

# **PUBLIC DISCLOSURE**

October 7, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Glenwood State Bank  
RSSD# 566243

32 North Walnut Street  
Glenwood, Iowa 51534

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

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

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## BANK'S CRA RATING

Glenwood State Bank is rated Satisfactory.

Glenwood State Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending performance. The loan-to-deposit ratio is reasonable based on the bank's size, financial condition, capacity to lend, and assessment area credit needs. A majority of loans were originated inside the bank's assessment area. The geographic distribution reflects reasonable dispersion throughout the assessment area, and loan distribution reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Neither Glenwood State Bank nor this Reserve Bank has received any Community Reinvestment Act (CRA) related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

Glenwood State Bank's CRA performance was evaluated using the Small Bank Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). Performance was evaluated in the context of information about the institution, including asset size, financial condition, competition, and the economic and demographic characteristics of the assessment area.

Glenwood State Bank maintains one delineated assessment area. The assessment area includes a portion of the Omaha-Council Bluffs NE-IA Metropolitan Statistical Area (MSA) #36540, which consists of Mills County, Iowa in its entirety, 22 of 30 census tracts in western Pottawattamie County, Iowa and a single adjacent tract in non-MSA Fremont County, Iowa. A full scope evaluation of the assessment area was conducted.

Loan products reviewed include Home Mortgage Disclosure Act (HMDA) reportable loans and a sample of small business loans. These products are considered Glenwood State Bank's primary business lines based on the volume of the bank's loan originations by number and dollar amount.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio from September 30, 2020, through June 30, 2024, was calculated and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business loans originated from January 1, 2023, through December 31, 2023, were reviewed to determine the percentage of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business loans originated from January 1, 2023, through December 31, 2023, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate- income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business loans originated from January 1, 2023, through December 31, 2023, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, 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 organizations contacted were focused on affordable housing and economic development.

## DESCRIPTION OF INSTITUTION

Glenwood State Bank is a wholly owned subsidiary of Glenwood Bancorporation, a one-bank holding company located in Glenwood, Iowa. Glenwood State Bank is located in southwestern Iowa, with its main office and a limited-service drive-through branch in Glenwood, Iowa, and two additional full-service branches located in Tabor and Council Bluffs, Iowa. The bank operates three full-service automated teller machines (ATMs) and one cash-only ATM at its offices. All branches are located in middle-and upper-income census tracts. Since the previous evaluation, the bank has not closed or opened any branches or ATMs.

Based on the June 30, 2024, Uniform Bank Performance Report, Glenwood State Bank’s assets totaled \$304.7 million. The bank provides traditional loan and deposit products and services. While primarily a commercial and residential real estate lender, including through loans originated in the secondary market, the bank also offers agricultural and consumer loans. Traditional deposit products consist of checking, savings, and certificates of deposit. The bank’s website, [www.glenwoodstatebank.com](http://www.glenwoodstatebank.com), provides information on loan and deposit products and other bank services, and offers online banking, the ability to apply online for loan products, and to open deposit accounts.

Details of the allocation of Glenwood State Bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of June 30, 2024		
Type	\$ (000s)	%
Agricultural	20,813	13.5
Commercial	72,209	47.0
Consumer	8,562	5.6
Residential Real Estate	49,509	32.2
Other	2,664	1.7
Total	153,757	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated satisfactory under the CRA at its previous evaluation on August 24, 2020.

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

The bank's assessment area includes the Iowa portion of the multi-state Omaha-Council Bluffs, NE-IA MSA #36540, consisting of a portion of Pottawattamie and all of Mills County. One census tract in adjacent non-MSA Fremont County, Iowa is also included. The assessment area has both urban and rural populations, with Pottawattamie County being more urban, and Mills and Fremont Counties being more rural. This is illustrated in the 2020 U.S. Census data, which indicates that the population density varies from 98.5, 33.1, and 12.9 residents per square mile for Pottawattamie, Mills and Fremont Counties, respectively.

In total, the assessment area includes 28 census tracts, including one low- and 14 moderate-income census tracts, all of which are in Pottawattamie County. There are no unknown-income census tracts or middle-income tracts designated by the FFIEC as underserved or distressed. Since the previous evaluation, the geographic delineation and number of assessment area census tracts is unchanged; however, income changes from the U.S. Census Bureau's American Community Survey for the period of 2016-2020 resulted in an increase of low- and moderate-income census tracts from 12 to 15 tracts, as shown in the following table.

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<sup>1</sup> 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.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	2	1	-1
Moderate	10	14	4
Middle	14	12	-2
Upper	2	1	-1
Unknown	0	0	0
Total	28	28	0
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 and 2016-2020			

In the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Glenwood State Bank ranks fifth out of 17 financial institutions operating in the assessment area's counties. The bank held approximately \$271.7 million in deposits, representing a market share of 8.2 percent. American National Bank held the largest market share at 15.5 percent and U.S. Bank N.A. was ranked second, also with a market share of 15.5 percent.

In 2023, Glenwood State Bank ranked fourth among 165 financial institutions that originated or purchased HMDA-reportable loans with a total of 109 originations. First National Bank of Omaha and ARK-LA-TEX Financial Services ranked first and second in the market with 168 and 118 originations, respectively. The third ranked financial institution, Centris Federal Credit Union, originated 113 HMDA-reportable loans. Of the remaining institutions within the top ten in the market, three are mortgage corporations, two are national banks, and there is one additional credit union. Despite being the fourth ranked lender in the assessment area, the bank's loan originations represented only 4.9 percent of the total of 2,239 HMDA-reportable loans originated in the assessment area in 2023, which is indicative of a very competitive loan market. Further, the bank's ranking is attributed to a high volume of lending in Mills County, where it was the first ranked lender of 95 total HMDA lenders. In contrast, the bank ranked 17<sup>th</sup> of 143 HMDA lenders in Pottawattamie County as there is significantly more competition.

Additional assessment area demographic information is provided in the following table.

2023 Omaha-Council Bluffs, NE-IA MSA 36540 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.6	192	0.9	80	41.7	5,399	24.5
Moderate	14	50.0	10,803	49.1	906	8.4	4,978	22.6
Middle	12	42.9	9,558	43.4	431	4.5	5,174	23.5
Upper	1	3.6	1,461	6.6	48	3.3	6,463	29.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	28	100.0	22,014	100.0	1,465	6.7	22,014	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,081	116	0.5	10.7	825	76.3	140	13.0
Moderate	19,511	11,407	47.9	58.5	6,500	33.3	1,604	8.2
Middle	15,621	10,725	45.0	68.7	3,527	22.6	1,369	8.8
Upper	1,934	1,572	6.6	81.3	319	16.5	43	2.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	38,147	23,820	100.0	62.4	11,171	29.3	3,156	8.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	294	9.2	259	8.9	30	13.5	5	14.3
Moderate	1,128	35.4	1,018	34.8	106	47.7	4	11.4
Middle	1,593	50.1	1,488	50.9	80	36.0	25	71.4
Upper	167	5.2	160	5.5	6	2.7	1	2.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,182	100.0	2,925	100.0	222	100.0	35	100.0
Percentage of Total Businesses:				91.9		7.0		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.5	1	0.5	0	0.0	0	0.0
Moderate	14	6.4	13	6.1	1	25.0	0	0.0
Middle	188	85.8	184	86.0	3	75.0	1	100.0
Upper	16	7.3	16	7.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	219	100.0	214	100.0	4	100.0	1	100.0
Percentage of Total Farms:				97.7		1.8		0.5
Source: 2023 FFIEC Census Data 2023 Dori & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

The demographic and lending data discussion that follows reflects unique aspects of the bank's assessment area, branch locations and loan origination volumes. There are differences in the rural and urban nature of the assessment area counties, resulting in differences in population density, housing costs, income and employment opportunities. In addition, although the assessment area includes all or portions of three counties, the majority of the bank's lending occurred in Mills County. This is because three of four branch locations, including the main office and limited-service drive-thru branch in Glenwood, Iowa, and one full-service branch located in Tabor, Iowa support banking in Mills County. Conversely, all low- and moderate-income census tracts are in the Pottawattamie County portion of the assessment area where the bank's only branch is located in an upper-income census tract. To obtain a more accurate assessment of the bank's lending to low- and moderate-income census tracts and to individuals and small businesses, analysis for the geographic and borrower profile aspects of the lending test considered lending trends in both the entire assessment area and in Pottawattamie County alone.

### Population Characteristics

The assessment area's population totaled 88,526 at the time of the 2020 U.S. Census. According to U.S. Census Bureau American Community Survey (ACS) data, population in the assessment area has been relatively stable, experiencing less than a 1.0 percent decline from 2015 to 2020.

Pottawattamie County maintained a stable population, experiencing a population change of 0.5 percent, while Mills County and Fremont County, which are more rural, experienced declines of 2.5 percent and 7.1 percent, respectively. Pottawattamie County includes the major population center of Council Bluffs, and the availability of housing options in the county results in a more stable population. A community representative stated the rural population is declining and that housing is limited in more rural areas such as Fremont and Mills counties. One community representative also attributed the entire Omaha-Council Bluffs, NE-IA MSA's population increase, at 8.0 percent, to the urban area's ability to provide resources and amenities.

The following table represents population changes in the counties comprising the assessment area, the entire Omaha-Council Bluffs, NE-IA MSA and the state of Iowa from 2015 to 2020.

2023 Omaha-Council Bluffs, NE-IA MSA 36540 Population Change			
Area	2015 Population	2020 Population	Percent Change
Fremont County, IA	7,106	6,605	-7.1%
Mills County, IA	14,862	14,484	-2.5%
Pottawattamie County, IA	93,213	93,667	0.5%
Omaha-Council Bluffs, NE-IA MSA	895,919	967,604	8.0%
Iowa	3,093,526	3,190,369	3.1%
Source: 2011-2015 U.S. Census Bureau American Community Survey and 2020 Decennial Census			



## Income Characteristics

According to 2020 FFIEC Census Data, the assessment area is comprised of 22,014 families, of which 24.5 percent are designated as low-income, and 22.6 percent are moderate-income. The percentage of families living below the poverty level within the assessment area, at 6.7 percent, is consistent with the state of Iowa's poverty rate of 7.1 percent. Although the majority of the families within the assessment area are considered upper-income (29.4 percent), opportunities to lend to low- and moderate-income families are present within the assessment area, as low- and moderate-income families represent 47.1 percent of the assessment area families.

According to the 2016-2020 ACS, the median family income in Mills County (\$91,563) significantly exceeded both Fremont and Pottawattamie Counties, and the state of Iowa. Additionally, within the assessment area, Mills County experienced the greatest percentage increase, at 6.7 percent from 2015 to 2020, most consistent with the state of Iowa's percent increase of 7.4 percent. A community representative attributed the higher income level in Mills County to better employment opportunities, in addition to being a commuter community, benefiting from proximity to the Omaha, Nebraska area. The following table displays the median family income of the assessment area, counties comprising the assessment area, the entire Omaha-Council Bluffs, NE-IA MSA and the state of Iowa from 2015 to 2020.

2023 Omaha-Council Bluffs, NE-IA MSA 36540 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Fremont County, IA	\$71,137	\$72,404	1.8%
Mills County, IA	\$85,828	\$91,563	6.7%
Pottawattamie County, IA	\$71,330	\$73,514	3.1%
Omaha-Council Bluffs, NE-IA MSA	\$80,449	\$87,733	9.1%
Iowa	\$73,712	\$79,186	7.4%
Source: 2011 - 2015 and 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 are 38,147 housing units within the assessment area. The majority of housing units are owner-occupied, at 62.4 percent, while 29.3 percent are rental units, and 8.3 percent are vacant units. Owner-occupied housing units in moderate-income census tracts account for 47.9 percent of the assessment area's owner-occupied housing units, while less than one percent of owner-occupied housing units are in the one low-income tract within the assessment area. Based on the housing distribution, this presents ample opportunity to lend within the moderate-income tracts; however, all of the low- and moderate-income census tracts are located in Pottawattamie County. Therefore, the bank's lone branch in an upper-income census tract presents challenges to reaching low- and moderate-income census tracts in the county. Specifically, the moderate-income census

tracts are located in the far western portion of Pottawattamie County, with the bank's closest branch location approximately five miles away. There is also a highly competitive environment with 165 HMDA-reporters operating within the assessment area, and many that have a physical presence within the moderate-income census tracts.

The median gross monthly rent in the assessment area, at \$855, does not differ substantially from that of Mills County (\$837), Pottawattamie County (\$850) or the state of Iowa (\$806). The median gross rent in Fremont County is the lowest in the assessment area at \$640. The assessment area's median housing value of \$141,717 approximates that of Pottawattamie County, at \$141,300 but is lower than the state of Iowa's median housing value (\$153,900). In contrast, median housing value in Mills County are far higher (\$178,500) while Fremont County's median housing value (\$113,200) is substantially lower than the assessment area's median housing value.

If a household's housing cost is above 30.0 percent of its income, that household is considered housing cost burdened. As shown in the following table, low-income renters and homeowners in the assessment area counties have a high level of housing cost burden compared to the lower volumes of cost burdened moderate-income households. Fremont County, with its lower housing costs, has a lower level of low- and moderate-income renter and homeowner households at the level constituting a housing cost burden.

The following table presents the housing cost burden figures for assessment area counties, the entire Omaha-Council Bluffs, NE-IA, MSA, and the state of Iowa.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Fremont County, IA	53.60%	13.00%	24.10%	49.40%	11.50%	14.00%
Mills County, IA	65.70%	19.00%	37.10%	60.00%	28.20%	15.00%
Pottawattamie County, IA	68.80%	18.40%	38.90%	50.50%	19.20%	15.00%
Omaha-Council Bluffs, NE-IA MSA	74.00%	29.50%	38.80%	64.20%	32.10%	16.70%
Iowa	71.10%	18.60%	37.60%	56.90%	22.00%	14.80%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development, 2016-2020 Comprehensive Housing Affordability Strategy						

A community representative stated a primary need in the assessment area is affordable housing. Homeownership poses challenges, as low- and moderate-income individuals are at a disadvantage when trying to obtain traditional mortgages as it is a struggle to accumulate the funds required for down payments. A community representative also noted the local housing supply has been depleted over the past five years or so. The 2019 flood in Mills County is still impacting a large portion of the county as housing in need of repairs was abandoned, further depleting the housing supply and driving up the costs for the remaining housing stock.

## Employment Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area employer base is diverse. Significant employment is provided in the following industries: government, retail trade, manufacturing, health care and social assistance and accommodation and food services.

Unemployment rates have stabilized from their historic low levels after the increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. As of September 2023, all assessment area counties' unemployment rates were below the state of Iowa's year-to-date average of 3.0 percent. Although Mills County's 2022 unemployment rate of 2.3 percent ranked the lowest of the counties comprising the assessment area at that time, the Glenwood Resource Center, the largest employer in Mills County, was just beginning its two-year closing process in 2022 and as of June 30, 2024, was shut down completely. While the full impact is still unknown, this will affect the assessment area as more than 600 jobs will be lost, contributing to the year-to-date (YTD) 2023, increase in unemployment in Mills County to 2.7 percent. In addition to job loss from the closure, a community representative indicated that there will be a loss of dollars coming into the local economy as a result of the closure. More favorably, the representative noted that a livestock facility is coming to Mills County and should bring a significant number of jobs. Additionally, while the county does not have a hospital, there are medical clinics that provide skilled employment, along with school districts and local governments.

The following table presents the unemployment trends for assessment area counties, the entire Omaha-Council Bluffs, NE-IA, MSA and the state of Iowa from 2018 to 2022.

2023 Omaha-Council Bluffs, NE-IA MSA 36540 Unemployment Rates						
Area	2018	2019	2020	2021	2022	YTD September 2023
Fremont County, IA	1.9%	2.7%	3.0%	2.6%	2.4%	2.3%
Mills County, IA	2.1%	2.3%	3.9%	3.2%	2.3%	2.7%
Pottawattamie County, IA	2.4%	2.4%	5.2%	3.8%	2.8%	2.9%
Omaha-Council Bluffs, NE-IA MSA	3.0%	3.1%	4.8%	3.1%	2.6%	2.4%
Iowa	2.6%	2.7%	5.2%	3.8%	2.7%	3.0%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics						

## Community Representatives

Two community representatives were contacted to provide information about local economic and demographic conditions. The representatives provided information on affordable housing, employment, and economic development and community service needs within the assessment area and indicated that Glenwood State Bank was active in meeting local community lending needs. Representatives stated the primary need throughout the assessment area is affordable

housing, both in quality and quantity of housing. There are also needs for low- and moderate-income housing assistance and the expansion of programs to assist first-time home buyers. A community representative also stated without a hospital in Mills County, health care services are limited to local clinics. Additionally, transportation is a challenge for low- and moderate-income individuals in the rural parts of the assessment area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **LENDING TEST**

Glenwood State Bank's performance relative to the lending test is Satisfactory. The loan-to-deposit ratio is reasonable, based on the bank's size, complexity, capacity to lend, financial condition, and assessment area credit needs. A majority of loans were originated in the bank's assessment area. The geographic distribution of loans shows reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration among individuals of different incomes and businesses with different revenue sizes.

#### **Loan-to-Deposit Ratio**

Glenwood State Bank has a reasonable loan-to-deposit ratio given the bank's size, financial condition, the credit needs of its assessment area, and considering, as appropriate, other lending-related activities such as loan originations through secondary market lenders.

As of June 30, 2024, the loan-to-deposit ratio averaged 41.3 percent over a 16-quarter period. Although this is below the competitor average of 73.2 percent, it did increase from an average of 36.7 percent at the previous evaluation. In addition, after declining during the COVID-19 pandemic, the quarterly loan-to-deposit ratio has subsequently increased, equaling 56.0 percent on June 30, 2024. The lower loan-to-deposit ratio reflects the bank's practice of originating residential real estate loans and selling them through secondary market lenders as well as the bank's highly competitive market, particularly in Pottawattamie County.

The following table compares the bank's loan-to-deposit ratio and local competitors. Competitor institutions have branches located in Fremont, Mills and Pottawattamie Counties and have assets of less than \$1 billion.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio
	16 – Quarter Average
Glenwood State Bank	41.3%
Competitor Average	73.2%
<b>Competitors</b>	
Arbor Bank, Nebraska City, Nebraska	88.7%
First Heritage Bank, Shenandoah, Iowa	71.3%
Houghton State Bank, Red Oak, Iowa	87.6%
Malvern Bank, Malvern, Iowa	92.0%
Midstates Bank, NA, Council Bluffs, Iowa	66.0%
Rolling Hills Bank & Trust, Atlantic, Iowa	83.0%
Shelby County State Bank, Harlan, Iowa	69.4%
Tri-Valley Bank, Randolph, Iowa	54.3%
TS Bank, Treynor, Iowa	46.4%

### Assessment Area Concentration

Glenwood State Bank originated a majority of loans by both number and dollar in the assessment area. During the evaluation period, the bank originated a total of 73.4 percent of total loans by number and 71.6 percent by dollar inside the assessment area. This level of lending indicates that the bank is actively supporting assessment area credit needs.

The following table presents Glenwood State Bank's lending inside and outside its assessment area for HMDA-reportable loans and a sample of small business loans.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	54	78.3	\$2,830	79.6	15	21.7	\$725	20.4
Home Purchase - Conventional	66	65.3	\$12,322	68.0	35	34.7	\$5,791	32.0
Multi-Family Housing	1	100.0	\$100	100.0	0	0.0	\$0	0.0
Refinancing	67	82.7	\$5,437	76.1	14	17.3	\$1,712	23.9
<b>Total HMDA related</b>	<b>188</b>	<b>74.6</b>	<b>\$20,689</b>	<b>71.5</b>	<b>64</b>	<b>25.4</b>	<b>\$8,228</b>	<b>28.5</b>
Small Business	35	67.3	\$5,421	71.7	17	32.7	\$2,136	28.3
<b>Total Small Bus. related</b>	<b>35</b>	<b>67.3</b>	<b>\$5,421</b>	<b>71.7</b>	<b>17</b>	<b>32.7</b>	<b>\$2,136</b>	<b>28.3</b>
<b>TOTAL LOANS</b>	<b>223</b>	<b>73.4</b>	<b>\$26,110</b>	<b>71.6</b>	<b>81</b>	<b>26.6</b>	<b>\$10,364</b>	<b>28.4</b>

### Geographic Distribution of Loans

Glenwood State Bank's geographic distribution of HMDA-reportable loans and a sample of small business loans reflects a reasonable dispersion of lending throughout the assessment area with no conspicuous gaps in lending identified. Throughout the 2022 and 2023 HMDA-reportable and 2023 small business lending sample periods, the bank originated HMDA-reportable or small business loans in 24 of the 28 census tracts in the bank's assessment area.

A detailed discussion of HMDA-reportable lending in relation to aggregate lending and census demographics is provided below. HMDA-reportable lending will focus on lending to the moderate-income census tracts, as no originations of HMDA-reportable loans were made to the low-income census tract in 2023 or 2022. Additionally, multi-family loans will not be discussed in detail as only one total loan was originated in the two-year period, rendering the volume insufficient to provide a meaningful analysis.

A detailed discussion of small business loans in relation to census demographics is also provided below.

### HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects a reasonable dispersion throughout the assessment area. In 2023, Glenwood State Bank did not originate any HMDA-reportable loans in the single low-income census tract; however, there are only 116 owner-occupied units (0.5 percent) in the tract, and aggregate lenders originated only 0.7 percent of their loans in the low-income tract. The bank originated 12.6 percent of total HMDA-reportable loans in moderate-income census tracts, which is below both the aggregate of lenders and the percentage of owner-occupied units located in moderate-income census tracts at 44.8 percent and 47.9 percent, respectively.

The majority of Glenwood State Bank's HMDA-reportable lending, at 81.1 percent of loans in 2023, was in Fremont and Mills counties. Only one bank branch is located in highly competitive Pottawattamie County, where all of the moderate-income census tracts are located; the remainder of the bank branches are in Fremont and Mills counties. The branch in Pottawattamie County is in an upper-income census tract. When analyzing the bank's Pottawattamie County lending alone, origination rates in the moderate-income tracts were far higher than the entire assessment area's lending rate which is diluted by the volume of lending in middle-income census tracts in Fremont and Mills County. Of the bank's 2023 HMDA-reportable loans in Pottawattamie County, 66.7 percent were originated in moderate-income census tracts, just above the county's 63.4 percent level of owner-occupied housing. Pottawattamie County had 143 lenders originating HMDA-reportable loans in 2023, illustrating the highly competitive market for lending in the county.

Glenwood State Bank's total HMDA-reportable lending by geographic distribution in 2022 was consistent with 2023 performance.

### *Home Purchase Loans*

In 2023, home purchase loans represented 31.6 percent of Glenwood State Bank's HMDA-reportable loans in the assessment area. The bank originated 20.0 percent of home purchase loans in moderate-income census tracts which is below both the aggregate and owner-occupied units

located in moderate-income tracts at 48.8 percent and 47.9 percent, respectively. Conversely, 50.0 percent of the bank's loans in Pottawattamie County's moderate-income census tracts were for home purchase loans. No home purchase loans were originated by the bank in the assessment area's lone low-income census tract.

Glenwood State Bank's home purchase lending by geographic distribution in 2022 was consistent with 2023 performance.

#### *Refinance Loans*

In 2023, refinance loans represented 38.9 percent of Glenwood State Bank's HMDA-reportable loans originated in the assessment area. The bank originated 16.2 percent of their refinance loans in moderate-income census tracts which is below both the aggregate and owner-occupied units in moderate-income tracts at 39.6 percent and 47.9 percent, respectively. Fifty percent of the bank's loans in Pottawattamie County's moderate-income census tracts were for refinance loans. No refinance loans were originated by the bank in the assessment area's sole low-income census tract.

Glenwood State Bank's refinance lending by geographic distribution in 2022 was consistent with 2023 performance.

#### *Home Improvement Loans*

In 2023, Glenwood State Bank originated no home improvement loans in moderate-income tracts which is below both the aggregate and owner-occupied units located in moderate-income tracts at 31.0 percent and 47.9 percent, respectively. The bank's home improvement lending by geographic distribution was consistent with 2022 performance in which only one loan was originated in a Pottawattamie County moderate-income census tract.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Omaha-Council Bluffs, NE-IA MSA 36540													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	# %	# %	\$ (000)	\$ %	\$ %	#	# %	# %	\$ (000)	\$ %	\$ %	
Home Purchase Loans													
Low	0	0.0	0.7	0	0.0	0.5	0	0.0	0.6	0	0.0	0.5	0.5
Moderate	9	25.0	51.0	1,017	16.5	36.1	6	20.0	48.8	863	14.0	35.7	47.9
Middle	27	75.0	42.4	5,130	83.5	54.0	23	76.7	44.4	4,872	78.9	53.9	45.0
Upper	0	0.0	5.9	0	0.0	9.5	1	3.3	6.2	440	7.1	9.8	6.6
Unknown	0	0.0	0.0	0	0.0	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	0.0	0.0	0	0.0	0.0	
Total	36	100.0	100.0	6,147	100.0	100.0	30	100.0	100.0	6,175	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.4	0	0.0	0.4	0	0.0	0.3	0	0.0	0.1	0.5
Moderate	3	10.0	43.1	378	19.7	32.1	6	16.2	39.6	799	22.7	29.3	47.9
Middle	26	86.7	48.2	1,484	77.2	56.1	31	83.8	53.5	2,716	77.3	62.7	45.0
Upper	1	3.3	8.3	60	3.1	11.4	0	0.0	6.6	0	0.0	7.9	6.6
Unknown	0	0.0	0.0	0	0.0	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	0.0	0.0	0	0.0	0.0	
Total	30	100.0	100.0	1,922	100.0	100.0	37	100.0	100.0	3,515	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.4	0	0.0	0.2	0	0.0	0.4	0	0.0	0.9	0.5
Moderate	1	3.8	38.5	60	4.4	32.6	0	0.0	31.0	0	0.0	23.5	47.9
Middle	25	96.2	55.6	1,299	95.6	61.5	28	100.0	57.6	1,471	100.0	65.0	45.0
Upper	0	0.0	5.6	0	0.0	5.7	0	0.0	10.9	0	0.0	10.6	6.6
Unknown	0	0.0	0.0	0	0.0	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	0.0	0.0	0	0.0	0.0	
Total	26	100.0	100.0	1,359	100.0	100.0	28	100.0	100.0	1,471	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	11.5	0	0.0	15.9	0	0.0	26.7	0	0.0	35.0	12.2
Moderate	0	0.0	61.5	0	0.0	23.6	0	0.0	46.7	0	0.0	58.5	52.9
Middle	1	100.0	23.1	100	100.0	45.3	0	0.0	26.7	0	0.0	6.5	30.2
Upper	0	0.0	3.8	0	0.0	15.2	0	0.0	0.0	0	0.0	0.0	4.7
Unknown	0	0.0	0.0	0	0.0	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	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	100	100.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.7	0	0.0	1.9	0	0.0	0.7	0	0.0	1.7	0.5
Moderate	13	14.0	47.2	1,455	15.3	33.8	12	12.6	44.8	1,662	14.9	35.1	47.9
Middle	79	84.9	45.5	8,013	84.1	53.9	82	86.3	47.9	9,059	81.2	54.2	45.0
Upper	1	1.1	6.7	60	0.6	10.4	1	1.1	6.7	440	3.9	9.1	6.6
Unknown	0	0.0	0.0	0	0.0	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	0.0	0.0	0	0.0	0.0	
Total	93	100.0	100.0	9,528	100.0	100.0	95	100.0	100.0	11,161	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													



### Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Within the sample of small business loans reviewed, Glenwood State Bank originated 2.9 percent of its small business loans in the low-income census tract which is below the percentage of total businesses within that tract at 9.2 percent. In moderate-income census tracts, the bank originated 5.7 percent of the sampled small business loans, which is also below the percentage of total businesses located in moderate-income census tracts (35.4 percent).

The bank's performance improves when Pottawattamie County-only lending patterns are analyzed since all assessment area low- and moderate-income census tracts are located in the county. Fourteen loans (40.0 percent) of the bank's small business loans were originated in Pottawattamie County, with low- and moderate-income tract loans comprising 7.1 percent and 14.3 percent, respectively, of the county's originations. While there is opportunity to lend to small businesses within the low- and moderate-income census tracts, the proximity of these tracts to the bank's Pottawattamie County branch, and the competitive environment within the Omaha-Council Bluffs, NE-IA MSA presents challenges for the bank to reach the small businesses in these tracts.

The following table presents Glenwood State Bank's geographic distribution of small business loans in 2023.

<b>Distribution of 2023 Small Business Lending By Income Level of Geography</b> <b>Assessment Area: Omaha-Council Bluffs, NE-IA MSA 36540</b>					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	1	2.9	150	2.8	9.2
Moderate	2	5.7	40	0.7	35.4
Middle	30	85.7	4,519	83.4	50.1
Upper	2	5.7	713	13.2	5.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>5,421</b>	<b>100.0</b>	<b>100.0</b>
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.					

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

Glenwood State Bank's distribution of lending reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses of different revenue sizes, given the demographics of the bank's assessment area. Within HMDA-

reportable loans, 43.2 percent of loans were originated to borrowers with unknown incomes; these are loans that were reported as investment properties, and thus borrower income level is not required to be collected. While these loans may not have been originated to low- or moderate-income borrowers, properties purchased with these loans are beneficial to the assessment area as they fill a need for affordable housing for low- and moderate-income individuals.

### HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2023, Glenwood State Bank originated 11.6 percent of total HMDA-reportable loans to low-income borrowers, which is below the aggregate (15.5 percent) and the percentage of low-income families in the assessment area (24.5 percent). The bank originated 11.6 percent of its HMDA-reportable loans to moderate-income borrowers, also below both the aggregate of lenders (25.1 percent) and the percentage of moderate-income families within the assessment area (22.5 percent). The majority of the bank's HMDA-reportable loans were originated to borrowers of unknown-income (43.2 percent), more than double the aggregate lender rate of 19.2 percent.

HMDA-reportable lending to low-income borrowers (15.2 percent) and moderate-income borrowers (19.6 percent) was stronger in 2022, as 34.8 percent of 2022 HMDA-reportable loans were originated to low- and moderate-income borrowers, compared to 23.2 percent in 2023.

While 2023 HMDA-reportable lending to low- and moderate-income borrowers lags aggregate lender rates, Glenwood State Bank is supporting increased housing for low- and moderate-income individuals. The bank has focused on providing direct financing to borrowers who acquire and manage rental properties, primarily in moderate-income areas and thus benefitting low- and moderate-income households. Additionally, the bank has developed partnerships with the Iowa Economic Development Authority, Housing and Urban Development, and local developers to assist in the development and construction of both single and multi-family low- and moderate-income housing. These initiatives will result in more than 100 units of low- and moderate-income housing when construction is completed. Lastly, within the community of Council Bluffs, the bank provides construction loans for a local non-profit that provides affordable low- and moderate-income and workforce housing in Pottawattamie County.

### *Home Purchase Loans*

In 2023, Glenwood State Bank did not originate any home purchase loans to low-income borrowers, compared to the aggregate lender origination rate of 16.3 percent and the percentage of assessment area low-income families at 24.5 percent. One home purchase loan, or 3.3 percent of home purchase originations, was made to a moderate-income borrower, which is also below both the aggregate of lenders (25.4 percent) and the percentage of assessment area moderate-income

families (22.6 percent). Seventy percent of home purchase loans were made to borrowers of unknown-income which significantly exceeded aggregate (21.9 percent).

The bank's home purchase lending in 2022 was stronger than in 2023. Although no home purchase loans were originated to low-income borrowers, 16.7 percent of home purchase loans were extended to moderate-income borrowers which was below the aggregate (26.9 percent) and the percentage of moderate-income families in the assessment area (22.6 percent) but well above 2023 performance (3.3 percent).

### *Refinance Loans*

In 2023, Glenwood State Bank originated 21.6 percent of its refinance loans to low-income borrowers, exceeding the aggregate lender rate of 15.9 percent and slightly below the 24.5 percent of low-income families in the assessment area. Refinance loans originated to moderate-income borrowers, at 13.5 percent, were below both the aggregate (24.2 percent) and the percentage of moderate-income families within the assessment area (22.6 percent). The bank originated 37.8 percent of its refinance loans to borrowers of unknown-income, which significantly exceeded aggregate (21.0 percent).

The bank's refinance lending in 2022 exceeded 2023 performance as 33.3 percent of refinance loans were originated to low-income borrowers, which significantly exceeded the aggregate lender rate of 17.3 percent and the level of assessment area low-income families (24.5 percent). In 2022, lending to moderate-income borrowers (20.0 percent) was below the aggregate lender (24.9 percent) and approximated the percentage of moderate-income families in the assessment area (22.6 percent).

### *Home Improvement*

In 2023, Glenwood State Bank originated 10.7 percent of its home improvement loans to low-income borrowers, consistent with the aggregate lender rate of 10.5 percent, but below the percentage of low-income families in the assessment area (24.5 percent). The bank originated 17.9 percent of home improvement loans to moderate-income borrowers, which is below both the aggregate (27.1 percent) and the percentage of moderate-income families within the assessment area (22.6 percent). Home improvement lending is particularly responsive to community needs, as community representatives noted the deteriorating housing stock in the area and a need for home improvement financing, especially for low- and moderate-income borrowers. In addition, the bank originated 21.4 percent of its home improvement loans to borrowers of unknown-income, significantly above aggregate (8.7 percent). This is representative of the bank's strategy of providing direct financing to borrowers who acquire and manage rental properties, primarily in moderate-income areas, in addition to partnering with organizations to provide financing for the construction of low- and moderate-income housing. These properties often require rehabilitation to be suitable for use. As these properties are considered investment properties, income data is not collected.

The bank's performance in 2022 exceeded 2023 performance as lending to both low-income borrowers (15.4 percent) and moderate-income borrowers (23.1 percent) was proportionately higher than in 2023.

The following table summarizes Glenwood State Bank's 2022 and 2023 HMDA-reportable lending in the assessment area.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Omaha-Council Bluffs, NE-IA MSA 36540													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	# %	# %	\$ (000)	\$ %	\$ %	#	# %	# %	\$ (000)	\$ %	\$ %	
Home Purchase Loans													
Low	0	0.0	15.2	0	0.0	9.1	0	0.0	16.3	0	0.0	9.8	24.5
Moderate	6	16.7	26.9	418	6.8	21.3	1	3.3	25.4	440	7.1	20.2	22.6
Middle	6	16.7	17.4	1,305	21.2	19.0	3	10.0	20.5	433	7.0	22.9	23.5
Upper	8	22.2	18.6	1,024	16.7	30.0	5	16.7	15.9	951	15.4	24.9	29.4
Unknown	16	44.4	21.9	3,400	55.3	20.6	21	70.0	21.9	4,351	70.5	22.2	0.0
Total	36	100.0	100.0	6,147	100.0	100.0	30	100.0	100.0	6,175	100.0	100.0	100.0
Refinance Loans													
Low	10	33.3	17.3	577	30.0	10.9	8	21.6	15.9	175	5.0	8.7	24.5
Moderate	6	20.0	24.9	232	12.1	20.4	5	13.5	24.2	368	10.5	21.7	22.6
Middle	10	33.3	20.0	702	36.5	20.4	6	16.2	21.0	746	21.2	22.5	23.5
Upper	1	3.3	19.2	120	6.2	29.0	4	10.8	17.9	335	9.5	26.2	29.4
Unknown	3	10.0	18.8	291	15.1	19.3	14	37.8	21.0	1,891	53.8	20.9	0.0
Total	30	100.0	100.0	1,922	100.0	100.0	37	100.0	100.0	3,515	100.0	100.0	100.0
Home Improvement Loans													
Low	4	15.4	10.3	109	8.0	6.8	3	10.7	10.5	50	3.4	6.2	24.5
Moderate	6	23.1	22.2	215	15.8	19.4	5	17.9	27.1	110	7.5	19.0	22.6
Middle	10	38.5	29.1	763	56.1	27.6	6	21.4	26.6	209	14.2	27.1	23.5
Upper	5	19.2	32.9	222	16.3	41.0	8	28.6	27.1	778	52.9	39.2	29.4
Unknown	1	3.8	5.6	50	3.7	5.1	6	21.4	8.7	324	22.0	8.5	0.0
Total	26	100.0	100.0	1,359	100.0	100.0	28	100.0	100.0	1,471	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	14	15.2	14.9	686	7.3	9.4	11	11.6	15.5	225	2.0	9.5	24.5
Moderate	18	19.6	25.6	865	9.2	20.9	11	11.6	25.1	918	8.2	20.4	22.6
Middle	26	28.3	19.9	2,770	29.4	19.8	15	15.8	21.9	1,388	12.4	23.2	23.5
Upper	14	15.2	20.5	1,366	14.5	30.1	17	17.9	18.3	2,064	18.5	25.9	29.4
Unknown	20	21.7	19.1	3,741	39.7	19.8	41	43.2	19.2	6,566	58.8	20.9	0.0
Total	92	100.0	100.0	9,428	100.0	100.0	95	100.0	100.0	11,161	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

## Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Within the sample of small business loans reviewed, Glenwood State Bank originated 71.4 percent by number of loans to businesses with gross revenues equal to or less than \$1 million. The bank's performance was below the percentage of total businesses operating in the assessment area at 91.9 percent. However, 68.0 percent of the bank's loans originated to businesses with annual revenue of \$1 million or less were in amounts of \$100,000 or less. These loans are considered the most impactful to small businesses and lending in this amount demonstrates the bank's willingness to meet the credit needs of small businesses. Additionally, the bank supports small business lending through their partnership with the Small Business Administration, further demonstrating the bank's willingness to meet the credit needs of the assessment area. The table below presents the bank's borrower distribution of small business loans in 2023.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Omaha-Council Bluffs, NE-IA MSA 36540					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	25	71.4	2,678	49.4	91.9
Over \$1 Million	10	28.6	2,744	50.6	7.0
Revenue Unknown	0	0.0	0	0.0	1.1
Total	35	100.0	5,421	100.0	100.0
By Loan Size					
\$100,000 or Less	19	54.3	790	14.6	
\$100,001 - \$250,000	9	25.7	1,633	30.1	
\$250,001 - \$1 Million	7	20.0	2,999	55.3	
Total	35	100.0	5,421	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	17	68.0	630	23.5	
\$100,001 - \$250,000	4	16.0	568	21.2	
\$250,001 - \$1 Million	4	16.0	1,480	55.3	
Total	25	100.0	2,678	100.0	
Source: 2023 FFIEC Census Data 2023 Dori & 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

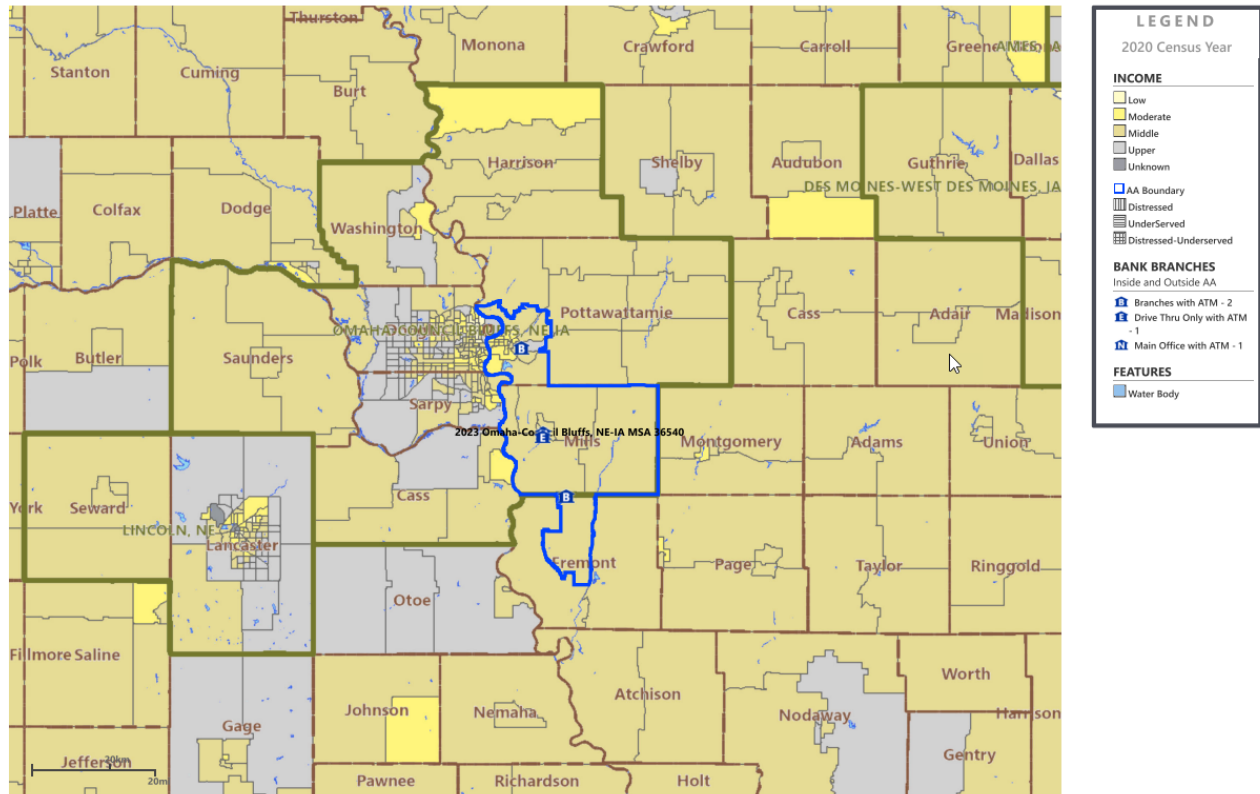
Neither the bank nor this Reserve Bank have received any CRA-related complaints since the previous examination.

## **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

**Glenwood State Bank 566243**  
Omaha-Council Bluffs, NE-IA MSA 36540



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	HMDA-Reportable Loans: January 1, 2022-December 31, 2023 Small Business Loans: January 1, 2023 – December 31, 2023		
<b>FINANCIAL INSTITUTION</b>  Glenwood State Bank		<b>PRODUCTS REVIEWED</b>  HMDA-Reportable Loans Small Business Loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
None	NA	NA	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Omaha-Council Bluff, NE-IA MSA 36540 Fremont County (1 tract) Mills County (entirety) Pottawattamie County (22 tracts)	Full scope	None	NA



## APPENDIX C – Glossary

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

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

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

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>2</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

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<sup>2</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide 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, and withdrawn).

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

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

**Income Level:** Income level means:

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

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

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

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

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

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

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

**Loan 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 a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

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

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

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

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

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

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

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

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

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