	**11.9**

Geographic Distribution of Loans

State Bank demonstrated a reasonable geographic distribution of loans throughout the assessment area. The dispersion of loans was analyzed to determine if the bank is sufficiently serving the census tracts in the assessment area, particularly those within the moderate-income census tracts. A review of the bank's lending patterns found that the bank originated small business loans in moderate-income census tracts during each year of this evaluation (2022-2025). The bank's agricultural lending was limited in moderate-income geographies as there are a limited number of small farms in the bank's moderate-income census tracts. However, the bank originated small farm loans in moderate-income census tracts in 2025. Examiners determined there were no conspicuous or unexplained gaps within the assessment area.

A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

Small business lending reflects reasonable dispersion throughout the assessment area. In 2025, State Bank originated four (15.4 percent) of its small business loans in the moderate-income census tracts, which is below the percentage of businesses located within moderate-income census tracts at 19.8 percent. In 2024, the bank originated one (12.5 percent) small business loan in a moderate-income census tract, which is below the percentage of businesses located within moderate-income census tracts at 19.8 percent.

In addition, small business lending for the years 2022 and 2023 in moderate-income census tracts was stronger when compared to the bank's performance in 2024 and 2025. In 2022 and 2023, the bank originated 50.0 percent and 30.0 percent of its small business loans, respectively, within moderate-income census tracts which was above the percentage of total businesses residing within moderate-income census tracts at 22.4 percent.

The following table presents the bank's geographic distribution of small business loans for the years 2024 and 2025. Please refer to Appendix B for the 2022 and 2023 small business geographic distribution table.

Distribution of 2024 and 2025 Small Business Lending By Income Level of Geography Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2024				2025				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	1	12.5	14	2.6	4	15.4	1,456	36.0	19.8
Middle	4	50.0	449	83.9	9	34.6	1,917	47.4	30.4
Upper	3	37.5	72	13.5	13	50.0	674	16.7	49.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	8	100.0	535	100.0	26	100.0	4,046	100.0	100.0

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

<u>Small Farm Lending</u>

Small farm lending reflects reasonable dispersion throughout the assessment area. In 2025, the bank originated two (5.3 percent) of its small farm loans in moderate-income census tracts, which is above the percentage of small farms located in moderate-income census tracts at 2.2 percent. The bank did not originate any small farm loans in moderate-income census tracts in 2022, 2023, or 2024. While overall lending penetration of small farm loans in moderate-income census tracts is low, this is deemed reasonable due to only 2.2 percent of total farms residing within moderate-income census tracts, resulting in limited lending opportunities.

The following table presents the bank's geographic distribution of small farm loans for the years 2024 and 2025. Please refer to Appendix B for the 2022 and 2023 small farm geographic distribution table.

Distribution of 2024 and 2025 Small Farm Lending By Income Level of Geography Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Farms %
	2024				2025				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	2	5.3	558	7.6	2.2
Middle	6	85.7	727	99.3	19	50.0	3,824	52.2	44.6
Upper	1	14.3	5	0.7	17	44.7	2,949	40.2	53.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	7	100.0	732	100.0	38	100.0	7,331	100.0	100.0

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses and Farms of Different Sizes

State Bank Bank's distribution of loans reflects reasonable penetration among businesses and farms of different revenue sizes. A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes throughout the assessment area. In 2025, the bank originated 21 (80.8 percent) of its business loans to businesses with annual revenues of $1 million or less. This level of lending is below the demographic measure of 94.0 percent of businesses in the assessment area having revenues of $1.0 million or less. However, of the loans originated to small businesses, 15 (71.4 percent) were in amounts of $100,000 or less, which are most beneficial to small businesses. The bank's performance demonstrates its ability to meet the credit needs of small businesses in the assessment area. In 2024, the bank originated three (37.5 percent) loans to businesses with annual revenues of $1 million or less. The bank's performance in 2024 was significantly below the percentage of total small businesses operating in the assessment area at 94.0 percent. The limited number of business loans originated by the bank is a significant performance factor when compared to total small businesses operating in the assessment area. Further, community representatives stated that the flood in 2024 had a major impact on the local area, particularly Clay County, which impacted small business lending opportunities. In response to the floods, State Bank worked with local borrowers impacted by the disaster, which included providing micro-grants to businesses, demonstrating the bank's ability to meet community credit needs.

Analyses of the bank's borrower distribution of small business lending in 2022 and 2023 indicate that the bank had stronger performance when compared to 2024 lending. That said, the bank had weaker performance in 2022 and comparable performance in 2023 when compared to 2025 lending.

The following table summarizes the bank's small business lending to businesses of different revenue sizes in 2024 and 2025. Please refer to Appendix B for the 2022 and 2023 small business borrower distribution table.

Distribution of 2024 and 2025 Small Business Lending By Revenue Size of Businesses
Assessment Area: IA Non MSA

	Bank Loans By Year								Total Businesses %
	2024				2025				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
By Revenue									
$1 Million or Less	3	37.5	116	21.7	21	80.8	1,672	41.3	94.0
Over $1 Million	1	12.5	250	46.7	4	15.4	2,325	57.5	3.7
Revenue Unknown	4	50.0	169	31.6	1	3.8	50	1.2	2.3
Total	8	100.0	535	100.0	26	100.0	4,046	100.0	100.0
By Loan Size									
$100,000 or Less	7	87.5	285	53.3	16	61.5	428	10.6	
$100,001 - $250,000	1	12.5	250	46.7	6	23.1	915	22.6	
$250,001 - $1 Million	0	0.0	0	0.0	4	15.4	2,704	66.8	
Total	8	100.0	535	100.0	26	100.0	4,046	100.0	
By Loan Size and Revenue $1 Million or Less									
$100,000 or Less	3	100.0	116	100.0	15	71.4	378	22.6	
$100,001 - $250,000	0	0.0	0	0.0	5	23.8	790	47.2	
$250,001 - $1 Million	0	0.0	0	0.0	1	4.8	504	30.1	
Total	3	100.0	116	100.0	21	100.0	1,672	100.0	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. In 2025, the bank originated 35 (92.1 percent) of its farm loans to small farms with annual revenues of $1 million or less, which is below the percentage of total farms within the assessment area with revenues of $1 million or less at 98.8 percent. In the same year, of the loans originated to small farms, 14 (40.0 percent) were in amounts of $100,000 or less, which are considered most beneficial to small farms.

In 2024, the bank originated all of its farm loans to those with annual revenues of $1 million or less. The bank's performance is comparable to the percentage of total farms operating in the assessment area at 98.8 percent. In the same year, of the loans originated to small farms with revenues of $1 million or less, five (71.4 percent) were in amounts of $100,000 or less. As mentioned these loans are considered most beneficial to small farms.

An analysis of small farm lending in 2023 and 2022 indicates comparable performance to the bank's 2024 and 2025 small farm lending. In both 2022 and 2023, the bank originated all of its farm loans to small farms with revenue sizes of $1 million or less. Further, in 2022 and 2023 the bank originated 33.3 percent and 80.0 percent, respectively, in amounts of $100,000 or less.

The following table summarizes the bank's small farm lending to farms of different revenue sizes in 2024 and 2025. Please refer to Appendix B for the 2022 and 2023 small business borrower distribution table.

Distribution of 2024 and 2025 Small Farm Lending By Revenue Size of Farms Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Farms %
	2024				2025				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
By Revenue									
$1 Million or Less	7	100.0	732	100.0	35	92.1	6,357	86.7	98.8
Over $1 Million	0	0.0	0	0.0	0	0.0	0	0.0	1.0
Revenue Unknown	0	0.0	0	0.0	3	7.9	975	13.3	0.2
Total	7	100.0	732	100.0	38	100.0	7,331	100.0	100.0
By Loan Size									
$100,000 or Less	5	71.4	102	13.9	15	39.5	488	6.7	
$100,001 - $250,000	1	14.3	230	31.4	7	18.4	1,341	18.3	
$250,001 - $500,000	1	14.3	400	54.6	16	42.1	5,503	75.1	
Total	7	100.0	732	100.0	38	100.0	7,331	100.0	
By Loan Size and Revenue $1 Million or Less									
$100,000 or Less	5	71.4	102	13.9	14	40.0	413	6.5	
$100,001 - $250,000	1	14.3	230	31.4	7	20.0	1,341	21.1	
$250,001 - $500,000	1	14.3	400	54.6	14	40.0	4,603	72.4	
Total	7	100.0	732	100.0	35	100.0	6,357	100.0	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

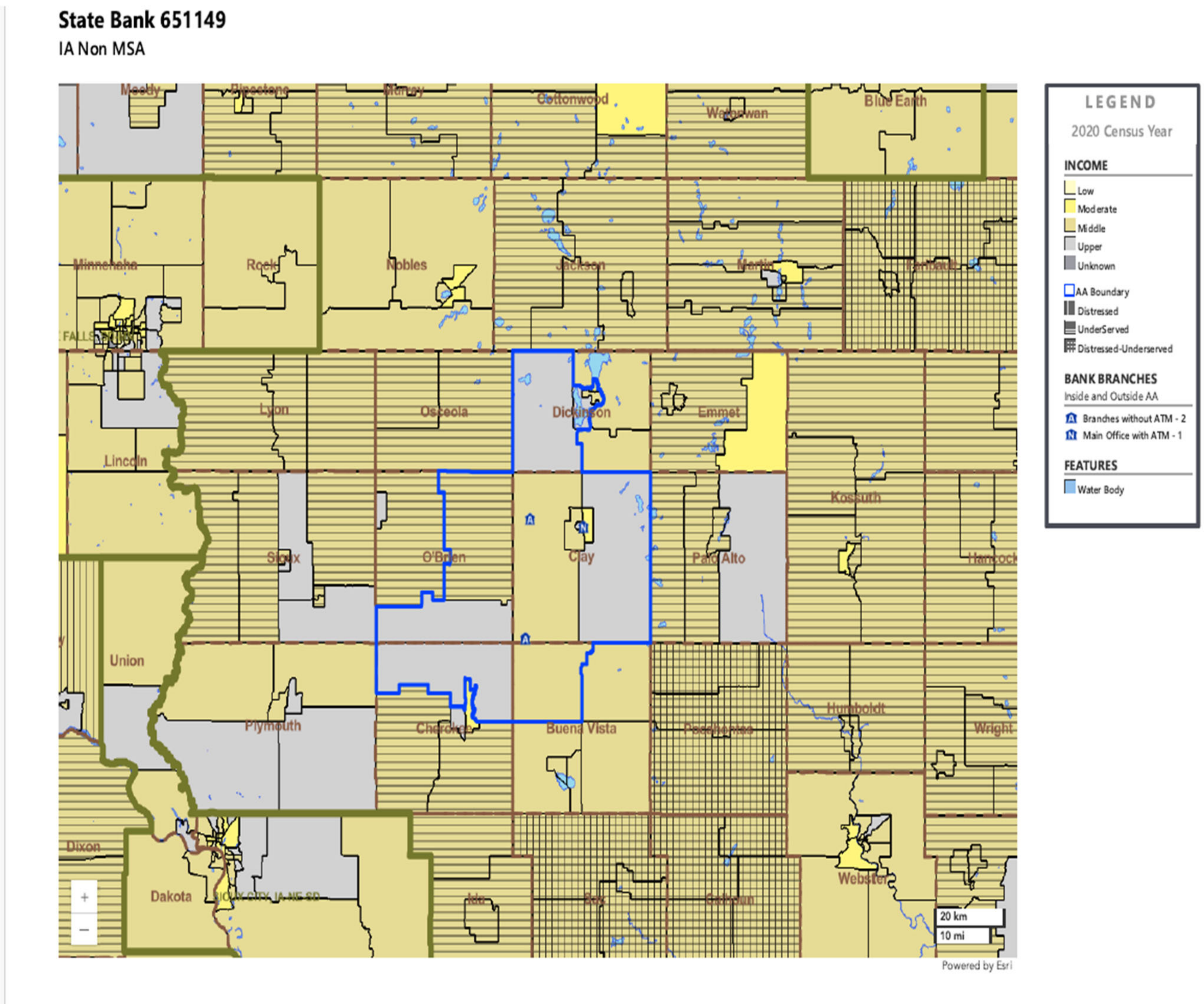
Response to Complaints

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area



APPENDIX B –Additional Lending and Demographics Table

2024 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,790	17.7
Moderate	2	15.4	1,848	18.3	177	9.6	1,830	18.1
Middle	5	38.5	3,444	34.1	273	7.9	2,166	21.5
Upper	6	46.2	4,795	47.5	177	3.7	4,301	42.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**13**	**100.0**	**10,087**	**100.0**	**627**	**6.2**	**10,087**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,164	1,987	16.1	47.7	1,545	37.1	632	15.2
Middle	6,456	4,215	34.1	65.3	1,460	22.6	781	12.1
Upper	11,890	6,156	49.8	51.8	1,770	14.9	3,964	33.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**22,510**	**12,358**	**100.0**	**54.9**	**4,775**	**21.2**	**5,377**	**23.9**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	422	21.8	380	21.7	39	28.5	3	7.5
Middle	568	29.4	517	29.5	36	26.3	15	37.5
Upper	942	48.8	858	48.9	62	45.3	22	55.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**1,932**	**100.0**	**1,755**	**100.0**	**137**	**100.0**	**40**	**100.0**
Percentage of Total Businesses:				**90.8**		**7.1**		**2.1**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	9	1.9	8	1.7	1	20.0	0	0.0
Middle	206	43.7	203	43.7	3	60.0	0	0.0
Upper	256	54.4	254	54.6	1	20.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**471**	**100.0**	**465**	**100.0**	**5**	**100.0**	**1**	**100.0**
Percentage of Total Farms:				**98.7**		**1.1**		**0.2**

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2023 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,790	17.7
Moderate	2	15.4	1,848	18.3	177	9.6	1,830	18.1
Middle	5	38.5	3,444	34.1	273	7.9	2,166	21.5
Upper	6	46.2	4,795	47.5	177	3.7	4,301	42.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**13**	**100.0**	**10,087**	**100.0**	**627**	**6.2**	**10,087**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,164	1,987	16.1	47.7	1,545	37.1	632	15.2
Middle	6,456	4,215	34.1	65.3	1,460	22.6	781	12.1
Upper	11,890	6,156	49.8	51.8	1,770	14.9	3,964	33.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**22,510**	**12,358**	**100.0**	**54.9**	**4,775**	**21.2**	**5,377**	**23.9**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	540	22.4	486	22.3	51	27.1	3	6.5
Middle	771	31.9	692	31.7	62	33.0	17	37.0
Upper	1,105	45.7	1,004	46.0	75	39.9	26	56.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,416**	**100.0**	**2,182**	**100.0**	**188**	**100.0**	**46**	**100.0**
Percentage of Total Businesses:				**90.3**		**7.8**		**1.9**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	12	2.4	11	2.2	1	16.7	0	0.0
Middle	215	43.1	212	43.1	3	50.0	0	0.0
Upper	272	54.5	269	54.7	2	33.3	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**499**	**100.0**	**492**	**100.0**	**6**	**100.0**	**1**	**100.0**
Percentage of Total Farms:				**98.6**		**1.2**		**0.2**

Source: *2023 FFIEC Census Data*
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

2022 IA Non MSA AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,790	17.7
Moderate	2	15.4	1,848	18.3	177	9.6	1,830	18.1
Middle	5	38.5	3,444	34.1	273	7.9	2,166	21.5
Upper	6	46.2	4,795	47.5	177	3.7	4,301	42.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**13**	**100.0**	**10,087**	**100.0**	**627**	**6.2**	**10,087**	**100.0**
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,164	1,987	16.1	47.7	1,545	37.1	632	15.2
Middle	6,456	4,215	34.1	65.3	1,460	22.6	781	12.1
Upper	11,890	6,156	49.8	51.8	1,770	14.9	3,964	33.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**22,510**	**12,358**	**100.0**	**54.9**	**4,775**	**21.2**	**5,377**	**23.9**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	551	22.8	488	22.4	58	29.6	5	10.6
Middle	769	31.8	687	31.5	65	33.2	17	36.2
Upper	1,101	45.5	1,003	46.1	73	37.2	25	53.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,421**	**100.0**	**2,178**	**100.0**	**196**	**100.0**	**47**	**100.0**
Percentage of Total Businesses:				**90.0**		**8.1**		**1.9**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	12	2.4	11	2.2	1	16.7	0	0.0
Middle	215	43.2	212	43.2	3	50.0	0	0.0
Upper	271	54.4	268	54.6	2	33.3	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**498**	**100.0**	**491**	**100.0**	**6**	**100.0**	**1**	**100.0**
Percentage of Total Farms:				**98.6**		**1.2**		**0.2**

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	2	50.0	53	5.6	3	30.0	361	41.8	22.4
Middle	1	25.0	80	8.5	4	40.0	142	16.4	31.9
Upper	1	25.0	807	85.9	3	30.0	360	41.7	45.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	4	100.0	940	100.0	10	100.0	864	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 and 2023 Small Farm Lending By Income Level of Geography Assessment Area: IA Non MSA									
Geographic Income Level	Bank Loans By Year								Total Farms %
	2022				2023				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	2.4
Middle	0	0.0	0	0.0	2	40.0	43	14.2	43.1
Upper	3	100.0	739	100.0	3	60.0	261	86.1	54.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	3	100.0	739	100.0	5	100.0	303	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
By Revenue									
$1 Million or Less	2	50.0	53	5.6	8	80.0	737	85.3	90.3
Over $1 Million	1	25.0	807	85.9	1	10.0	74	8.6	7.8
Revenue Unknown	1	25.0	80	8.5	1	10.0	54	6.3	1.9
Total	4	100.0	940	100.0	10	100.0	864	100.0	100.0
By Loan Size									
$100,000 or Less	3	75.0	133	14.1	8	80.0	311	36.0	
$100,001 - $250,000	0	0.0	0	0.0	1	10.0	241	27.9	
$250,001 - $1 Million	1	25.0	807	85.9	1	10.0	312	36.1	
Total	4	100.0	940	100.0	10	100.0	864	100.0	
By Loan Size and Revenue $1 Million or Less									
$100,000 or Less	2	100.0	53	100.0	6	75.0	184	25.0	
$100,001 - $250,000	0	0.0	0	0.0	1	12.5	241	32.7	
$250,001 - $1 Million	0	0.0	0	0.0	1	12.5	312	42.3	
Total	2	100.0	53	100.0	8	100.0	737	100.0	

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 and 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: IA Non MSA									
	Bank Loans By Year								Total Farms %
	2022				2023				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
By Revenue									
$1 Million or Less	3	100.0	739	100.0	5	100.0	303	100.0	98.6
Over $1 Million	0	0.0	0	0.0	0	0.0	0	0.0	1.2
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.2
Total	3	100.0	739	100.0	5	100.0	303	100.0	100.0
By Loan Size									
$100,000 or Less	1	33.3	25	3.4	4	80.0	89	29.4	
$100,001 - $250,000	0	0.0	0	0.0	1	20.0	214	70.6	
$250,001 - $500,000	2	66.7	714	96.6	0	0.0	0	0.0	
Total	3	100.0	739	100.0	5	100.0	303	100.0	
By Loan Size and Revenue $1 Million or Less									
$100,000 or Less	1	33.3	25	3.4	4	80.0	89	29.4	
$100,001 - $250,000	0	0.0	0	0.0	1	20.0	214	70.6	
$250,001 - $500,000	2	66.7	714	96.6	0	0.0	0	0.0	
Total	3	100.0	739	100.0	5	100.0	303	100.0	

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Small Business Loans: February 15, 2022 – December 31, 2025 Small Farm Loans: February 15, 2022 – December 31, 2025 Loan-to-Deposit Ratio: March 31, 2022 – December 31, 2025		
FINANCIAL INSTITUTION State Bank			**PRODUCTS REVIEWED** Small Business Loans Small Farm Loans
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**		**PRODUCTS REVIEWED**
None	Not Applicable		Not Applicable
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
Iowa non-MSA	Full scope review	N/A	N/A

APPENDIX D – 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.[2]

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.

[2] *Source: FFIEC press release dated October 19, 2011.*

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 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, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes 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, 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 production 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 an MSA based on specific criteria including commuting patterns. Only an MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

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

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

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

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

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

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

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

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

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