

# **PUBLIC DISCLOSURE**

May 14, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Central State Bank  
RSSD# 678744

102 North Main Street  
Elkader, Iowa 52043

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

Central State Bank is rated **Satisfactory**.

Central State Bank's performance in meeting the needs of its community is satisfactory considering the bank's asset size, location, and the current economic environment of the assessment area. The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of its assessment area. A majority of the bank's loans were originated inside the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Loan distribution reflects excellent penetration among individuals of different income levels and among businesses and farms of different sizes. Neither Central State Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

Central State Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Bank Examination Procedures. Information about the institution and the assessment areas, such as the bank's financial condition, asset size, economic and demographic characteristics, and competition were used to evaluate the bank's performance. Products reviewed include Home Mortgage Disclosure Act (HMDA)-reportable loans, small business and small farm loans. The evaluation period for agricultural and commercial loans was the one-year period from January 1, 2016 through December 31, 2016. The evaluation period for home mortgage loans was a two-year period from January 1, 2015 through December 31, 2016.

Central State Bank has three assessment areas in the State of Iowa: Northeast Non Metropolitan Iowa; Cedar Rapids, Iowa Metropolitan Statistical Area (MSA) # 16300; and, Iowa City, Iowa MSA # 26980. The Northeast Non Metropolitan Iowa assessment area received a full review based on several factors including deposit market share, branch concentration, and the volume of lending activity. Additionally, the Cedar Rapids, Iowa MSA # 16300 received a full review due to strategic focus as a new branch office was opened in Cedar Rapids, Iowa, in April of 2017. Additionally, at this time Central State Bank expanded its assessment area delineation to include the entire Cedar Rapids, Iowa Metropolitan Statistical Area (MSA) # 16300. Greater weight was given to the Northeast Iowa Non-MSA assessment area with regard to the overall CRA rating, as this is where a majority of deposits and lending activity occurred during the review period.

The Iowa City, Iowa MSA # 26980 assessment area received a limited review, and was evaluated for consistency with the bank's performance in the full review assessment areas.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated between January 1, 2015 through December 31, 2016 and small business and small farm loans originated from January 1, 2016 through December 31, 2016 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated between January 1, 2015 through December 31, 2016 and small business and small farm loans originated from January 1, 2016 through December 31, 2016, 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 Farms and Businesses of Different Sizes*** – The bank’s HMDA-reportable loans originated between January 1, 2015 through December 31, 2016 and small business and small farm loans originated from January 1, 2016 through December 31, 2016, 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, four 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: affordable housing authorities and economic development associations.

## DESCRIPTION OF INSTITUTION

Central State Bank, with total assets of \$242.0 million as of September 30, 2017, is a subsidiary of AJJ Bancorp, a one-bank holding company, with one additional subsidiary, AJJ Bancorp Statutory Trust 1, all of which are headquartered in Elkader, Iowa.

Central State Bank delivers its products and services through its main office and six branch offices in Cedar Rapids, Coralville, Elkader, Marquette, McGregor and Walford, Iowa. The bank operates a network of five full service automated teller machines (ATMs) and two cash-dispensing only

machines throughout its assessment area, including five located at its office locations. Since the previous performance evaluation, the bank closed two branch locations and one cash-dispensing only ATM. The Volga branch closed on March 6, 2015 and the Iowa City branch and ATM were closed on October 11, 2017. At the time of closures, both branches and the ATM were located in middle-income census tracts. A new branch with a full service ATM opened in a middle-income census tract in Cedar Rapids, Iowa, on April 10, 2017. In addition, since the previous examination, the bank opened one cash dispensing only ATM located in a middle-income census tract in Elkader, Iowa.

The bank offers a full range of loan products including commercial, home mortgage, agricultural, and consumer loans. The bank also offers a variety of standard deposit products including checking, savings, money market, and certificate of deposit accounts. The bank is primarily a commercial lender. As of September 30, 2017, 57.4 percent of its portfolio comprised of loans of this type. Residential real estate lending also accounts for a significant portion of the loan portfolio at 21.8 percent of all lending. Agricultural loans consist of 18.2 percent of total lending. Details of the allocation of the bank's loan portfolio are provided in the following table.

| <b>Composition of Loan Portfolio<br/>as of September 30, 2017<br/>(\$ are in 000s)</b> |           |          |
|--|-----------|----------|
| <b>Type</b>  | <b>\$</b> | <b>%</b> |
| Residential Real Estate  | \$39,826  | 21.8     |
| Commercial   | \$104,613 | 57.4     |
| Agriculture  | \$33,121  | 18.2     |
| Consumer   | \$4,793   | 2.6      |
| Other  | \$33      | 0.1      |
| Gross Loans  | \$182,386 | 100.0    |
| Net Loans  | \$179,761 | 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 conducted on March 24, 2014.

## DESCRIPTION OF ASSESSMENT AREA

Central State Bank's combined assessment area is located in the eastern and northeastern portions of the State of Iowa. The combined assessment area consists of three individual assessment areas spanning across two separate and non-contiguous geographies and are comprised of 93 total census tracts. The three assessment areas include: 1) Northeast Non Metropolitan Iowa (Allamakee and Clayton, Iowa and Crawford, Wisconsin Counties); 2) Cedar Rapids, Iowa

Metropolitan Statistical Area (MSA) # 16300 Assessment Area (AA) (Benton, Jones and Linn Counties); and, 3) Iowa City, Iowa MSA # 26980 AA (Johnson and Non-Metropolitan Iowa County). Since the previous evaluation (2014), the bank has expanded its assessment area to include all of Clayton County's six census tracts in the Northeast Non Metropolitan assessment area and now includes the Cedar Rapids, Iowa MSA in its entirety. The three assessment areas are described in detail in the following table.

| Assessment Areas              |                               |                               |
|-------------------------------|-------------------------------|-------------------------------|
| Assessment Areas              | Counties                      | Tracts Included               |
| Northeast Non-MSA AA          | Allamakee ( <i>Iowa</i> )     | 9604.00                       |
|                               | Clayton ( <i>Iowa</i> )       | All tracts are included in AA |
|                               | Crawford ( <i>Wisconsin</i> ) | 9605.00 and 9606.00           |
| Cedar Rapids, Iowa MSA #16300 | Benton ( <i>Iowa</i> )        | All tracts are included in AA |
|                               | Jones ( <i>Iowa</i> )         | All tracts are included in AA |
|                               | Linn ( <i>Iowa</i> )          | All tracts are included in AA |
| Iowa City, Iowa MSA # 26980   | Johnson ( <i>Iowa</i> )       | All tracts are included in AA |
|                               | Non-MSA Iowa ( <i>Iowa</i> )  | 9601.00, 9602.00 and 9604.00  |

Of those 93 census tracts, 21 are designated as low- or moderate-income (1 low- and 20 moderate-income), representing 22.6 percent of all tracts in the assessment area. These low- and moderate-income census tracts are home to 17,113 families, representing 16.2 percent of all families in the assessment area. According to the FFIEC, there are six distressed or underserved middle-income census tracts within the combined assessment area. A total of 184,841 housing units are located in the assessment area, of which 36,479 (19.7 percent) are located in low- and moderate-income census tracts. Within the low-income tracts, 17.4 percent of housing units are owner-occupied, while in moderate-income tracts 50.3 percent are owner-occupied.

Low- and moderate-income families represent 36.4 percent of all families in the assessment area. Additionally, businesses and farms with \$1 million or less in total annual revenue represent 90.2 and 99.4 percent, respectively, of all businesses and farms in the assessment area. This data suggests that credit opportunities are available to borrowers of different income levels and businesses and farms of different revenue levels throughout the assessment area. Additional demographic information for the combined assessment area is presented in the table below.

| Assessment Area: 2016 Combined AA  |                                 |                        |                                    |       |  |       |                           |       |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 1                               | 1.1                    | 252                                | 0.2   | 65   | 25.8  | 18,612                    | 17.7  |
| Moderate-income  | 20                              | 21.5                   | 16,861                             | 16.0  | 2,215  | 13.1  | 19,650                    | 18.7  |
| Middle-income  | 53                              | 57.0                   | 59,766                             | 56.8  | 3,504  | 5.9   | 24,804                    | 23.6  |
| Upper-income   | 19                              | 20.4                   | 28,423                             | 27.0  | 660  | 2.3   | 42,236                    | 40.1  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 93                              | 100.0                  | 105,302                            | 100.0 | 6,444  | 6.1   | 105,302                   | 100.0 |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |
| Low-income   | 1,141                           | 199                    | 0.2                                | 17.4  | 676  | 59.2  | 266                       | 23.3  |
| Moderate-income  | 35,338                          | 17,790                 | 14.8                               | 50.3  | 14,792   | 41.9  | 2,756                     | 7.8   |
| Middle-income  | 105,979                         | 68,741                 | 57.2                               | 64.9  | 28,881   | 27.3  | 8,357                     | 7.9   |
| Upper-income   | 42,383                          | 33,498                 | 27.9                               | 79.0  | 6,454  | 15.2  | 2,431                     | 5.7   |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 184,841                         | 120,228                | 100.0                              | 65.0  | 50,803   | 27.5  | 13,810                    | 7.5   |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 587                             | 3.0                    | 479                                | 2.7   | 100  | 5.9   | 8                         | 3.5   |
| Moderate-income  | 3,621                           | 18.5                   | 3,206                              | 18.2  | 389  | 23.0  | 26                        | 11.4  |
| Middle-income  | 10,286                          | 52.5                   | 9,334                              | 52.8  | 826  | 48.8  | 126                       | 55.3  |
| Upper-income   | 5,090                           | 26.0                   | 4,644                              | 26.3  | 378  | 22.3  | 68                        | 29.8  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 19,584                          | 100.0                  | 17,663                             | 100.0 | 1,693  | 100.0 | 228                       | 100.0 |
|  | Percentage of Total Businesses: |                        |                                    | 90.2  |  | 8.6   |                           | 1.2   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 128                             | 6.0                    | 126                                | 6.0   | 2  | 15.4  | 0                         | 0.0   |
| Middle-income  | 1,552                           | 72.9                   | 1,543                              | 72.9  | 9  | 69.2  | 0                         | 0.0   |
| Upper-income   | 450                             | 21.1                   | 448                                | 21.2  | 2  | 15.4  | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 2,130                           | 100.0                  | 2,117                              | 100.0 | 13   | 100.0 | 0                         | 0.0   |
|  | Percentage of Total Farms:      |                        |                                    | 99.4  |  | 0.6   |                           | 0.0   |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Central State Bank's performance relative to the lending test is rated satisfactory based on a reasonable loan-to-deposit ratio, a substantial majority of loans originated in its assessment area, reasonable dispersion of loans throughout its assessment area, and an excellent penetration of loans to borrowers of different income levels and farms and businesses of different sizes.

### Loan-to-Deposit Ratio

Central State Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, and the credit needs of the assessment area. As of September 30, 2017, the bank's LTD ratio was 91.2 percent and the 16-quarter average loan-to-deposit ratio was 90.5 percent. When comparing the bank's performance against 10 local competitors, Central State Bank exceeds the performance of six local competitors. The LTD has significantly increased since the previous evaluation. This increase occurred after the bank opened additional branches and expanded its assessment area to include the entire Cedar Rapids, Iowa MSA. The following table lists the bank's average LTD ratio for the 16 quarters following the previous evaluation, as well as similar ratios for its comparable market competitors.

| Comparative Loan-to-Deposit Ratios |                           |
|------------------------------------|---------------------------|
| Institution                        | Loan-to-Deposit Ratio (%) |
|                                    | 16 – Quarter Average      |
| Central State Bank                 | 90.5                      |
| <b>Competitors</b>                 |                           |
| Bankers Trust Company              | 102.1                     |
| Cedar Rapids Bank & Trust Company  | 89.7                      |
| Community Savings Bank             | 92.0                      |
| Fairfax State Savings Bank         | 49.3                      |
| Freedom Bank                       | 88.2                      |
| Hills Bank & Trust Company         | 108.6                     |
| Luana Savings Bank                 | 95.4                      |
| MidwestOne Bank                    | 83.7                      |
| Old National Bank                  | 79.9                      |
| Peoples State Bank                 | 77.3                      |

### Assessment Area Concentration

During the review period, Central State Bank originated a majority of loans within the assessment area. As presented in the table below, the bank originated 86.8 percent of all loans by number and 82.0 percent of all loans by dollar amount within the assessment area. For comparison, during the previous evaluation, 88.4 percent of loans by number, and 88.7 percent of loans by dollar amount were made within the assessment area. The bank's lending in the assessment area, with emphasis

on the percentage by number of loans, indicates the bank is actively serving the needs of its communities. The following table summarizes the bank's lending inside and outside its assessment area by product.

| Inside and Outside the Assessment Area                                 |            |             |                 |             |           |             |                |             |
|--|------------|-------------|-----------------|-------------|-----------|-------------|----------------|-------------|
| Loan Type  | Inside     |             |                 |             | Outside   |             |                |             |
|  | #          | %           | \$ (000s)       | %           | #         | %           | \$ (000s)      | %           |
| Home Purchase Loans  | 63         | 80.8        | \$8,359         | 71.6        | 15        | 19.2        | \$3,322        | 28.4        |
| Refinanced Loans   | 46         | 90.2        | \$8,473         | 81.3        | 5         | 9.8         | \$1,948        | 18.7        |
| Home Improvement Loans   | 14         | 87.5        | \$665           | 85.5        | 2         | 12.5        | \$113          | 14.5        |
| Multi-Family Loans   | 6          | 85.7        | \$4,330         | 80.3        | 1         | 14.3        | \$1,065        | 19.7        |
| <b>Total HMDA-Reportable Loans</b>                                     | <b>129</b> | <b>84.9</b> | <b>\$21,827</b> | <b>77.2</b> | <b>23</b> | <b>15.1</b> | <b>\$6,448</b> | <b>22.8</b> |
| <b>Total Small Business Loans</b>                                      | <b>68</b>  | <b>86.1</b> | <b>\$8,760</b>  | <b>97.6</b> | <b>11</b> | <b>13.9</b> | <b>\$212</b>   | <b>2.4</b>  |
| <b>Total Small Farm Loans</b>  | <b>79</b>  | <b>90.8</b> | <b>\$4,499</b>  | <b>80.8</b> | <b>8</b>  | <b>9.2</b>  | <b>\$1,067</b> | <b>19.2</b> |
| <b>Total Loans</b>   | <b>276</b> | <b>86.8</b> | <b>\$35,086</b> | <b>82.0</b> | <b>42</b> | <b>13.2</b> | <b>\$7,727</b> | <b>18.0</b> |
| <i>Note: Percentages may not add to 100.0 percent due to rounding.</i> |            |             |                 |             |           |             |                |             |

## Geographic and Borrower Distribution

Overall, the analysis indicates that the geographic distribution of loans reflects reasonable distribution throughout the assessment area, including low- and moderate-income geographies. The bank had excellent penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes. The Iowa Non MSA is weighted more heavily for this analysis as the majority of deposits and loans are located in this assessment area. The specifics of the bank's lending in each assessment area and relevant demographics are discussed in the individual assessment area sections.

## Response to Complaints

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

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

## **CEDAR RAPIDS, IOWA MSA # 16300 – FULL REVIEW**

### **SCOPE OF EXAMINATION**

Full-scope examination procedures were used to evaluate the Cedar Rapids, Iowa MSA # 16300-assessment area. Since the previous examination, a new branch office with a full service ATM opened in a middle-income census tract in Cedar Rapids, Iowa. Additionally, Central State Bank expanded its assessment area delineation to include the entire Cedar Rapids, Iowa Metropolitan Statistical Area (MSA) # 16300. These changes occurred on April 10, 2017. Previously this assessment area was served from its branch in Walford, Iowa. Given the bank's relatively recent entry into this assessment area, limited lending activity and limited branching presence in the market area, it carried less weight in the evaluation and overall rating.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN CEDAR RAPIDS, IOWA MSA # 16300**

Central State Bank has changed its assessment area delineation since the previous examination to include the entire Cedar Rapids, Iowa Metropolitan Statistical Area (MSA) # 16300. With the opening of a new Cedar Rapids branch with one full-service automated teller machine (ATM) in a middle-income census tract on April of 2017, the bank significantly expanded its assessment area from ten census tracts to include the entire MSA, which includes Benton, Jones, and Linn counties in their entirety. The MSA consists of 57 tracts. Of these 57 tracts, there are 1 low-income, 14 moderate-income, 31 middle-income and 11 upper-income census tracts.

Central State Bank operates branch offices in Cedar Rapids and Walford, Iowa, each with a full-service ATM, and one additional full-service ATM located in a local petrol station in Walford, Iowa. The Cedar Rapids branch is located in a middle-income census tract, while the Walford branch and ATMs are located in upper-income census tracts. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2017, ranks Central State Bank 30th among 40 FDIC-insured institutions in Benton, Jones, and Linn County. The bank maintains 0.6 percent market share, compared to the market leader, US Bank, which has 15.6 percent of the assessment area's deposits. The bank originated five HMDA-reportable loans during 2016, which ranks the bank 68 out of 232 HMDA reporting institutions in the assessment area. Comparatively, University of Iowa Community Credit Union ranked first in HMDA-reportable loan originations in 2016 with 2,018 originations.

The assessment area is home to 66,972 families; of these families, 5.6 percent are living in poverty. Based on family income, low- and moderate-income families represent 37.1 percent of all families living in the assessment area. In addition, the assessment area contains 111,047 housing units, 22.0 percent of which are located in moderate-income census tracts, and 1.0 percent of which are located in low-income census tracts. Of the total housing units, 69.3 percent are owner-occupied, 24.1 percent are rental units, and 6.6 percent are vacant. Businesses and farms with \$1 million or

less in total annual revenue represent 88.8 percent of all businesses and 99.4 percent of all farms operating in the assessment area. Based on this data, there are various opportunities within the assessment area to meet the credit needs of borrowers of different income levels, and many opportunities to meet the credit needs of businesses and farms of different revenue sizes. Additional demographic information for the assessment area is presented in the table below.

| Assessment Area: 2016 Cedar Rapids, IA MSA 16300                                 |                                 |                        |                                    |       |  |       |                           |       |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 1                               | 1.8                    | 252                                | 0.4   | 65   | 25.8  | 11,871                    | 17.7  |
| Moderate-income  | 14                              | 24.6                   | 12,417                             | 18.5  | 1,377  | 11.1  | 13,015                    | 19.4  |
| Middle-income  | 31                              | 54.4                   | 35,064                             | 52.4  | 1,916  | 5.5   | 15,830                    | 23.6  |
| Upper-income   | 11                              | 19.3                   | 19,239                             | 28.7  | 419  | 2.2   | 26,256                    | 39.2  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 57                              | 100.0                  | 66,972                             | 100.0 | 3,777  | 5.6   | 66,972                    | 100.0 |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |
| Low-income   | 1,141                           | 199                    | 0.3                                | 17.4  | 676  | 59.2  | 266                       | 23.3  |
| Moderate-income  | 24,411                          | 13,929                 | 18.1                               | 57.1  | 8,728  | 35.8  | 1,754                     | 7.2   |
| Middle-income  | 59,098                          | 40,526                 | 52.7                               | 68.6  | 14,416   | 24.4  | 4,156                     | 7.0   |
| Upper-income   | 26,397                          | 22,273                 | 29.0                               | 84.4  | 2,993  | 11.3  | 1,131                     | 4.3   |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 111,047                         | 76,927                 | 100.0                              | 69.3  | 26,813   | 24.1  | 7,307                     | 6.6   |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 587                             | 5.1                    | 479                                | 4.6   | 100  | 8.6   | 8                         | 5.8   |
| Moderate-income  | 2,473                           | 21.3                   | 2,153                              | 20.9  | 296  | 25.6  | 24                        | 17.4  |
| Middle-income  | 5,404                           | 46.5                   | 4,861                              | 47.1  | 487  | 42.1  | 56                        | 40.6  |
| Upper-income   | 3,146                           | 27.1                   | 2,822                              | 27.4  | 274  | 23.7  | 50                        | 36.2  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 11,610                          | 100.0                  | 10,315                             | 100.0 | 1,157  | 100.0 | 138                       | 100.0 |
|  | Percentage of Total Businesses: |                        |                                    | 88.8  |  | 10.0  |                           | 1.2   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 120                             | 10.5                   | 118                                | 10.4  | 2  | 28.6  | 0                         | 0.0   |
| Middle-income  | 779                             | 68.0                   | 776                                | 68.1  | 3  | 42.9  | 0                         | 0.0   |
| Upper-income   | 247                             | 21.6                   | 245                                | 21.5  | 2  | 28.6  | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 1,146                           | 100.0                  | 1,139                              | 100.0 | 7  | 100.0 | 0                         | 0.0   |
|  | Percentage of Total Farms:      |                        |                                    | 99.4  |  | 0.6   |                           | 0.0   |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |

## Population Characteristics

As presented in the table below, the overall population of Cedar Rapids, Iowa MSA increased by 2.0 percent, compared to the state of Iowa, which grew by 1.5 percent during the same period. According to community representatives, Jones County serves as a bedroom community for individuals who commute to Cedar Rapids and Dubuque, Iowa for employment. A portion of the population growth in the Cedar Rapids, Iowa MSA is attributed to this employment-related migration. Community representatives stated that education and employment related migration is more common among the younger populations. Conversely, one community representative added that although census data shows that population was declining in Benton County from 2010 to 2015, a population increase has been witnessed in recent years. Community representatives explained that residents prefer to live in smaller, suburban locations, such as Walford, Iowa, and commute into Cedar Rapids, Iowa, for employment.

| Population Change<br>2010 and 2015   |                 |                      |                   |
|--|-----------------|----------------------|-------------------|
| Area   | 2010 Population | 2011-2015 Population | Percentage Change |
| Benton County, IA  | 26,076          | 25,803               | -1.0              |
| Jones County, IA   | 20,638          | 20,560               | -0.4              |
| Linn County, IA  | 211,226         | 216,640              | 2.6               |
| Cedar Rapids, IA MSA   | 257,940         | 263,003              | 2.0               |
| State of Iowa  | 3,046,355       | 3,093,526            | 1.5               |
| Source: 2010—U.S. Census Bureau: Decennial Census<br>2011 - 2015—U.S. Census Bureau: Annual Population Estimates |                 |                      |                   |

## Income Characteristics

Based on 2010 U.S. Census Bureau data, the median family income (MFI) in the assessment area was \$75,812, compared to the state of Iowa's MFI, which was \$67,466. Overall, the assessment area experienced an increase of 11.5 percent in median family income between 2010 and 2015. This reflects a slightly higher percentage change in MFI than the state of Iowa, which experienced an increase of 9.2 percent over the same period. While Jones and Linn Counties, and the MSA all experienced similar percentage changes, there is a 7.4 percent difference between the MFI for Benton County and the state of Iowa. A community representative attributed Benton County's MFI increase to its geographic location, whereby residents of Benton County commute to Cedar Rapids for higher paying jobs. The table below presents the average income for families living in Cedar Rapids, IA MSA, compared to the state of Iowa.

| Median Family Income Change<br>2010 and 2015   |                                |                                |                   |
|--|--------------------------------|--------------------------------|-------------------|
| Area   | 2006-2010 Median Family Income | 2011-2015 Median Family Income | Percentage Change |
| Benton County, IA  | 64,970                         | 75,776                         | 16.6              |
| Jones County, IA   | 59,167                         | 66,158                         | 11.8              |
| Linn County, IA  | 69,250                         | 77,036                         | 11.2              |
| Cedar Rapids, IA MSA   | 67,971                         | 75,812                         | 11.5              |
| State of Iowa  | 61,804                         | 67,466                         | 9.2               |
| Source: 2010—U.S. Census Bureau: Decennial Census<br>2011-2015—U.S. Census Bureau: American Community Survey |                                |                                |                   |

## Housing Characteristics

Based on 2010 U.S. Census Bureau data, Cedar Rapids, IA MSA is home to 66,972 families; of which, 12,417 or approximately 18.5 percent reside in the MSA's moderate-income census tracts, and 252 or approximately 0.4 percent reside in the MSA's low-income census tracts. Of these 66,972 families, 17.7 percent are designated as low-income families, and 19.4 percent are designated as moderate-income families. There are 111,047 total housing units in Cedar Rapids, IA MSA with 24,411 total units located in the moderate-income census tracts and 1,141 total units located in the low-income census tract. Of these 24,411 units located in moderate-income census tracts, 13,929 units or 57.1 percent are owner-occupied units. Of the 1,141 units located in the low-income census tract, 199 units or 17.4 are owner-occupied units.

While the owner-occupancy rate in the moderate-income census tracts compares to the owner-occupancy rate in the middle-income census tract (68.6 percent), there are fewer housing units located in the moderate-income census tracts. This data indicates fewer people own their homes within the low- and moderate census tracts compared to the middle and upper-income census tracts, which have owner occupancy rates of 68.6 and 84.4 percent, respectively. Further, the Cedar Rapids, IA MSA assessment area has 76,927 owner-occupied housing units, with 18.1 percent of these units located in the moderate-income census tracts. Comparatively, only 0.3 percent of owner-occupied units are located in the single low-income census tract. Of the 26,813 rental housing units in the Cedar Rapids, Iowa MSA, 35.8 percent are located in the moderate-income census tracts, while 59.2 percent are located in the low-income census tract. Additionally, the Cedar Rapids, IA MSA assessment area has 7,307 vacant units and only 7.2 percent of vacant units are located in the moderate-income census tracts, and 23.3 percent are located in the low-income census tract. A community representative stated that there is a low inventory of affordable housing in the assessment area, and that affordability is largely affected by the rise in rental prices. The representative added that there is a deficit of single-family homes and they believe single-family homes would better support the needs of most LMI families in the area. Furthermore, the representative stated that although there is currently a shortage of single-family homes in the metropolitan areas, they are experiencing an increase in permits resulting from government-incentivized housing in the area.

The following table presents recent housing cost trends within Cedar Rapids, IA MSA and the state of Iowa. Based on the 2010 census information, the median housing and gross rent values in the assessment area are \$146,011 and \$681, respectively. From 2010 to 2015, the MSA experienced an increase in median housing value of 9.1 percent. The state of Iowa also experienced an increase in median housing value of 8.4 percent. The increase in median housing value for the MSA was greater than that of the state of Iowa. Median gross rents within the assessment area have increased at rates similar to the state of Iowa. From 2010 to 2015, the MSA experienced an increase of 11.6 percent in median gross rents, while the state of Iowa saw a similar increase of 13.0 percent over the same period. A community representative indicated that Linn County has seen some increase in new housing production, which may contribute to the increase in median housing values.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.40, compared to the ratio observed in the state of Iowa 0.41. Overall, this data indicates that housing is slightly less affordable within the Cedar Rapids, Iowa MSA assessment area, compared to the state of Iowa.

| Trends in Housing Costs<br>2010 and 2015   |                                      |                                      |                                   |                                   |                                     |
|--|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| Area   | 2006-2010<br>Median<br>Housing Value | 2011-2015<br>Median Housing<br>Value | 2006-2010<br>Median<br>Gross Rent | 2011-2015<br>Median<br>Gross Rent | 2011-2015<br>Affordability<br>Ratio |
| Benton County, IA  | 128,900                              | 140,600                              | 527                               | 593                               | 0.43                                |
| Jones County, IA   | 106,900                              | 129,300                              | 607                               | 599                               | 0.43                                |
| Linn County, IA  | 136,400                              | 147,400                              | 620                               | 695                               | 0.40                                |
| Cedar Rapids, IA MSA   | 133,851                              | 146,011                              | 610                               | 681                               | 0.40                                |
| State of Iowa  | 119,200                              | 129,200                              | 617                               | 697                               | 0.41                                |
| Source: 2010—U.S. Census Bureau: Decennial Census<br>2011-2015—U.S. Census Bureau: American Community Survey |                                      |                                      |                                   |                                   |                                     |

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on the change in the foreclosure inventory rate (FIR) at the county level. The FIR measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle. Foreclosure inventory rates in all assessment area counties and the state of Iowa have declined since 2011. As of December 2015, the state of Iowa foreclosure inventory rates was 1.3 percent, which is consistent with Benton and Linn County. Most noteworthy is Jones County's foreclosure inventory rate drop of 1.9 percentage points from the 2012 average of 4.4 percent to its 2015 average of 2.5 percent. The smaller percentage of properties in the process of foreclosure indicates substantive improvement in the local economic environment.

| Foreclosure Inventory Rates (%)         |      |      |      |      |      |
|---|------|------|------|------|------|
| Area                                    | 2011 | 2012 | 2013 | 2014 | 2015 |
| Benton County, IA                       | 2.6  | 2.8  | 2.5  | 1.7  | 1.3  |
| Jones County, IA                        | 3.9  | 4.4  | 3.5  | 2.6  | 2.5  |
| Linn County, IA                         | 2.1  | 2.3  | 2.0  | 1.4  | 1.2  |
| State of Iowa                           | 2.6  | 2.7  | 2.3  | 1.5  | 1.3  |
| Source: Federal Reserve Bank of Chicago |      |      |      |      |      |

## Bankruptcy Rates

According to the Administrative Office of the U.S. Courts, bankruptcy filings fell throughout the assessment area and the state of Iowa since the previous evaluation. Between 2015 and 2016, Cedar Rapids, IA MSA posted a decline in personal bankruptcy filings from 1.4 to 1.2 per 1,000. The rate of decline for bankruptcy filings in Cedar Rapids, IA MSA was slightly better than the state of Iowa as a whole, which had a decline from 1.4 to 1.3 over the same period. Cedar Rapids, IA MSA saw a slight decrease in personal bankruptcy filings between 2013 and 2014 from 1.8 to 1.5 per 1,000, which was similar to the decrease experienced by the state of Iowa's 2014 personal bankruptcy filings from 1.8 to 1.6 per 1,000.

| Personal Bankruptcy Filing Rate<br>(per 1,000 population) |      |      |      |      |
|---|------|------|------|------|
| Area  | 2013 | 2014 | 2015 | 2016 |
| Benton County, IA   | 1.2  | 1.3  | 1.1  | 1.0  |
| Jones County, IA  | 1.6  | 0.9  | 1.0  | 0.5  |
| Linn County, IA   | 1.9  | 1.6  | 1.5  | 1.3  |
| Cedar Rapids, IA MSA                                      | 1.8  | 1.5  | 1.4  | 1.2  |
| State of Iowa   | 1.8  | 1.6  | 1.4  | 1.3  |
| Source: Administrative Office of the U.S. Courts          |      |      |      |      |

## Employment Conditions

The following table presents the unemployment trends for the assessment area (Cedar Rapids, IA MSA in its entirety) and for the state of Iowa from 2013 to 2016. In 2013, the unemployment rate for the Cedar Rapids, Iowa MSA was 4.9 percent. This figure is slightly higher than the state of Iowa's rate of 4.6 percent. Overall, unemployment has steadily declined from 2013 to 2016, which is consistent with national trends due to improving economic conditions.

| Unemployment Rates   |      |      |      |      |
|--|------|------|------|------|
| Region   | 2013 | 2014 | 2015 | 2016 |
| Benton County, IA  | 5.0  | 4.8  | 4.0  | 3.6  |
| Jones County, IA   | 5.5  | 5.1  | 4.3  | 4.3  |
| Linn County, IA  | 4.8  | 4.6  | 3.9  | 3.7  |
| Cedar Rapids, IA MSA   | 4.9  | 4.6  | 3.9  | 3.8  |
| State of Iowa  | 4.6  | 4.4  | 3.8  | 3.7  |
| Source: Bureau of Labor Statistics: Local Area Unemployment Statistics |      |      |      |      |

## Industry Characteristics

The following table illustrates the largest employers operating within the assessment area (Cedar Rapids, IA MSA). According to the America's Labor Market Information System (ALMIS), the assessment area contains a diverse employment base; however, is heavily impacted by manufacturing industries, insurance and financial services, health and hospital services, and schools. Community representatives indicated that while some manufacturers in neighboring communities have not struggled with retained or grown their workforce, others are struggling to find skilled labor in manufacturing and higher paying jobs.

| Largest Employers in the Assessment Area                       |                     |  |
|--|---------------------|--|
| Company  | Number of Employees | Industry                                 |
| Rockwell Collins Inc.  | 8,000               | Aircraft Components-Manufacturers        |
| Helping Hands AVP  | 4,500               | Medical & Surgical Service Organizations |
| Transamerica Life Insurance Co.                                | 3,500               | Insurance                                |
| CRST International Inc.  | 3,000               | Trucking-Motor Freight                   |
| Aegon USA Investment Management Inc.                           | 2,600               | Investment Management                    |
| St. Luke's Methodist Hospital-Administration                   | 2,500               | Health Services                          |
| Iowa Department of Transportation                              | 2,400               | State Government- Executive Offices      |
| Mercy Medical Center   | 1,861               | Hospitals                                |
| Kirkwood Community College                                     | 1,462               | Schools- Universities & Colleges         |
| Source: Business information provided by Infogroup®, Omaha, NE |                     |  |

## **Community Contacts**

Two community representatives, with a focus on economic development and affordable housing, were contacted to increase understanding of the credit needs and market conditions within the assessment area. As noted above, Linn County experienced some population growth due to migration from surrounding counties, which has contributed to a vibrant economy. Representative also stated that although the employment rates are steadily declining, with the exception of Jones County, businesses in the area typically struggle with employing a skilled workforce. The community representatives reported that housing continues to be a need throughout all income brackets and they believe that financial institutions could be more involved with housing development, which would attract skilled workforce to the area. Overall, both representatives stated that they believe financial institutions in the area have been generally active in supporting community projects and events that provide a boost of morale to the area, and support the credit needs of the area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CEDAR RAPIDS, IOWA MSA # 16300**

### **LENDING TEST**

Central State Banks's performance relative to the lending test within the Cedar Rapids, IA MSA is reasonable. Although low in volume due to the limited presence in this assessment area, HMDA-reportable, small business and small farm loans were reasonably dispersed among geographies in the assessment area and reasonably dispersed to borrowers of different income levels and businesses and farms of different sizes. In 2017, a new branch office with a full service ATM opened in a middle-income census tract in Cedar Rapids, Iowa and the assessment area delineation was expanded to include the entire Cedar Rapids, Iowa Metropolitan Statistical Area (MSA) # 16300. While dispersion is below aggregate, lending data was limited as the bank's ability to serve this assessment was limited to its branch in Walford, Iowa, which is located on the western edge of the MSA. The bank expects its lending volume and dispersion to improve as the branch in Cedar Rapids becomes more established. As a result, greater weight was given to the Northeast Iowa Non-MSA assessment areas with regard to the overall CRA rating.

### **Geographic Distribution of Loans**

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion of loans among the different census tracts within the assessment area given the low lending activity originating from the branch in Walford, Iowa. The bank's HMDA-reportable loans originated between January 1, 2015 through December 31, 2016 and a sample of small business and small farm loans originated from January 1, 2016 through December 31, 2016,

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.

The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included within the assessment area. While lending activity was limited, given the location of the branch no substantial disparities were noted.

### **HMDA-Reportable Lending**

The table below reflects a reasonable geographic distribution when compared to aggregate lenders and families by family income in 2016. In Appendix D, geographic distribution of 2015 HMDA-reportable loans shows similar results. The bank's primary HMDA-reportable products during the review period were home purchase, refinance, and home improvement loans. As the bank did not originate any multi-family loans in 2016, they were not evaluated. The low loan volume is the result of this being a new assessment area for the bank.

#### Home Purchase

Home purchase loans represent 40.0 percent of the bank's total HMDA-reportable loans in 2016, comprising two of five total HMDA-reportable loans. No loans were originated to borrowers in low- or moderate-income census tracts, which was below the aggregate lender rate at 0.1 percent and 15.9 percent, respectively. The lack of loans originated in low- and moderate-income census tracts was consistent with the 0.3 percent of owner-occupied housing units in low-income census tracts, but was significantly below the 18.1 percent owner-occupancy rate in moderate-income tracts.

#### Refinance

Refinance loans represent 40.0 percent of the bank's total HMDA-reportable loans in 2016. The bank originated 100 percent of its refinance loans in moderate-income census tracts, which was significantly above the 12.5 percent by aggregate lenders and above the 18.1 percent of owner-occupied housing in these census tracts. No refinance loans were originated in the low-income census tract; however, this is reasonable considering the aggregate lender performance in the low-income tract at 0.2 percent, and the owner-occupied percentage of units in the tract at 0.3 percent.

#### Home Improvement

Home improvement loans represent 20.0 percent of the bank's total HMDA-reportable loans in 2016. The bank did not originate any loans in low- or moderate-income tracts. This was below aggregate lender performance for these tracts at (0.2 percent and 15.2 percent, respectively). The lack of loans originated in low- and moderate-income census tracts was consistent with the 0.3

percent of owner-occupied housing units in low-income census tracts, but was significantly below the 18.1 percent owner-occupancy rate in moderate-income tracts.

The following table represents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans               |                     |                                     |       |       |                |       |          |   |
|--|---------------------|-------------------------------------|-------|-------|----------------|-------|----------|---|
| Assessment Area: 2016 Cedar Rapids, IA MSA 16300               |                     |                                     |       |       |                |       |          |   |
| Product Type   | Tract Income Levels | Bank & Aggregate Lending Comparison |       |       |                |       |          | Owner Occupied % of Units                         |
|  |                     | 2016                                |       |       |                |       |          |   |
|  |                     | Count                               |       | Agg % | Dollar         |       | Agg \$ % |   |
|  |                     | Bank #                              | %     |       | Bank \$ (000s) | %     |          |   |
| Home Purchase  | Low                 | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.0      | 0.3   |
|  | Moderate            | 0                                   | 0.0   | 15.9  | 0              | 0.0   | 11.0     | 18.1  |
|  | Middle              | 0                                   | 0.0   | 48.7  | 0              | 0.0   | 44.5     | 52.7  |
|  | Upper               | 2                                   | 100.0 | 35.2  | 355            | 100.0 | 44.5     | 29.0  |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0   |
|  | Total               | 2                                   | 100.0 | 100.0 | 355            | 100.0 | 100.0    | 100.0   |
| Refinance  | Low                 | 0                                   | 0.0   | 0.2   | 0              | 0.0   | 0.1      | 0.3   |
|  | Moderate            | 2                                   | 100.0 | 12.5  | 105            | 100.0 | 8.2      | 18.1  |
|  | Middle              | 0                                   | 0.0   | 46.1  | 0              | 0.0   | 43.7     | 52.7  |
|  | Upper               | 0                                   | 0.0   | 41.1  | 0              | 0.0   | 48.0     | 29.0  |
|  | Unknown             | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.0   |
|  | Total               | 2                                   | 100.0 | 100.0 | 105            | 100.0 | 100.0    | 100.0   |
| Home Improvement   | Low                 | 0                                   | 0.0   | 0.2   | 0              | 0.0   | 0.2      | 0.3   |
|  | Moderate            | 0                                   | 0.0   | 15.2  | 0              | 0.0   | 12.0     | 18.1  |
|  | Middle              | 0                                   | 0.0   | 51.1  | 0              | 0.0   | 50.0     | 52.7  |
|  | Upper               | 1                                   | 100.0 | 33.6  | 70             | 100.0 | 37.9     | 29.0  |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0   |
|  | Total               | 1                                   | 100.0 | 100.0 | 70             | 100.0 | 100.0    | 100.0   |
| Multi-Family   | Low                 | 0                                   | 0.0   | 4.1   | 0              | 0.0   | 0.1      | Multi-Family<br>3.3<br>29.2<br>57.7<br>9.9<br>0.0 |
|  | Moderate            | 0                                   | 0.0   | 38.8  | 0              | 0.0   | 36.3     |   |
|  | Middle              | 0                                   | 0.0   | 49.0  | 0              | 0.0   | 41.3     |   |
|  | Upper               | 0                                   | 0.0   | 8.2   | 0              | 0.0   | 22.2     |   |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |   |
|  | Total               | 0                                   | 0.0   | 100.0 | 0              | 0.0   | 100.0    | 100.0   |
| HMDA Totals  | Low                 | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.3   |
|  | Moderate            | 2                                   | 40.0  | 14.7  | 105            | 19.8  | 10.9     | 18.1  |
|  | Middle              | 0                                   | 0.0   | 47.8  | 0              | 0.0   | 44.1     | 52.7  |
|  | Upper               | 3                                   | 60.0  | 37.3  | 425            | 80.2  | 44.8     | 29.0  |
|  | Unknown             | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.0   |
|  | Total               | 5                                   | 100.0 | 100.0 | 530            | 100.0 | 100.0    | 100.0   |
| Originations & Purchases                                       |                     |                                     |       |       |                |       |          |   |
| 2016 FFIEC Census Data   |                     |                                     |       |       |                |       |          |   |
| Note: Percentages may not add to 100.0 percent due to rounding |                     |                                     |       |       |                |       |          |   |

## Small Business Lending

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area given the low volume of lending activity and the location of the bank branch relative to the low- and moderate-income census tracts for this review period. As shown below, approximately 21.3 percent of the assessment area's businesses are located in moderate-income census tracts, while 5.1 percent of the assessment area's businesses are located in low-income census tracts. Based upon the sample of loans reviewed for this evaluation, the bank did not make any small business loans in the low- and moderate-income census tracts. With a combined 26.4 percent of total businesses located in low- and moderate-income census tracts, the assessment area presents opportunity for lending to small businesses in these tracts. The recent opening of the Cedar Rapids branch, which is in close proximity to the low- and moderate-income census tracts = will create additional lending opportunities for the bank.

| <b>Geographic Distribution of Small Business Loans</b>                           |                            |  |              |                |              |                         |
|--|----------------------------|--|--------------|----------------|--------------|-------------------------|
| <b>Assessment Area: 2016 Cedar Rapids, IA MSA 16300</b>                          |                            |  |              |                |              |                         |
|  | <b>Tract Income Levels</b> | <b>Bank &amp; Demographic Comparison</b> |              |                |              |                         |
|  |                            | <b>Count</b>                             |              | <b>Dollar</b>  |              | <b>Total Businesses</b> |
|  |                            | <b>Bank</b>                              |              | <b>Bank</b>    |              |                         |
|  |                            | <b>#</b>                                 | <b>%</b>     | <b>\$ 000s</b> | <b>\$ %</b>  | <b>%</b>                |
| <b>Small Business</b>  | Low                        | 0  | 0.0          | 0              | 0.0          | 5.1                     |
|  | Moderate                   | 0  | 0.0          | 0              | 0.0          | 21.3                    |
|  | Middle                     | 1  | 33.3         | 35             | 3.9          | 46.5                    |
|  | Upper                      | 2  | 66.7         | 870            | 96.1         | 27.1                    |
|  | Unknown                    | 0  | 0.0          | 0              | 0.0          | 0.0                     |
|  | <b>Total</b>               | <b>3</b>                                 | <b>100.0</b> | <b>905</b>     | <b>100.0</b> | <b>100.0</b>            |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                            |  |              |                |              |                         |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i>            |                            |  |              |                |              |                         |

## Small Farm Lending

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area given the limited lending volume, location of branches relative to the moderate-income census tract and limited opportunities to lend in the low- and moderate-income census tracts. Based upon demographic information, no farms are located in low-income census tracts and only 10.5 percent of farms are located in the moderate-income census tracts. The bank originated one small farm loan during the evaluation period, located in an upper-income census tract.

| Geographic Distribution of Small Farm Loans                                      |                     |                               |       |             |       |             |
|--|---------------------|-------------------------------|-------|-------------|-------|-------------|
| Assessment Area: 2016 Cedar Rapids, IA MSA 16300                                 |                     |                               |       |             |       |             |
|  | Tract Income Levels | Bank & Demographic Comparison |       |             |       |             |
|  |                     | 2016                          |       |             |       | Total Farms |
|  |                     | Count Bank                    |       | Dollar Bank |       |             |
|  |                     | #                             | %     | \$ 000s     | \$ %  | %           |
| Small Farm   | Low                 | 0                             | 0.0   | 0           | 0.0   | 0.0         |
|  | Moderate            | 0                             | 0.0   | 0           | 0.0   | 10.5        |
|  | Middle              | 0                             | 0.0   | 0           | 0.0   | 68.0        |
|  | Upper               | 1                             | 100.0 | 133         | 100.0 | 21.6        |
|  | Unknown             | 0                             | 0.0   | 0           | 0.0   | 0.0         |
|  | Total               | 1                             | 100.0 | 133         | 100.0 | 100.0       |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                     |                               |       |             |       |             |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                     |                               |       |             |       |             |

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

The bank's HMDA-reportable, small business, and small farm lending reflects reasonable penetration of lending among individuals of different income levels, including low- and moderate-income individuals, and to businesses and farms of different sizes given the low lending activity originating from the branch in Walford, Iowa.

### HMDA-Reportable Lending

The table below indicates reasonable borrower distribution when compared to aggregate lenders and families by family income in 2016. In Appendix D, borrower distribution of 2015 HMDA-reportable loans shows similar results. Although this assessment area has limited loan volume, the bank's primary HMDA-reportable products were home purchase, refinance, and home improvement loans. Due to lack of originations, multi-family loans were not evaluated.

#### Home Purchase

Home purchase loans represent 40.0 percent of the bank's total HMDA-reportable loans in 2016, comprising two of total five total HMDA-reportable loans. No loans were originated to low- or moderate-income borrowers. This performance is significantly below the aggregate lending rate of 13.9 percent to low-income borrowers and the 17.7 percent of low-income families in the assessment area. Similarly, the bank's lack of lending was significantly below the 23.9 percent of loans made by aggregate lenders to moderate-income borrowers and the 19.4 percent of moderate-income families in the assessment area.

### Refinance

Refinance loans represent 40.0 percent of the bank's total HMDA-reportable loans in 2016. One refinance loan, or 50.0 percent, was originated to a low-income borrower, which was significantly above aggregate lenders and the percentage of low-income families in the assessment area at 7.5 and 17.7 percent, respectively. One refinance loan, or 50.0 percent, was originated to a moderate-income borrower, which was also significantly above aggregate lenders and the percentage of moderate-income families in the assessment area at 16.3 and 19.4 percent, respectively.

### Home Improvement

One home improvement loan representing 20.0 percent of total HMDA-reportable loans was originated in the assessment area in 2016. This loan was originated to a moderate-income borrower. The bank did not originate any loans to low-income borrowers, while aggregate lenders originated 9.4 percent of home improvement loans to low-income borrowers and 17.7 percent of families in the assessment are low-income.

The following table represents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans                 |                        |                                     |       |       |               |       |          |                             |
|--|------------------------|-------------------------------------|-------|-------|---------------|-------|----------|-----------------------------|
| Assessment Area: 2016 Cedar Rapids, IA MSA 16300               |                        |                                     |       |       |               |       |          |                             |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |       |       |               |       |          | Families by Family Income % |
|  |                        | 2016                                |       |       |               |       |          |                             |
|  |                        | Count                               |       | Agg % | Dollar        |       | Agg \$ % |                             |
|  |                        | Bank #                              | %     |       | Bank \$(000s) | \$ %  |          |                             |
| Home Purchase  | Low                    | 0                                   | 0.0   | 13.9  | 0             | 0.0   | 8.4      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 23.9  | 0             | 0.0   | 18.8     | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 21.5  | 0             | 0.0   | 20.7     | 23.6                        |
|  | Upper                  | 1                                   | 50.0  | 23.4  | 155           | 43.7  | 33.4     | 39.2                        |
|  | Unknown                | 1                                   | 50.0  | 17.2  | 200           | 56.3  | 18.6     | 0.0                         |
|  | Total                  | 2                                   | 100.0 | 100.0 | 355           | 100.0 | 100.0    | 100.0                       |
| Refinance  | Low                    | 1                                   | 50.0  | 7.5   | 44            | 41.9  | 3.9      | 17.7                        |
|  | Moderate               | 1                                   | 50.0  | 16.3  | 61            | 58.1  | 11.2     | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 19.0  | 0             | 0.0   | 16.5     | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 35.5  | 0             | 0.0   | 45.6     | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 21.7  | 0             | 0.0   | 22.8     | 0.0                         |
|  | Total                  | 2                                   | 100.0 | 100.0 | 105           | 100.0 | 100.0    | 100.0                       |
| Home Improvement   | Low                    | 0                                   | 0.0   | 9.4   | 0             | 0.0   | 5.3      | 17.7                        |
|  | Moderate               | 1                                   | 100.0 | 20.6  | 70            | 100.0 | 12.8     | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 22.5  | 0             | 0.0   | 20.5     | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 38.9  | 0             | 0.0   | 48.5     | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 8.6   | 0             | 0.0   | 12.9     | 0.0                         |
|  | Total                  | 1                                   | 100.0 | 100.0 | 70            | 100.0 | 100.0    | 100.0                       |
| Multi-Family   | Low                    | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 100.0 | 0             | 0.0   | 100.0    | 0.0                         |
|  | Total                  | 0                                   | 0.0   | 100.0 | 0             | 0.0   | 100.0    | 100.0                       |
| HMDA Totals  | Low                    | 1                                   | 20.0  | 11.1  | 44            | 8.3   | 6.1      | 17.7                        |
|  | Moderate               | 2                                   | 40.0  | 20.7  | 131           | 24.7  | 14.7     | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 20.5  | 0             | 0.0   | 18.1     | 23.6                        |
|  | Upper                  | 1                                   | 20.0  | 28.8  | 155           | 29.2  | 37.3     | 39.2                        |
|  | Unknown                | 1                                   | 20.0  | 18.8  | 200           | 37.7  | 23.8     | 0.0                         |
|  | Total                  | 5                                   | 100.0 | 100.0 | 530           | 100.0 | 100.0    | 100.0                       |
| Originations & Purchases                                       |                        |                                     |       |       |               |       |          |                             |
| 2016 FFIEC Census Data   |                        |                                     |       |       |               |       |          |                             |
| Note: Percentages may not add to 100.0 percent due to rounding |                        |                                     |       |       |               |       |          |                             |

## Small Business Lending

The borrower distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. As stated below, businesses with \$1 million or less in revenue comprise 88.8 percent of business in the assessment area. The bank originated 100.0 percent of small business loans by number and 100.0 percent by dollar amount to businesses with revenues of \$1 million or less.

| Small Business Lending By Revenue & Loan Size                                    |                                  |                             |                               |       |             |       |                  |
|--|----------------------------------|-----------------------------|-------------------------------|-------|-------------|-------|------------------|
| Assessment Area: 2016 Cedar Rapids, IA MSA 16300                                 |                                  |                             |                               |       |             |       |                  |
| Product Type   |                                  |                             | Bank & Demographic Comparison |       |             |       |                  |
|  |                                  |                             | 2016                          |       |             |       |                  |
|  |                                  |                             | Count Bank                    |       | Dollar Bank |       | Total Businesses |
|  |                                  |                             | #                             | %     | \$ 000s     | \$ %  | %                |
| Small Business   | Revenue                          | \$1 Million or Less         | 3                             | 100.0 | 905         | 100.0 | 88.8             |
|  |                                  | Over \$1 Million or Unknown | 0                             | 0.0   | 0           | 0.0   | 11.2             |
|  |                                  | Total                       | 3                             | 100.0 | 905         | 100.0 | 100.0            |
|  | Loan Size                        | \$100,000 or Less           | 1                             | 33.3  | 35          | 3.9   |                  |
|  |                                  | \$100,001 - \$250,000       | 1                             | 33.3  | 170         | 18.8  |                  |
|  |                                  | \$250,001 - \$1 Million     | 1                             | 33.3  | 700         | 77.3  |                  |
|  |                                  | Total                       | 3                             | 100.0 | 905         | 100.0 |                  |
|  | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less           | 1                             | 33.3  | 35          | 3.9   |                  |
|  |                                  | \$100,001 - \$250,000       | 1                             | 33.3  | 170         | 18.8  |                  |
|  |                                  | \$250,001 - \$1 Million     | 1                             | 33.3  | 700         | 77.3  |                  |
|  |                                  | Total                       | 3                             | 100.0 | 905         | 100.0 |                  |
| Originations & Purchases   |                                  |                             |                               |       |             |       |                  |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                  |                             |                               |       |             |       |                  |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                  |                             |                               |       |             |       |                  |

## Small Farm Lending

The borrower distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. Farms with \$1 million or less in revenue comprise 99.4 percent of farms in the assessment area. The bank originated one small farm loan during the evaluation period.

| Small Farm Lending By Revenue & Loan Size  |                                  |                             |                               |       |             |       |             |
|--|----------------------------------|-----------------------------|-------------------------------|-------|-------------|-------|-------------|
| Assessment Area: 2016 Cedar Rapids, IA MSA 16300                                 |                                  |                             |                               |       |             |       |             |
| Product Type   |                                  |                             | Bank & Demographic Comparison |       |             |       |             |
|  |                                  |                             | 2016                          |       |             |       | Total Farms |
|  |                                  |                             | Count Bank                    |       | Dollar Bank |       |             |
|  |                                  |                             | #                             | %     | \$ 000s     | \$ %  | %           |
| Small Farm   | Revenue                          | \$1 Million or Less         | 1                             | 100.0 | 133         | 100.0 | 99.4        |
|  |                                  | Over \$1 Million or Unknown | 0                             | 0.0   | 0           | 0.0   | 0.6         |
|  |                                  | Total                       | 1                             | 100.0 | 133         | 100.0 | 100.0       |
|  | Loan Size                        | \$100,000 or Less           | 0                             | 0.0   | 0           | 0.0   |             |
|  |                                  | \$100,001 - \$250,000       | 1                             | 100.0 | 133         | 100.0 |             |
|  |                                  | \$250,001 - \$500,000       | 0                             | 0.0   | 0           | 0.0   |             |
|  |                                  | Total                       | 1                             | 100.0 | 133         | 100.0 |             |
|  | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less           | 0                             | 0.0   | 0           | 0.0   |             |
|  |                                  | \$100,001 - \$250,000       | 1                             | 100.0 | 133         | 100.0 |             |
|  |                                  | \$250,001 - \$500,000       | 0                             | 0.0   | 0           | 0.0   |             |
|  |                                  | Total                       | 1                             | 100.0 | 133         | 100.0 |             |
|  | Originations & Purchases         |                             |                               |       |             |       |             |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                  |                             |                               |       |             |       |             |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                  |                             |                               |       |             |       |             |

## **NORTHEAST IOWA NON-METROPOLITAN AREA- FULL REVIEW**

### **SCOPE OF EXAMINATION**

The scope of this section is consistent with the overall scope of the examination described within the institution summary. For further information, refer to the scope contained in the introduction section of this report.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTHEAST IOWA NON-METROPOLITAN AREA**

Central State Bank's assessment area consists of Clayton County, Iowa, in its entirety, census tract 9604 in Allamakee County, Iowa and census tracts 9605 and 9606 in Crawford County, Wisconsin. Since the previous performance evaluation, the bank closed the Volga branch, closing on March 6, 2015. At the time of closure, the branch was located in a middle-income census tract in Clayton County, Iowa. The assessment area has expanded since the previous examination to include all of Clayton County, Iowa; the bank had previously taken four of the county's six census tracts. The bank's main office, three branches, two full-service automated teller machines (ATMs), and one cash-dispensing only ATM are located in this assessment area. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2017, ranks Central State Bank seventh among 17 FDIC-insured institutions in the assessment area. The bank had a 5.1 percent market share, compared to the market leader, Luana Savings Bank, at 30.4 percent of the assessment area's deposits. The bank originated 36 HMDA-reportable loans during 2016, which ranks the bank 4<sup>th</sup> out of 85 HMDA reporting institutions in the assessment area. Comparatively, Luana Savings Bank was ranked first in HMDA-reportable loan originations in 2016 with 96 originations.

The bank's assessment area is comprised of nine census tracts, all of which are designated middle-income census tracts. Six of the nine census tracts, all of which are located in Clayton County, are designated underserved due to their rural location. The assessment area is home to 7,242 families, of which, 7.4 percent are living in poverty. Based on family income, low- and moderate-income families represent 36.4 percent of all families living in the assessment area. The assessment area contains 13,201 housing units; 63.9 percent of housing units are owner-occupied, 19.7 percent are rental units, and 16.4 percent are vacant. Businesses and farms with \$1 million or less in total annual revenue represent 91.0 percent of all businesses and 99.8 percent of all farms operating in the assessment area. Based on this data, there are various opportunities within the assessment area to meet the credit needs of borrowers of different income levels, and ample opportunities to meet the credit needs of businesses and farms of different revenue sizes. Additional demographic information for the assessment area is presented in the table below.

| Assessment Area: 2016 IA Non MSA   |                                 |                        |                                    |       |  |       |                           |       |      |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |      |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |      |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 1,252                     | 17.3  |      |
| Moderate-income  | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 1,382                     | 19.1  |      |
| Middle-income  | 9                               | 100.0                  | 7,242                              | 100.0 | 539  | 7.4   | 2,078                     | 28.7  |      |
| Upper-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 2,530                     | 34.9  |      |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Total Assessment Area  | 9                               | 100.0                  | 7,242                              | 100.0 | 539  | 7.4   | 7,242                     | 100.0 |      |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |      |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |      |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |      |
| Low-income   | 0                               |                        | 0                                  | 0.0   | 0.0  | 0     | 0.0                       | 0     | 0.0  |
| Moderate-income  | 0                               |                        | 0                                  | 0.0   | 0.0  | 0     | 0.0                       | 0     | 0.0  |
| Middle-income  | 13,201                          |                        | 8,435                              | 100.0 | 63.9   | 2,601 | 19.7                      | 2,165 | 16.4 |
| Upper-income   | 0                               |                        | 0                                  | 0.0   | 0.0  | 0     | 0.0                       | 0     | 0.0  |
| Unknown-income   | 0                               |                        | 0                                  | 0.0   | 0.0  | 0     | 0.0                       | 0     | 0.0  |
| Total Assessment Area  | 13,201                          |                        | 8,435                              | 100.0 | 63.9   | 2,601 | 19.7                      | 2,165 | 16.4 |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |      |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |      |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |      |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Moderate-income  | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Middle-income  | 1,409                           | 100.0                  | 1,282                              | 100.0 | 91   | 100.0 | 36                        | 100.0 |      |
| Upper-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Total Assessment Area  | 1,409                           | 100.0                  | 1,282                              | 100.0 | 91   | 100.0 | 36                        | 100.0 |      |
|  | Percentage of Total Businesses: |                        |                                    | 91.0  |  | 6.5   |                           | 2.6   |      |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |      |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |      |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |      |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Moderate-income  | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Middle-income  | 477                             | 100.0                  | 476                                | 100.0 | 1  | 100.0 | 0                         | 0.0   |      |
| Upper-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |      |
| Total Assessment Area  | 477                             | 100.0                  | 476                                | 100.0 | 1  | 100.0 | 0                         | 0.0   |      |
|  | Percentage of Total Farms:      |                        |                                    | 99.8  |  | 0.2   |                           | 0.0   |      |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |      |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |      |

## Population Characteristics

As presented in the table below, all three counties located within the assessment area experienced a decrease in population from 2010 to 2015, compared to the states of Iowa and Wisconsin, which exhibited a respective 1.6 and 1.0 percent increase during the same period. According to community representatives, Clayton County, a predominately-rural community, has experienced a declining population trend as farms consolidate and individuals migrate to pursue education and other career opportunities. Community representatives stated that education related migration is more common among the younger populations. This is consistent with 2010 U.S. Census data, which indicates only 6.4 percent of the total population living in Clayton County are between 18 and 24 years of age. Comparatively, 51.1 percent of the total population living in Clayton County is between 25 and 64 years of age. This trend is consistent within the assessment area, which reflects a 6.7 percent population between 18 and 24 years of age and 51.7 percent population between 25 and 64 years of age.

| Population Change<br>2010 and 2015   |                    |                      |                      |
|--|--------------------|----------------------|----------------------|
| Area   | 2010<br>Population | 2011-2015 Population | Percentage<br>Change |
| Assessment Area  | 26,304             | N/A                  | N/A                  |
| Allamakee County, IA   | 14,330             | 14,060               | -1.9%                |
| Clayton County, IA   | 18,129             | 17,806               | -1.8%                |
| Crawford County, WI  | 16,644             | 16,483               | -1.0%                |
| State of Iowa  | 3,046,355          | 3,093,526            | 1.6%                 |
| State of Wisconsin   | 5,686,986          | 5,742,117            | 1.0%                 |
| Source: 2010—U.S. Census Bureau: Decennial Census<br>2011 - 2015—U.S. Census Bureau: Annual Population Estimates |                    |                      |                      |

## Income Characteristics

The following table presents the median family income (MFI) for families living in the assessment area, the individual counties in the assessment area, and the states of Iowa and Wisconsin. Crawford and Clayton Counties, which contain eight of nine census tracts in the assessment area, experienced the highest growth in MFI at 10.9 and 11.0 percent respectively. This increase outperformed the states of Iowa and Wisconsin at 9.2 and 4.9 percent, respectively. Allamakee County's growth in MFI was significantly below the rest of the assessment area and state performances at 1.2 percent. Further, the MFI for all three counties was below the state averages, which is attributed to the rural nature of the counties. Community representatives attributed Clayton County's significant MFI increase to its tight labor market, causing competition for employers to retain employees in the area; whereas Allamakee County's stagnant MFI growth was attributed to its population commuting to neighboring counties for employment opportunities.

| Median Family Income Change<br>2010 and 2015   |   |                                |                      |
|--|---|--------------------------------|----------------------|
| Area   | 2006-2010<br>Median<br>Family<br>Income | 2011-2015 Median Family Income | Percentage<br>Change |
| Assessment Area  | 54,180                                  | N/A                            | N/A                  |
| Allamakee County, IA   | 55,926                                  | 56,614                         | 1.2%                 |
| Clayton County, IA   | 53,905                                  | 59,837                         | 11.0%                |
| Crawford County, WI  | 51,466                                  | 57,098                         | 10.9%                |
| State of Iowa  | 61,804                                  | 67,466                         | 9.2%                 |
| State of Wisconsin   | 64,869                                  | 68,064                         | 4.9%                 |
| Source: 2010—U.S. Census Bureau: Decennial Census<br>2011-2015—U.S. Census Bureau: American Community Survey |   |                                |                      |

## Housing Characteristics

Based on 2010 U.S. Census Bureau data, the assessment area is home to 7,242 families; 17.3 percent of these families are designated as low-income families and 19.1 percent are designated as moderate-income families. There are 13,201 housing units in the assessment area; 63.9 percent of these units are owner-occupied while 16.4 percent of units are vacant. Clayton County exhibited the highest owner-occupancy rate of the counties within the assessment area, at 66.2 percent, which is comparable to the state of Iowa owner-occupancy rate of 67.1 percent.

Conversely, Allamakee County exhibited the highest rate of vacant units within the assessment area at 23.6 percent, compared to the state of Iowa at 8.4 percent. Crawford County had a 22.1 percent vacancy rate, which also exceeded the state of Wisconsin's vacancy rate of 12.3 percent. Community representatives attributed the high vacancy rate in Allamakee County to an immigration raid at the largest employer in the area in 2008, which caused the closure of Agriprocessors a major employer. The plant re-opened in 2009 under the name Agri Star; however, the town has yet to fully recover. The raid had a substantial impact on vacant housing units and foreclosure inventory in the county for several years; however, the vacancy rate has since declined and there is a current need for affordable single- and multi-family housing units.

The median housing and gross rent values for the assessment area are considerably less when compared to their respective states, which is attributed to the rural nature of the counties. Based on the 2010 census information, the median housing and gross rent values in the assessment area are \$100,523 and \$482, respectively. The median housing and gross rent values for the counties within the assessment area and the state of Iowa have increased from 2010 to 2015, whereas the median housing value decreased slightly for the state of Wisconsin over the same period.

From 2010 to 2015, Clayton County experienced the greatest increase in median housing and gross rent values at 10.6 percent and 23.4 percent, respectively. This increase is considerably more than the state of Iowa, which exhibited an 8.4 percent increase in median housing value and 13.0 percent increase in median gross rent value over the same time. Community representatives indicated that there is a need for new and affordable housing in the area, citing loss of homes due to flooding and an aging housing stock. Community representatives further stated that new construction in the area is typically custom-built on an individual basis and there is a need for larger residential development and housing rehabilitation.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratios for Allamakee County and Clayton County are 0.41 and 0.45, respectively, compared to the ratio observed in the state of Iowa at 0.41. This data indicates that housing is slightly more affordable in Clayton County and similarly affordable in Allamakee County when compared to the state of Iowa. The affordability ratio for Crawford County is 0.36, which is higher than the ratio observed in the state of Wisconsin at 0.32, indicating that housing is slightly more affordable in Crawford County when compared to the state of Wisconsin.

The table below illustrates recent housing cost trends within the assessment area and the states of Iowa and Wisconsin.

| Trends in Housing Costs<br>2010 and 2015   |                                      |                                      |                                   |                                   |                                     |
|--|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| Location   | 2006-2010<br>Median Housing<br>Value | 2011-2015<br>Median Housing<br>Value | 2006-2010<br>Median<br>Gross Rent | 2011-2015<br>Median<br>Gross Rent | 2011-2015<br>Affordability<br>Ratio |
| <b>Assessment Area</b>   | 100,523                              | N/A                                  | 482                               | N/A                               | N/A                                 |
| <b>Allamakee County, IA</b>  | 105,200                              | 110,900                              | 484                               | 554                               | 0.41                                |
| <b>Clayton County, IA</b>  | 96,500                               | 106,700                              | 465                               | 574                               | 0.45                                |
| <b>Crawford County, WI</b>   | 113,900                              | 123,500                              | 526                               | 569                               | 0.36                                |
| <b>State of Iowa</b>   | 119,200                              | 129,200                              | 617                               | 697                               | 0.41                                |
| <b>State of Wisconsin</b>  | 169,000                              | 165,800                              | 713                               | 776                               | 0.32                                |
| Source: 2010—U.S. Census Bureau: Decennial Census<br>2011-2015—U.S. Census Bureau: American Community Survey |                                      |                                      |                                   |                                   |                                     |

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on the change in the foreclosure inventory rate (FIR) at the county level. The FIR measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle. Foreclosure inventory rates in all assessment area counties and the states of Iowa and Wisconsin have declined since 2011. As of December 2015, the states of Iowa and Wisconsin's foreclosure

inventory rates were 1.3 percent, which is below all three counties within the assessment area. Most noteworthy is Clayton County's foreclosure inventory rate drop of 3.0 percentage points from the 2011 average of 4.6 percent to its 2015 average of 1.6 percent. The smaller percentage of properties in the process of foreclosure indicates substantive improvement in the local economic environment. Community representatives attributed the high FIR in Allamakee and Clayton Counties to an immigration raid at the largest employer in the area in 2008, which caused the closure of Agriprocessors a major employer. The plant re-opened in 2009 under the name Agri Star; however, the town has yet to fully recover.

| Foreclosure Inventory Rates (%) |      |      |      |      |      |
|---------------------------------|------|------|------|------|------|
| Area                            | 2011 | 2012 | 2013 | 2014 | 2015 |
| Allamakee County, IA            | 2.3  | 2.9  | 2.2  | 1.7  | 2.2  |
| Clayton County, IA              | 4.6  | 4.3  | 3.2  | 1.4  | 1.6  |
| Crawford County, WI             | 5.2  | 4.2  | 2.5  | 3.2  | 3.1  |
| State of Iowa                   | 2.6  | 2.7  | 2.3  | 1.5  | 1.3  |
| State of Wisconsin              | 3.5  | 3.2  | 2.2  | 1.4  | 1.3  |

Source: Federal Reserve Bank of Chicago

## Bankruptcy Rates

According to the Administrative Office of the U.S. Courts, bankruptcy filings fell throughout the assessment area and the states of Iowa and Wisconsin since the previous evaluation. The 2016 bankruptcy filing rates per thousand people for the three counties are as follow: Allamakee County 0.4, Clayton County 0.9 and Crawford County 1.7. The figures generally compare favorably to the 2016 bankruptcy rate of 1.3 for the state of Iowa, 2.9 for the state of Wisconsin.

| Personal Bankruptcy Filing Rate<br>(per 1,000 population) |      |      |      |      |
|---|------|------|------|------|
| Area  | 2013 | 2014 | 2015 | 2016 |
| Allamakee County, IA                                      | 0.9  | 1.3  | 0.6  | 0.4  |
| Clayton County, IA  | 1.4  | 1.1  | 0.8  | 0.9  |
| Crawford County, WI                                       | 2.2  | 2.0  | 1.4  | 1.7  |
| State of Iowa   | 1.8  | 1.6  | 1.4  | 1.3  |
| State of Wisconsin  | 4.0  | 3.6  | 3.2  | 2.9  |

Source: Administrative Office of the U.S. Courts

## Employment Conditions

The following table presents the unemployment trends for the assessment area and for the states of Iowa and Wisconsin from 2013 to 2016. Overall, unemployment has steadily declined in all assessment area counties and the states of Iowa and Wisconsin from 2013 to 2016, which is consistent with national trends due to improving economic conditions. The counties in the assessment area have consistently experienced higher unemployment rates than their respective states. Higher unemployment rates can be attributed to various layoffs and closures occurring within all three counties in the assessment area between 2013 and 2016. These layoffs and closures occurred in Crawford County in 2013, and Allamakee and Clayton Counties in 2016. According to one community representative, there is not a shortage of job opportunities in Clayton County, but rather a shortage of affordable housing for individuals who qualify for the various skilled and non-skilled job opportunities in the area.

| Unemployment Rates   |      |      |      |      |
|--|------|------|------|------|
| Region   | 2013 | 2014 | 2015 | 2016 |
| Allamakee County, IA   | 6.4  | 5.9  | 5.0  | 5.0  |
| Clayton County, IA   | 5.8  | 5.2  | 4.2  | 4.3  |
| Crawford County, WI  | 7.4  | 7.0  | 5.9  | 5.0  |
| State of Iowa  | 4.6  | 4.4  | 3.8  | 3.7  |
| State of Wisconsin   | 6.7  | 5.5  | 4.6  | 4.1  |
| Source: Bureau of Labor Statistics: Local Area Unemployment Statistics |      |      |      |      |

## Industry Characteristics

The following table illustrates the largest employers operating within the Iowa non-metropolitan assessment area. The assessment area contains a diverse employment base; however, it is heavily impacted by meat packing, manufacturing industries, and health and hospital services. A community representative indicated there is currently an employment shortage in Clayton County. Caterpillar recently closed operations in Clayton County; affecting 125 workers. A community representative stated that Caterpillar welcomed local employers to recruit its employee base before its closure and the majority of impacted workers found new employment. The community representative also stated that Commercial Vehicle Group briefly closed its manufacturing plant in Clayton County in 2016 but has since returned and re-hired the majority of its former employees.

| Largest Employers in the Assessment Area                       |                     |  |
|--|---------------------|--|
| Company  | Number of Employees | Industry                                 |
| Cabela's   | 800                 | Sporting Goods-Retail                    |
| Agri Star  | 600                 | Meat Packing                             |
| 3M Co.   | 550                 | Manufacturing - Abrasives                |
| Audiology of Memorial Hospital                                 | 360                 | Health Services - Hearing Aids           |
| Crossing Rivers Health Medical Center                          | 300                 | Health Services - Hospital               |
| American Cancer Society  | 300                 | Health Services - Association            |
| Prairie Industries, Inc.                                       | 275                 | Manufacturers - Agents & Representatives |
| Commercial Vehicle Group                                       | 260                 | Manufacturer - Truck Equipment           |
| Walmart  | 250                 | Department Store                         |
| Source: Business information provided by Infogroup®, Omaha, NE |                     |  |

## Community Representatives

Two community representatives, with a focus on economic development and affordable housing, were contacted to increase understanding of the credit needs and market conditions within the assessment area. As noted above, economic conditions are improving since the recession; aiding in job creation throughout the assessment area. A major concern among the representatives was the overall need for affordable housing for families throughout the assessment area. This is reflective of the area's aging and declining population, whereby many individuals are retiring or relocating to more urban areas. An aging population has also caused many individuals to remain in their homes for a long time. As a result, there is an increased demand for single-family housing; particularly affordable housing that is safe and sanitary. While affordable housing programs are available to assist low- and moderate-income individuals, lower income housing typically faces greater deferred maintenance, especially given the aging housing stock. Overall, the representatives noted that financial institutions in the communities are supportive of their initiatives.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTHEAST IOWA NON-METROPOLITAN AREA**

### **LENDING TEST**

Central State Bank's overall performance relative to the lending test within the Northeast, Iowa Non-MSA is excellent. Loans showed excellent penetration among borrowers of different income levels and businesses and farms of different sizes. While the assessment area is comprised of only middle-income census tracts lending activity was widely dispersed throughout the assessment area.

#### **Geographic Distribution of Loans**

The assessment area is comprised only of middle-income census tracts and therefore the dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no gaps in lending within contiguous census tracts.

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

The borrower distribution of loans reflects excellent penetration among borrowers of different income levels and businesses and farms of different revenue sizes.

### HMDA – Reportable Lending

The table below indicates excellent borrower distribution when compared to aggregate lenders and families by family income in 2016. In addition, the lending distribution for 2016 indicated substantial improvement from 2015. Please refer to Appendix D for the 2015 distribution of HMDA reportable loans. The bank's primary HMDA-reportable products during the review period were home purchase, refinance, and home improvement loans. The bank's performance for originating home purchase and refinance loans is particularly notable considering one community contact identified affordable housing as a primary need for the assessment area. Due to minimal volume, multi-family loans were not evaluated.

#### *Home Purchase Loans*

In 2016, the bank made 13.3 percent of its home purchase loans to low-income borrowers, which was comparable to the 12.4 percent made by the aggregate lenders and below the 17.3 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank made 40.0 percent of its home purchase loans, significantly exceeding aggregate lenders and the moderate-income families located in the assessment area, at 25.2 and 19.1 percent, respectively.

#### *Refinance*

In 2016, the bank and aggregate lenders made 9.1 percent of refinance loans to low-income borrowers. This rate was considerably below the 17.3 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank made 36.4 percent of its refinance loans, which significantly exceeded aggregate lenders' percentage and the moderate-income families located in the assessment area, at 15.1 and 19.1 percent, respectively.

#### *Home Improvement*

In 2016, the bank made 10.0 percent of its home improvement loans to low-income borrowers, which was comparable to the 9.8 percent made by the aggregate lenders and below the 17.3 percent of low-income families located in the assessment area. The bank 20.0 percent of its home improvement loans to moderate-income borrowers, which is comparable to the 19.1 percent of moderate-income families in the assessment area, but falls below the aggregate lenders' rate of 27.2 percent.

| Borrower Distribution of HMDA Reportable Loans                 |                        |                                     |       |       |               |       |          |                             |
|--|------------------------|-------------------------------------|-------|-------|---------------|-------|----------|-----------------------------|
| Assessment Area: 2016 IA Non MSA                               |                        |                                     |       |       |               |       |          |                             |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |       |       |               |       |          | Families by Family Income % |
|  |                        | 2016                                |       |       |               |       |          |                             |
|  |                        | Count                               |       | Agg % | Dollar        |       | Agg \$ % |                             |
|  |                        | Bank #                              | %     |       | Bank \$(000s) | \$ %  |          |                             |
| Home Purchase  | Low                    | 2                                   | 13.3  | 12.4  | 125           | 9.9   | 8.2      | 17.3                        |
|  | Moderate               | 6                                   | 40.0  | 25.2  | 274           | 21.7  | 17.9     | 19.1                        |
|  | Middle                 | 2                                   | 13.3  | 14.7  | 239           | 18.9  | 14.7     | 28.7                        |
|  | Upper                  | 5                                   | 33.3  | 38.1  | 627           | 49.6  | 46.4     | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 9.6   | 0             | 0.0   | 12.8     | 0.0                         |
|  | Total                  | 15                                  | 100.0 | 100.0 | 1,265         | 100.0 | 100.0    | 100.0                       |
| Refinance  | Low                    | 1                                   | 9.1   | 9.1   | 123           | 7.1   | 3.6      | 17.3                        |
|  | Moderate               | 4                                   | 36.4  | 15.1  | 246           | 14.2  | 7.6      | 19.1                        |
|  | Middle                 | 1                                   | 9.1   | 17.7  | 69            | 4.0   | 9.8      | 28.7                        |
|  | Upper                  | 5                                   | 45.5  | 46.0  | 1,296         | 74.7  | 69.2     | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 12.1  | 0             | 0.0   | 9.9      | 0.0                         |
|  | Total                  | 11                                  | 100.0 | 100.0 | 1,734         | 100.0 | 100.0    | 100.0                       |
| Home Improvement   | Low                    | 1                                   | 10.0  | 9.8   | 39            | 10.0  | 3.1      | 17.3                        |
|  | Moderate               | 2                                   | 20.0  | 27.2  | 96            | 24.7  | 16.7     | 19.1                        |
|  | Middle                 | 2                                   | 20.0  | 21.7  | 151           | 38.8  | 22.1     | 28.7                        |
|  | Upper                  | 5                                   | 50.0  | 34.8  | 103           | 26.5  | 49.7     | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 6.5   | 0             | 0.0   | 8.4      | 0.0                         |
|  | Total                  | 10                                  | 100.0 | 100.0 | 389           | 100.0 | 100.0    | 100.0                       |
| Multi-Family   | Low                    | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 17.3                        |
|  | Moderate               | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 19.1                        |
|  | Middle                 | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 28.7                        |
|  | Upper                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 0.0                         |
|  | Total                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 100.0                       |
| HMDA Totals  | Low                    | 4                                   | 11.1  | 10.4  | 287           | 8.5   | 5.1      | 17.3                        |
|  | Moderate               | 12                                  | 33.3  | 20.9  | 616           | 18.2  | 11.5     | 19.1                        |
|  | Middle                 | 5                                   | 13.9  | 17.2  | 459           | 13.5  | 12.1     | 28.7                        |
|  | Upper                  | 15                                  | 41.7  | 41.2  | 2,026         | 59.8  | 60.5     | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 10.3  | 0             | 0.0   | 10.8     | 0.0                         |
|  | Total                  | 36                                  | 100.0 | 100.0 | 3,388         | 100.0 | 100.0    | 100.0                       |
| Originations & Purchases                                       |                        |                                     |       |       |               |       |          |                             |
| 2016 FFIEC Census Data   |                        |                                     |       |       |               |       |          |                             |
| Note: Percentages may not add to 100.0 percent due to rounding |                        |                                     |       |       |               |       |          |                             |

### Small Business Lending

The table below indicates an excellent distribution of small business lending by revenue and loan size. In 2016, the bank made 100 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which exceeds the 91.0 percent of total small businesses in the assessment area. Further, the bank made 89.7 percent of those loans to borrowers in amounts of \$100,000 or less, which are considered most beneficial to small businesses. The table below presents the distribution of small business loans in the assessment area.

| <b>Small Business Lending By Revenue &amp; Loan Size</b> |  |                               |    |                |       |                          |
|--|--|-------------------------------|----|----------------|-------|--------------------------|
| <b>Assessment Area: 2016 IA Non MSA</b>                  |  |                               |    |                |       |                          |
| Product Type   |  | Bank & Demographic Comparison |    |                |       |                          |
|  |  | 2016                          |    | 2016           |       | Total<br>Businesses<br>% |
|  |  | Count<br>Bank                 |    | Dollar<br>Bank |       |                          |
|  |  | #                             | %  | \$ 000s        | \$ %  |                          |
| Small Business   | Revenue                                | \$1 Million or Less           | 39 | 100.0          | 2,419 | 91.0                     |
|  |  | Over \$1 Million or Unknown   | 0  | 0.0            | 0     | 9.0                      |
|  |  | Total                         | 39 | 100.0          | 2,419 | 100.0                    |
|  | Loan Size                              | \$100,000 or Less             | 35 | 89.7           | 819   |                          |
|  |  | \$100,001 - \$250,000         | 3  | 7.7            | 600   |                          |
|  |  | \$250,001 - \$1 Million       | 1  | 2.6            | 1,000 |                          |
|  |  | Total                         | 39 | 100.0          | 2,419 |                          |
|  | Loan Size &<br>Rev \$1 Mill<br>or Less | \$100,000 or Less             | 35 | 89.7           | 819   |                          |
|  |  | \$100,001 - \$250,000         | 3  | 7.7            | 600   |                          |
|  |  | \$250,001 - \$1 Million       | 1  | 2.6            | 1,000 |                          |
|  |  | Total                         | 39 | 100.0          | 2,419 |                          |

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Small Farm Lending

The table below indicates an excellent distribution of small farm lending by revenue and loan size. In 2016, the bank made 100 percent of its small farm loans to farms reporting annual revenues of \$1 million or less, which was comparable to the 99.8 percent of total small farms in the assessment area. Further, the bank made 83.6 percent of those loans to borrowers in amounts of \$100,000 or less, demonstrating the bank's willingness to meet the credit needs of small farms. The table below presents the distribution of small farm loans in the assessment area.

| Small Farm Lending By Revenue & Loan Size  |                                  |                             |                               |       |             |       |             |
|--|----------------------------------|-----------------------------|-------------------------------|-------|-------------|-------|-------------|
| Assessment Area: 2016 IA Non MSA   |                                  |                             |                               |       |             |       |             |
| Product Type   |                                  |                             | Bank & Demographic Comparison |       |             |       |             |
|  |                                  |                             | 2016                          |       |             |       | Total Farms |
|  |                                  |                             | Count Bank                    |       | Dollar Bank |       |             |
|  |                                  |                             | #                             | %     | \$ 000s     | \$ %  | %           |
| Small Farm   | Revenue                          | \$1 Million or Less         | 73                            | 100.0 | 3,646       | 100.0 | 99.8        |
|  |                                  | Over \$1 Million or Unknown | 0                             | 0.0   | 0           | 0.0   | 0.2         |
|  |                                  | Total                       | 73                            | 100.0 | 3,646       | 100.0 | 100.0       |
|  | Loan Size                        | \$100,000 or Less           | 61                            | 83.6  | 1,202       | 33.0  |             |
|  |                                  | \$100,001 - \$250,000       | 10                            | 13.7  | 1,544       | 42.3  |             |
|  |                                  | \$250,001 - \$500,000       | 2                             | 2.7   | 900         | 24.7  |             |
|  |                                  | Total                       | 73                            | 100.0 | 3,646       | 100.0 |             |
|  | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less           | 61                            | 83.6  | 1,202       | 33.0  |             |
|  |                                  | \$100,001 - \$250,000       | 10                            | 13.7  | 1,544       | 42.3  |             |
|  |                                  | \$250,001 - \$500,000       | 2                             | 2.7   | 900         | 24.7  |             |
|  |                                  | Total                       | 73                            | 100.0 | 3,646       | 100.0 |             |
|  | Originations & Purchases         |                             |                               |       |             |       |             |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                  |                             |                               |       |             |       |             |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                  |                             |                               |       |             |       |             |

## **IOWA CITY, IOWA METROPOLITAN STATISTICAL AREA (MSA # 26980) – Limited Review**

### **SCOPE OF THE REVIEW**

The scope for this assessment area is consistent with the scope presented in the overall section. Please refer to scope in the introduction section for more detailed information.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA CITY, IOWA MSA #26980**

Central State Bank's assessment area encompasses a portion of the Iowa City, Iowa MSA #26980 (Johnson County, in its entirety) and census tracts 9601, 9602, and 9604 in neighboring Non-MSA Iowa County, Iowa. The Iowa City, Iowa MSA is located in the east-central portion of Iowa and consists of Johnson and Washington Counties. The bank's assessment area includes Johnson County, in its entirety, and maintains 14.3 percent of its offices in this assessment area.

The bank maintains operations in the Iowa City, Iowa MSA assessment area through its sole branch office with one cash-only dispensing ATM located in an upper-income census tract in Coralville, Iowa. It offers a full range of products and services including home mortgage, agricultural, commercial, and consumer installment loans. The bank also offers a variety of standard deposit products including checking, savings, money market, and certificate of deposit accounts. Since the previous performance evaluation, the bank closed one branch and one cash-dispensing only ATM at 202 North Linn Street in Iowa City, Iowa. The Iowa City branch and ATM closings occurred on October 11, 2017. At the time of closure, the branch and ATM were located in a middle-income census tract in Johnson County, Iowa.

In addition, Central State Bank holds a 1.1 percent deposit market share of the Federal Deposit Insurance Corporation (FDIC)-insured deposits, ranking 13th out of 14 FDIC-insured financial institutions operating in the Iowa City MSA (Iowa and Johnson Counties) as of June 30, 2017. By comparison, top three financial institutions by deposit market share are: Hills Bank and Trust Company, 71.8 percent; MidwestOne Bank, 18.2 percent; and U.S. Bank National Association, 9.1 percent. The bank identified MidwestOne Bank and Hills Bank and Trust Company as the primary competitors in the region.

| Assessment Area: 2016 Iowa City, IA MSA 26980                                    |                                 |                        |                                    |       |  |       |                           |       |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 5,489                     | 17.7  |
| Moderate-income  | 6                               | 22.2                   | 4,444                              | 14.3  | 838  | 18.9  | 5,253                     | 16.9  |
| Middle-income  | 13                              | 48.1                   | 17,460                             | 56.2  | 1,049  | 6.0   | 6,896                     | 22.2  |
| Upper-income   | 8                               | 29.6                   | 9,184                              | 29.5  | 241  | 2.6   | 13,450                    | 43.3  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 27                              | 100.0                  | 31,088                             | 100.0 | 2,128  | 6.8   | 31,088                    | 100.0 |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 10,927                          | 3,861                  | 11.1                               | 35.3  | 6,064  | 55.5  | 1,002                     | 9.2   |
| Middle-income  | 33,680                          | 19,780                 | 56.7                               | 58.7  | 11,864   | 35.2  | 2,036                     | 6.0   |
| Upper-income   | 15,986                          | 11,225                 | 32.2                               | 70.2  | 3,461  | 21.7  | 1,300                     | 8.1   |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 60,593                          | 34,866                 | 100.0                              | 57.5  | 21,389   | 35.3  | 4,338                     | 7.2   |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 1,148                           | 17.5                   | 1,053                              | 17.4  | 93   | 20.9  | 2                         | 3.7   |
| Middle-income  | 3,473                           | 52.9                   | 3,191                              | 52.6  | 248  | 55.7  | 34                        | 63.0  |
| Upper-income   | 1,944                           | 29.6                   | 1,822                              | 30.0  | 104  | 23.4  | 18                        | 33.3  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 6,565                           | 100.0                  | 6,066                              | 100.0 | 445  | 100.0 | 54                        | 100.0 |
|  | Percentage of Total Businesses: |                        |                                    | 92.4  |  | 6.8   |                           | 0.8   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 8                               | 1.6                    | 8                                  | 1.6   | 0  | 0.0   | 0                         | 0.0   |
| Middle-income  | 296                             | 58.4                   | 291                                | 58.0  | 5  | 100.0 | 0                         | 0.0   |
| Upper-income   | 203                             | 40.0                   | 203                                | 40.4  | 0  | 0.0   | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 507                             | 100.0                  | 502                                | 100.0 | 5  | 100.0 | 0                         | 0.0   |
|  | Percentage of Total Farms:      |                        |                                    | 99.0  |  | 1.0   |                           | 0.0   |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA CITY, IOWA MSA #  
26980**

**LENDING TEST**

Central State Bank's lending performance in the area is consistent with the bank's lending performance overall.

| Geographic Distribution of HMDA Reportable Loans               |                     |                                     |       |       |                |       |          |                           |
|--|---------------------|-------------------------------------|-------|-------|----------------|-------|----------|---------------------------|
| Assessment Area: 2016 Iowa City, IA MSA 26980                  |                     |                                     |       |       |                |       |          |                           |
| Product Type   | Tract Income Levels | Bank & Aggregate Lending Comparison |       |       |                |       |          | Owner Occupied % of Units |
|  |                     | 2016                                |       |       |                |       |          |                           |
|  |                     | Count                               |       | Agg % | Dollar         |       | Agg \$ % |                           |
|  |                     | Bank #                              | %     |       | Bank \$ (000s) | \$ %  |          |                           |
| Home Purchase  | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Moderate            | 3                                   | 30.0  | 12.1  | 335            | 17.0  | 8.6      | 11.1                      |
|  | Middle              | 2                                   | 20.0  | 59.3  | 585            | 29.7  | 59.2     | 56.7                      |
|  | Upper               | 5                                   | 50.0  | 28.6  | 1,048          | 53.3  | 32.2     | 32.2                      |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 10                                  | 100.0 | 100.0 | 1,968          | 100.0 | 100.0    | 100.0                     |
| Refinance  | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Moderate            | 0                                   | 0.0   | 7.5   | 0              | 0.0   | 5.0      | 11.1                      |
|  | Middle              | 4                                   | 50.0  | 57.3  | 1,227          | 44.4  | 56.9     | 56.7                      |
|  | Upper               | 4                                   | 50.0  | 35.3  | 1,535          | 55.6  | 38.1     | 32.2                      |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 8                                   | 100.0 | 100.0 | 2,762          | 100.0 | 100.0    | 100.0                     |
| Home Improvement   | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Moderate            | 0                                   | 0.0   | 13.0  | 0              | 0.0   | 4.3      | 11.1                      |
|  | Middle              | 0                                   | 0.0   | 52.3  | 0              | 0.0   | 53.9     | 56.7                      |
|  | Upper               | 0                                   | 0.0   | 34.7  | 0              | 0.0   | 41.8     | 32.2                      |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 0                                   | 0.0   | 100.0 | 0              | 0.0   | 100.0    | 100.0                     |
| Multi-Family   | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | Multi-Family<br>0.0       |
|  | Moderate            | 2                                   | 66.7  | 30.0  | 1,642          | 61.0  | 39.4     |                           |
|  | Middle              | 1                                   | 33.3  | 54.0  | 1,050          | 39.0  | 46.6     |                           |
|  | Upper               | 0                                   | 0.0   | 16.0  | 0              | 0.0   | 14.0     |                           |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           |
|  | Total               | 3                                   | 100.0 | 100.0 | 2,692          | 100.0 | 100.0    |                           |
| HMDA Totals  | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Moderate            | 5                                   | 23.8  | 10.5  | 1,977          | 26.6  | 9.3      | 11.1                      |
|  | Middle              | 7                                   | 33.3  | 58.2  | 2,862          | 38.6  | 57.3     | 56.7                      |
|  | Upper               | 9                                   | 42.9  | 31.2  | 2,583          | 34.8  | 33.4     | 32.2                      |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 21                                  | 100.0 | 100.0 | 7,422          | 100.0 | 100.0    | 100.0                     |
| Originations & Purchases                                       |                     |                                     |       |       |                |       |          |                           |
| 2016 FFIEC Census Data   |                     |                                     |       |       |                |       |          |                           |
| Note: Percentages may not add to 100.0 percent due to rounding |                     |                                     |       |       |                |       |          |                           |

| Geographic Distribution of Small Business Loans                                  |                     |                               |       |             |       |                  |
|--|---------------------|-------------------------------|-------|-------------|-------|------------------|
| Assessment Area: 2016 Iowa City, IA MSA 26980                                    |                     |                               |       |             |       |                  |
|  | Tract Income Levels | Bank & Demographic Comparison |       |             |       |                  |
|  |                     | 2016                          |       |             |       | Total Businesses |
|  |                     | Count Bank                    |       | Dollar Bank |       |                  |
|  |                     | #                             | %     | \$ 000s     | \$ %  |                  |
| Small Business   | Low                 | 0                             | 0.0   | 0           | 0.0   | 0.0              |
|  | Moderate            | 1                             | 3.8   | 141         | 2.6   | 17.5             |
|  | Middle              | 19                            | 73.1  | 3,230       | 59.4  | 52.9             |
|  | Upper               | 6                             | 23.1  | 2,065       | 38.0  | 29.6             |
|  | Unknown             | 0                             | 0.0   | 0           | 0.0   | 0.0              |
|  | Total               | 26                            | 100.0 | 5,435       | 100.0 | 100.0            |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                     |                               |       |             |       |                  |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                     |                               |       |             |       |                  |

| Geographic Distribution of Small Farm Loans                                      |                     |                               |       |             |       |             |
|--|---------------------|-------------------------------|-------|-------------|-------|-------------|
| Assessment Area: 2016 Iowa City, IA MSA 26980                                    |                     |                               |       |             |       |             |
|  | Tract Income Levels | Bank & Demographic Comparison |       |             |       |             |
|  |                     | 2016                          |       |             |       | Total Farms |
|  |                     | Count Bank                    |       | Dollar Bank |       |             |
|  |                     | #                             | %     | \$ 000s     | \$ %  | %           |
| Small Farm   | Low                 | 0                             | 0.0   | 0           | 0.0   | 0.0         |
|  | Moderate            | 0                             | 0.0   | 0           | 0.0   | 1.6         |
|  | Middle              | 2                             | 40.0  | 416         | 57.7  | 58.4        |
|  | Upper               | 3                             | 60.0  | 305         | 42.3  | 40.0        |
|  | Unknown             | 0                             | 0.0   | 0           | 0.0   | 0.0         |
|  | Total               | 5                             | 100.0 | 721         | 100.0 | 100.0       |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                     |                               |       |             |       |             |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                     |                               |       |             |       |             |

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

| Borrower Distribution of HMDA Reportable Loans                 |                              |                                     |          |       |        |       |       |                              |
|--|------------------------------|-------------------------------------|----------|-------|--------|-------|-------|------------------------------|
| Assessment Area: 2016 Iowa City, IA MSA 26980                  |                              |                                     |          |       |        |       |       |                              |
| Product Type   | Borrower<br>Income<br>Levels | Bank & Aggregate Lending Comparison |          |       |        |       |       | Families by<br>Family Income |
|  |                              | 2016                                |          |       |        |       |       |                              |
|  |                              | Count                               |          |       | Dollar |       |       |                              |
|  |                              | Bank                                |          | Agg   | Bank   | Agg   |       |                              |
| #  | %                            | %                                   | \$(000s) | \$ %  | \$ %   | %     |       |                              |
| Home Purchase  | Low                          | 0                                   | 0.0      | 10.3  | 0      | 0.0   | 6.0   | 17.7                         |
|  | Moderate                     | 0                                   | 0.0      | 22.1  | 0      | 0.0   | 16.0  | 16.9                         |
|  | Middle                       | 0                                   | 0.0      | 22.1  | 0      | 0.0   | 21.3  | 22.2                         |
|  | Upper                        | 6                                   | 60.0     | 30.5  | 1,618  | 82.2  | 40.0  | 43.3                         |
|  | Unknown                      | 4                                   | 40.0     | 15.0  | 350    | 17.8  | 16.7  | 0.0                          |
|  | Total                        | 10                                  | 100.0    | 100.0 | 1,968  | 100.0 | 100.0 | 100.0                        |
| Refinance  | Low                          | 0                                   | 0.0      | 6.5   | 0      | 0.0   | 3.5   | 17.7                         |
|  | Moderate                     | 0                                   | 0.0      | 15.8  | 0      | 0.0   | 11.0  | 16.9                         |
|  | Middle                       | 1                                   | 12.5     | 21.9  | 198    | 7.2   | 18.9  | 22.2                         |
|  | Upper                        | 6                                   | 75.0     | 41.4  | 2,340  | 84.7  | 51.3  | 43.3                         |
|  | Unknown                      | 1                                   | 12.5     | 14.3  | 224    | 8.1   | 15.3  | 0.0                          |
|  | Total                        | 8                                   | 100.0    | 100.0 | 2,762  | 100.0 | 100.0 | 100.0                        |
| Home Improvement   | Low                          | 0                                   | 0.0      | 17.7  | 0      | 0.0   | 5.4   | 17.7                         |
|  | Moderate                     | 0                                   | 0.0      | 15.9  | 0      | 0.0   | 7.6   | 16.9                         |
|  | Middle                       | 0                                   | 0.0      | 19.5  | 0      | 0.0   | 17.0  | 22.2                         |
|  | Upper                        | 0                                   | 0.0      | 34.7  | 0      | 0.0   | 58.6  | 43.3                         |
|  | Unknown                      | 0                                   | 0.0      | 12.3  | 0      | 0.0   | 11.4  | 0.0                          |
|  | Total                        | 0                                   | 0.0      | 100.0 | 0      | 0.0   | 100.0 | 100.0                        |
| Multi-Family   | Low                          | 0                                   | 0.0      | 0.0   | 0      | 0.0   | 0.0   | 17.7                         |
|  | Moderate                     | 0                                   | 0.0      | 0.0   | 0      | 0.0   | 0.0   | 16.9                         |
|  | Middle                       | 0                                   | 0.0      | 0.0   | 0      | 0.0   | 0.0   | 22.2                         |
|  | Upper                        | 0                                   | 0.0      | 0.0   | 0      | 0.0   | 0.0   | 43.3                         |
|  | Unknown                      | 3                                   | 100.0    | 100.0 | 2,692  | 100.0 | 100.0 | 0.0                          |
|  | Total                        | 3                                   | 100.0    | 100.0 | 2,692  | 100.0 | 100.0 | 100.0                        |
| HMDA Totals  | Low                          | 0                                   | 0.0      | 9.1   | 0      | 0.0   | 4.6   | 17.7                         |
|  | Moderate                     | 0                                   | 0.0      | 19.4  | 0      | 0.0   | 12.8  | 16.9                         |
|  | Middle                       | 1                                   | 4.8      | 21.8  | 198    | 2.7   | 18.8  | 22.2                         |
|  | Upper                        | 12                                  | 57.1     | 34.5  | 3,958  | 53.3  | 41.8  | 43.3                         |
|  | Unknown                      | 8                                   | 38.1     | 15.2  | 3,266  | 44.0  | 22.0  | 0.0                          |
|  | Total                        | 21                                  | 100.0    | 100.0 | 7,422  | 100.0 | 100.0 | 100.0                        |
| Originations & Purchases                                       |                              |                                     |          |       |        |       |       |                              |
| 2016 FFIEC Census Data   |                              |                                     |          |       |        |       |       |                              |
| Note: Percentages may not add to 100.0 percent due to rounding |                              |                                     |          |       |        |       |       |                              |

| Small Business Lending By Revenue & Loan Size                                    |  |                             |                               |       |                |       |                     |
|--|--|-----------------------------|-------------------------------|-------|----------------|-------|---------------------|
| Assessment Area: 2016 Iowa City, IA MSA 26980                                    |  |                             |                               |       |                |       |                     |
| Product Type   |  |                             | Bank & Demographic Comparison |       |                |       |                     |
|  |  |                             | 2016                          |       |                |       | Total<br>Businesses |
|  |  |                             | Count<br>Bank                 |       | Dollar<br>Bank |       |                     |
|  |  |                             | #                             | %     | \$ 000s        | \$ %  | %                   |
| Small Business   | Revenue                                | \$1 Million or Less         | 26                            | 100.0 | 5,435          | 100.0 | 92.4                |
|  |  | Over \$1 Million or Unknown | 0                             | 0.0   | 0              | 0.0   | 7.6                 |
|  |  | Total                       | 26                            | 100.0 | 5,435          | 100.0 | 100.0               |
|  | Loan Size                              | \$100,000 or Less           | 11                            | 42.3  | 412            | 7.6   |                     |
|  |  | \$100,001 - \$250,000       | 9                             | 34.6  | 1,443          | 26.6  |                     |
|  |  | \$250,001 - \$1 Million     | 6                             | 23.1  | 3,580          | 65.9  |                     |
|  |  | Total                       | 26                            | 100.0 | 5,435          | 100.0 |                     |
|  | Loan Size &<br>Rev \$1 Mill<br>or Less | \$100,000 or Less           | 11                            | 42.3  | 412            | 7.6   |                     |
|  |  | \$100,001 - \$250,000       | 9                             | 34.6  | 1,443          | 26.6  |                     |
|  |  | \$250,001 - \$1 Million     | 6                             | 23.1  | 3,580          | 65.9  |                     |
|  |  | Total                       | 26                            | 100.0 | 5,435          | 100.0 |                     |
|  | Originations & Purchases               |                             |                               |       |                |       |                     |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |  |                             |                               |       |                |       |                     |
| Note: Percentages may not add to 100.0 percent due to rounding                   |  |                             |                               |       |                |       |                     |

| Small Farm Lending By Revenue & Loan Size  |                                  |                             |                               |       |             |       |             |
|--|----------------------------------|-----------------------------|-------------------------------|-------|-------------|-------|-------------|
| Assessment Area: 2016 Iowa City, IA MSA 26980                                    |                                  |                             |                               |       |             |       |             |
| Product Type   |                                  |                             | Bank & Demographic Comparison |       |             |       |             |
|  |                                  |                             | 2016                          |       |             |       | Total Farms |
|  |                                  |                             | Count Bank                    |       | Dollar Bank |       |             |
|  |                                  |                             | #                             | %     | \$ 000s     | \$ %  | %           |
| Small Farm   | Revenue                          | \$1 Million or Less         | 5                             | 100.0 | 721         | 100.0 | 99.0        |
|  |                                  | Over \$1 Million or Unknown | 0                             | 0.0   | 0           | 0.0   | 1.0         |
|  |                                  | Total                       | 5                             | 100.0 | 721         | 100.0 | 100.0       |
|  | Loan Size                        | \$100,000 or Less           | 3                             | 60.0  | 170         | 23.6  |             |
|  |                                  | \$100,001 - \$250,000       | 1                             | 20.0  | 190         | 26.4  |             |
|  |                                  | \$250,001 - \$500,000       | 1                             | 20.0  | 361         | 50.1  |             |
|  |                                  | Total                       | 5                             | 100.0 | 721         | 100.0 |             |
|  | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less           | 3                             | 60.0  | 170         | 23.6  |             |
|  |                                  | \$100,001 - \$250,000       | 1                             | 20.0  | 190         | 26.4  |             |
|  |                                  | \$250,001 - \$500,000       | 1                             | 20.0  | 361         | 50.1  |             |
|  |                                  | Total                       | 5                             | 100.0 | 721         | 100.0 |             |
|  | Originations & Purchases         |                             |                               |       |             |       |             |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |                                  |                             |                               |       |             |       |             |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                  |                             |                               |       |             |       |             |



## APPENDIX B – Scope of Examination

| SCOPE OF EXAMINATION   |  |                  |   |
|--|--|------------------|---|
|  |  |                  |   |
| <b>TIME PERIOD REVIEWED</b>  | HMDA-Reportable Lending: January 1, 2015 – December 31, 2016<br>Small Business Lending: January 1, 2016 – December 31, 2016<br>Small Farm Lending: January 1, 2016 – December 31, 2016 |                  |   |
|  |  |                  |   |
| <b>FINANCIAL INSTITUTION</b>   |  |                  | <b>PRODUCTS REVIEWED</b><br>HMDA-Reportable Lending<br>Small Business Lending<br>Small Farm Lending |
| Central State Bank   |  |                  |   |
|  |  |                  |   |
| <b>AFFILIATE(S)</b>  | <b>AFFILIATE RELATIONSHIP</b>  |                  | <b>PRODUCTS REVIEWED</b>  |
| None   |  |                  |   |
|  |  |                  |   |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION                             |  |                  |   |
| ASSESSMENT AREA  | TYPE OF EXAMINATION  | BRANCHES VISITED | OTHER INFORMATION   |
| AA1<br><br>Cedar Rapids, Iowa<br>Metropolitan<br>Statistical Area #<br>16300 | Full Review  | None             | NA  |
| AA2<br><br>Northeast Iowa<br>Non- metropolitan<br>Statistical Area           | Full Review  | None             | NA  |
| AA3<br><br>Iowa City, Iowa<br>Metropolitan<br>Statistical Area #<br>26980    | Limited Review   | 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>1</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

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

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, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to

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

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

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

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

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

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

**Income Level:** Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### APPENDIX D – Demographic and HMDA-Reportable Lending Data

| Assessment Area: 2015 Combined AA  |                                 |                        |                                    |              |  |              |                           |              |
|--|---------------------------------|------------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income |              |
|  | #                               | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income   | 1                               | 1.1                    | 252                                | 0.2          | 65   | 25.8         | 18,612                    | 17.7         |
| Moderate-income  | 20                              | 21.5                   | 16,861                             | 16.0         | 2,215  | 13.1         | 19,650                    | 18.7         |
| Middle-income  | 53                              | 57.0                   | 59,766                             | 56.8         | 3,504  | 5.9          | 24,804                    | 23.6         |
| Upper-income   | 19                              | 20.4                   | 28,423                             | 27.0         | 660  | 2.3          | 42,236                    | 40.1         |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>93</b>                       | <b>100.0</b>           | <b>105,302</b>                     | <b>100.0</b> | <b>6,444</b>                                       | <b>6.1</b>   | <b>105,302</b>            | <b>100.0</b> |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |              |  |              |                           |              |
|  |                                 | Owner-Occupied         |                                    |              | Rental   |              | Vacant                    |              |
|  |                                 | #                      | %                                  | %            | #  | %            | #                         | %            |
| Low-income   | 1,141                           | 199                    | 0.2                                | 17.4         | 676  | 59.2         | 266                       | 23.3         |
| Moderate-income  | 35,338                          | 17,790                 | 14.8                               | 50.3         | 14,792   | 41.9         | 2,756                     | 7.8          |
| Middle-income  | 105,979                         | 68,741                 | 57.2                               | 64.9         | 28,881   | 27.3         | 8,357                     | 7.9          |
| Upper-income   | 42,383                          | 33,498                 | 27.9                               | 79.0         | 6,454  | 15.2         | 2,431                     | 5.7          |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>184,841</b>                  | <b>120,228</b>         | <b>100.0</b>                       | <b>65.0</b>  | <b>50,803</b>                                      | <b>27.5</b>  | <b>13,810</b>             | <b>7.5</b>   |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |              |  |              |                           |              |
|  |                                 |                        | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|  | #                               | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income   | 609                             | 2.9                    | 502                                | 2.6          | 103  | 6.3          | 4                         | 2.5          |
| Moderate-income  | 3,877                           | 18.2                   | 3,482                              | 17.8         | 376  | 23.0         | 19                        | 11.9         |
| Middle-income  | 11,291                          | 52.9                   | 10,387                             | 53.1         | 799  | 48.8         | 105                       | 66.0         |
| Upper-income   | 5,567                           | 26.1                   | 5,177                              | 26.5         | 359  | 21.9         | 31                        | 19.5         |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>21,344</b>                   | <b>100.0</b>           | <b>19,548</b>                      | <b>100.0</b> | <b>1,637</b>                                       | <b>100.0</b> | <b>159</b>                | <b>100.0</b> |
|  | Percentage of Total Businesses: |                        |                                    | <b>91.6</b>  |  | <b>7.7</b>   |                           | <b>0.7</b>   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |              |  |              |                           |              |
|  |                                 |                        | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|  | #                               | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| Moderate-income  | 148                             | 6.0                    | 147                                | 6.0          | 1  | 7.7          | 0                         | 0.0          |
| Middle-income  | 1,808                           | 73.1                   | 1,797                              | 73.0         | 11   | 84.6         | 0                         | 0.0          |
| Upper-income   | 519                             | 21.0                   | 518                                | 21.0         | 1  | 7.7          | 0                         | 0.0          |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>2,475</b>                    | <b>100.0</b>           | <b>2,462</b>                       | <b>100.0</b> | <b>13</b>  | <b>100.0</b> | <b>0</b>                  | <b>0.0</b>   |
| Percentage of Total Farms:   |                                 |                        |                                    | <b>99.5</b>  |  | <b>0.5</b>   |                           | <b>0.0</b>   |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |              |  |              |                           |              |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |              |  |              |                           |              |

| Assessment Area: 2015 Cedar Rapids, IA MSA 16300                                 |                                 |                        |                                    |       |  |       |                           |       |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 1                               | 1.8                    | 252                                | 0.4   | 65   | 25.8  | 11,871                    | 17.7  |
| Moderate-income  | 14                              | 24.6                   | 12,417                             | 18.5  | 1,377  | 11.1  | 13,015                    | 19.4  |
| Middle-income  | 31                              | 54.4                   | 35,064                             | 52.4  | 1,916  | 5.5   | 15,830                    | 23.6  |
| Upper-income   | 11                              | 19.3                   | 19,239                             | 28.7  | 419  | 2.2   | 26,256                    | 39.2  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 57                              | 100.0                  | 66,972                             | 100.0 | 3,777  | 5.6   | 66,972                    | 100.0 |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |
| Low-income   | 1,141                           | 199                    | 0.3                                | 17.4  | 676  | 59.2  | 266                       | 23.3  |
| Moderate-income  | 24,411                          | 13,929                 | 18.1                               | 57.1  | 8,728  | 35.8  | 1,754                     | 7.2   |
| Middle-income  | 59,098                          | 40,526                 | 52.7                               | 68.6  | 14,416   | 24.4  | 4,156                     | 7.0   |
| Upper-income   | 26,397                          | 22,273                 | 29.0                               | 84.4  | 2,993  | 11.3  | 1,131                     | 4.3   |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 111,047                         | 76,927                 | 100.0                              | 69.3  | 26,813   | 24.1  | 7,307                     | 6.6   |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 609                             | 4.8                    | 502                                | 4.4   | 103  | 9.2   | 4                         | 4.7   |
| Moderate-income  | 2,685                           | 21.1                   | 2,387                              | 20.7  | 281  | 25.1  | 17                        | 19.8  |
| Middle-income  | 5,942                           | 46.7                   | 5,419                              | 47.1  | 479  | 42.8  | 44                        | 51.2  |
| Upper-income   | 3,486                           | 27.4                   | 3,209                              | 27.9  | 256  | 22.9  | 21                        | 24.4  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 12,722                          | 100.0                  | 11,517                             | 100.0 | 1,119  | 100.0 | 86                        | 100.0 |
|  | Percentage of Total Businesses: |                        |                                    | 90.5  |  | 8.8   |                           | 0.7   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 140                             | 10.4                   | 139                                | 10.3  | 1  | 25.0  | 0                         | 0.0   |
| Middle-income  | 917                             | 68.1                   | 915                                | 68.1  | 2  | 50.0  | 0                         | 0.0   |
| Upper-income   | 290                             | 21.5                   | 289                                | 21.5  | 1  | 25.0  | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 1,347                           | 100.0                  | 1,343                              | 100.0 | 4  | 100.0 | 0                         | 0.0   |
|  | Percentage of Total Farms:      |                        |                                    | 99.7  |  | 0.3   |                           | 0.0   |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |

| Geographic Distribution of HMDA Reportable Loans               |                     |                                     |       |       |                |       |          |                           |       |
|--|---------------------|-------------------------------------|-------|-------|----------------|-------|----------|---------------------------|-------|
| Assessment Area: 2015 Cedar Rapids, IA MSA 16300               |                     |                                     |       |       |                |       |          |                           |       |
| Product Type   | Tract Income Levels | Bank & Aggregate Lending Comparison |       |       |                |       |          | Owner Occupied % of Units |       |
|  |                     | 2015                                |       |       |                |       |          |                           |       |
|  |                     | Count                               |       | Agg % | Dollar         |       | Agg \$ % |                           |       |
|  |                     | Bank #                              | %     |       | Bank \$ (000s) | \$ %  |          |                           |       |
| Home Purchase  | Low                 | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.3                       |       |
|  | Moderate            | 0                                   | 0.0   | 14.2  | 0              | 0.0   | 10.1     | 18.1                      |       |
|  | Middle              | 1                                   | 50.0  | 48.5  | 52             | 23.2  | 42.7     | 52.7                      |       |
|  | Upper               | 1                                   | 50.0  | 37.1  | 172            | 76.8  | 47.0     | 29.0                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.0                       |       |
|  | Total               | 2                                   | 100.0 | 100.0 | 224            | 100.0 | 100.0    | 100.0                     |       |
| Refinance  | Low                 | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.0      | 0.3                       |       |
|  | Moderate            | 0                                   | 0.0   | 12.9  | 0              | 0.0   | 9.2      | 18.1                      |       |
|  | Middle              | 1                                   | 100.0 | 49.6  | 29             | 100.0 | 45.7     | 52.7                      |       |
|  | Upper               | 0                                   | 0.0   | 37.3  | 0              | 0.0   | 44.9     | 29.0                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.0                       |       |
|  | Total               | 1                                   | 100.0 | 100.0 | 29             | 100.0 | 100.0    | 100.0                     |       |
| Home Improvement   | Low                 | 0                                   | 0.0   | 0.2   | 0              | 0.0   | 0.2      | 0.3                       |       |
|  | Moderate            | 0                                   | 0.0   | 15.6  | 0              | 0.0   | 9.4      | 18.1                      |       |
|  | Middle              | 0                                   | 0.0   | 50.2  | 0              | 0.0   | 51.1     | 52.7                      |       |
|  | Upper               | 0                                   | 0.0   | 34.0  | 0              | 0.0   | 39.3     | 29.0                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Total               | 0                                   | 0.0   | 100.0 | 0              | 0.0   | 100.0    | 100.0                     |       |
| Multi-Family   | Low                 | 0                                   | 0.0   | 10.4  | 0              | 0.0   | 1.3      | Multi-Family<br>3.3       |       |
|  | Moderate            | 0                                   | 0.0   | 35.4  | 0              | 0.0   | 21.2     |                           | 29.2  |
|  | Middle              | 0                                   | 0.0   | 43.8  | 0              | 0.0   | 69.4     |                           | 57.7  |
|  | Upper               | 0                                   | 0.0   | 10.4  | 0              | 0.0   | 8.1      |                           | 9.9   |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           | 0.0   |
|  | Total               | 0                                   | 0.0   | 100.0 | 0              | 0.0   | 100.0    |                           | 100.0 |
| HMDA Totals  | Low                 | 0                                   | 0.0   | 0.2   | 0              | 0.0   | 0.1      | 0.3                       |       |
|  | Moderate            | 0                                   | 0.0   | 13.9  | 0              | 0.0   | 10.1     | 18.1                      |       |
|  | Middle              | 2                                   | 66.7  | 49.0  | 81             | 32.0  | 45.0     | 52.7                      |       |
|  | Upper               | 1                                   | 33.3  | 36.9  | 172            | 68.0  | 44.7     | 29.0                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.1   | 0              | 0.0   | 0.1      | 0.0                       |       |
|  | Total               | 3                                   | 100.0 | 100.0 | 253            | 100.0 | 100.0    | 100.0                     |       |
| Originations & Purchases                                       |                     |                                     |       |       |                |       |          |                           |       |
| 2015 FFIEC Census Data   |                     |                                     |       |       |                |       |          |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding |                     |                                     |       |       |                |       |          |                           |       |

| Borrower Distribution of HMDA Reportable Loans                 |                        |                                     |       |       |               |       |          |                             |
|--|------------------------|-------------------------------------|-------|-------|---------------|-------|----------|-----------------------------|
| Assessment Area: 2015 Cedar Rapids, IA MSA 16300               |                        |                                     |       |       |               |       |          |                             |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |       |       |               |       |          | Families by Family Income % |
|  |                        | 2015                                |       |       |               |       |          |                             |
|  |                        | Count                               |       | Agg % | Dollar        |       | Agg \$ % |                             |
|  |                        | Bank #                              | %     |       | Bank \$(000s) | \$ %  |          |                             |
| Home Purchase  | Low                    | 0                                   | 0.0   | 15.3  | 0             | 0.0   | 9.3      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 22.7  | 0             | 0.0   | 17.9     | 19.4                        |
|  | Middle                 | 2                                   | 100.0 | 20.3  | 224           | 100.0 | 20.3     | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 23.7  | 0             | 0.0   | 33.3     | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 18.0  | 0             | 0.0   | 19.3     | 0.0                         |
|  | Total                  | 2                                   | 100.0 | 100.0 | 224           | 100.0 | 100.0    | 100.0                       |
| Refinance  | Low                    | 0                                   | 0.0   | 9.3   | 0             | 0.0   | 5.1      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 17.2  | 0             | 0.0   | 12.2     | 19.4                        |
|  | Middle                 | 1                                   | 100.0 | 21.3  | 29            | 100.0 | 19.2     | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 29.6  | 0             | 0.0   | 39.3     | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 22.6  | 0             | 0.0   | 24.3     | 0.0                         |
|  | Total                  | 1                                   | 100.0 | 100.0 | 29            | 100.0 | 100.0    | 100.0                       |
| Home Improvement   | Low                    | 0                                   | 0.0   | 13.2  | 0             | 0.0   | 5.2      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 19.8  | 0             | 0.0   | 15.3     | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 27.0  | 0             | 0.0   | 25.9     | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 30.2  | 0             | 0.0   | 40.3     | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 9.8   | 0             | 0.0   | 13.3     | 0.0                         |
|  | Total                  | 0                                   | 0.0   | 100.0 | 0             | 0.0   | 100.0    | 100.0                       |
| Multi-Family   | Low                    | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 19.4                        |
|  | Middle                 | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 100.0 | 0             | 0.0   | 100.0    | 0.0                         |
|  | Total                  | 0                                   | 0.0   | 100.0 | 0             | 0.0   | 100.0    | 100.0                       |
| HMDA Totals  | Low                    | 0                                   | 0.0   | 12.9  | 0             | 0.0   | 7.2      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 20.5  | 0             | 0.0   | 15.0     | 19.4                        |
|  | Middle                 | 3                                   | 100.0 | 20.9  | 253           | 100.0 | 19.3     | 23.6                        |
|  | Upper                  | 0                                   | 0.0   | 26.1  | 0             | 0.0   | 34.5     | 39.2                        |
|  | Unknown                | 0                                   | 0.0   | 19.6  | 0             | 0.0   | 24.0     | 0.0                         |
|  | Total                  | 3                                   | 100.0 | 100.0 | 253           | 100.0 | 100.0    | 100.0                       |
| Originations & Purchases                                       |                        |                                     |       |       |               |       |          |                             |
| 2015 FFIEC Census Data   |                        |                                     |       |       |               |       |          |                             |
| Note: Percentages may not add to 100.0 percent due to rounding |                        |                                     |       |       |               |       |          |                             |

| Assessment Area: 2015 IA Non MSA   |                                 |                        |                                    |       |  |       |                           |       |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 1,252                     | 17.3  |
| Moderate-income  | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 1,382                     | 19.1  |
| Middle-income  | 9                               | 100.0                  | 7,242                              | 100.0 | 539  | 7.4   | 2,078                     | 28.7  |
| Upper-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 2,530                     | 34.9  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 9                               | 100.0                  | 7,242                              | 100.0 | 539  | 7.4   | 7,242                     | 100.0 |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Middle-income  | 13,201                          | 8,435                  | 100.0                              | 63.9  | 2,601  | 19.7  | 2,165                     | 16.4  |
| Upper-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 13,201                          | 8,435                  | 100.0                              | 63.9  | 2,601  | 19.7  | 2,165                     | 16.4  |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Middle-income  | 1,573                           | 100.0                  | 1,452                              | 100.0 | 88   | 100.0 | 33                        | 100.0 |
| Upper-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 1,573                           | 100.0                  | 1,452                              | 100.0 | 88   | 100.0 | 33                        | 100.0 |
|  | Percentage of Total Businesses: |                        |                                    | 92.3  |  | 5.6   |                           | 2.1   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Middle-income  | 552                             | 100.0                  | 548                                | 100.0 | 4  | 100.0 | 0                         | 0.0   |
| Upper-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 552                             | 100.0                  | 548                                | 100.0 | 4  | 100.0 | 0                         | 0.0   |
|  | Percentage of Total Farms:      |                        |                                    | 99.3  |  | 0.7   |                           | 0.0   |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |

| Geographic Distribution of HMDA Reportable Loans               |                     |                                     |       |       |                |       |          |                           |
|--|---------------------|-------------------------------------|-------|-------|----------------|-------|----------|---------------------------|
| Assessment Area: 2015 IA Non MSA                               |                     |                                     |       |       |                |       |          |                           |
| Product Type   | Tract Income Levels | Bank & Aggregate Lending Comparison |       |       |                |       |          | Owner Occupied % of Units |
|  |                     | 2015                                |       |       |                |       |          |                           |
|  |                     | Count                               |       | Agg % | Dollar         |       | Agg \$ % |                           |
|  |                     | Bank #                              | %     |       | Bank \$ (000s) | \$ %  |          |                           |
| Home Purchase  | Low                 | 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                       |
|  | Middle              | 21                                  | 100.0 | 100.0 | 1,879          | 100.0 | 100.0    | 100.0                     |
|  | Upper               | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 21                                  | 100.0 | 100.0 | 1,879          | 100.0 | 100.0    | 100.0                     |
| Refinance  | Low                 | 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                       |
|  | Middle              | 10                                  | 100.0 | 100.0 | 1,365          | 100.0 | 100.0    | 100.0                     |
|  | Upper               | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 10                                  | 100.0 | 100.0 | 1,365          | 100.0 | 100.0    | 100.0                     |
| Home Improvement   | Low                 | 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                       |
|  | Middle              | 3                                   | 100.0 | 100.0 | 206            | 100.0 | 100.0    | 100.0                     |
|  | Upper               | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 3                                   | 100.0 | 100.0 | 206            | 100.0 | 100.0    | 100.0                     |
| Multi-Family   | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | Multi-Family<br>0.0       |
|  | Moderate            | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           |
|  | Middle              | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           |
|  | Upper               | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           |
|  | Total               | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 100.0                     |
| HMDA Totals  | Low                 | 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                       |
|  | Middle              | 34                                  | 100.0 | 100.0 | 3,450          | 100.0 | 100.0    | 100.0                     |
|  | Upper               | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |
|  | Total               | 34                                  | 100.0 | 100.0 | 3,450          | 100.0 | 100.0    | 100.0                     |
| Originations & Purchases                                       |                     |                                     |       |       |                |       |          |                           |
| 2015 FFIEC Census Data   |                     |                                     |       |       |                |       |          |                           |
| Note: Percentages may not add to 100.0 percent due to rounding |                     |                                     |       |       |                |       |          |                           |

| Borrower Distribution of HMDA Reportable Loans                 |                        |                                     |       |       |               |       |          |                             |
|--|------------------------|-------------------------------------|-------|-------|---------------|-------|----------|-----------------------------|
| Assessment Area: 2015 IA Non MSA                               |                        |                                     |       |       |               |       |          |                             |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |       |       |               |       |          | Families by Family Income % |
|  |                        | 2015                                |       |       |               |       |          |                             |
|  |                        | Count                               |       |       | Dollar        |       |          |                             |
|  |                        | Bank #                              | %     | Agg % | Bank \$(000s) | \$ %  | Agg \$ % |                             |
| Home Purchase  | Low                    | 3                                   | 14.3  | 11.4  | 126           | 6.7   | 6.5      | 17.3                        |
|  | Moderate               | 4                                   | 19.0  | 21.8  | 329           | 17.5  | 15.5     | 19.1                        |
|  | Middle                 | 1                                   | 4.8   | 17.3  | 78            | 4.2   | 17.0     | 28.7                        |
|  | Upper                  | 10                                  | 47.6  | 37.3  | 1,049         | 55.8  | 50.4     | 34.9                        |
|  | Unknown                | 3                                   | 14.3  | 12.3  | 297           | 15.8  | 10.7     | 0.0                         |
|  | Total                  | 21                                  | 100.0 | 100.0 | 1,879         | 100.0 | 100.0    | 100.0                       |
| Refinance  | Low                    | 1                                   | 10.0  | 9.2   | 52            | 3.8   | 5.5      | 17.3                        |
|  | Moderate               | 2                                   | 20.0  | 18.8  | 103           | 7.5   | 12.2     | 19.1                        |
|  | Middle                 | 4                                   | 40.0  | 22.5  | 568           | 41.6  | 19.5     | 28.7                        |
|  | Upper                  | 3                                   | 30.0  | 40.0  | 642           | 47.0  | 52.3     | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 9.6   | 0             | 0.0   | 10.4     | 0.0                         |
|  | Total                  | 10                                  | 100.0 | 100.0 | 1,365         | 100.0 | 100.0    | 100.0                       |
| Home Improvement   | Low                    | 0                                   | 0.0   | 9.1   | 0             | 0.0   | 6.0      | 17.3                        |
|  | Moderate               | 1                                   | 33.3  | 21.2  | 34            | 16.5  | 18.6     | 19.1                        |
|  | Middle                 | 1                                   | 33.3  | 33.3  | 100           | 48.5  | 40.3     | 28.7                        |
|  | Upper                  | 0                                   | 0.0   | 34.8  | 0             | 0.0   | 33.1     | 34.9                        |
|  | Unknown                | 1                                   | 33.3  | 1.5   | 72            | 35.0  | 2.0      | 0.0                         |
|  | Total                  | 3                                   | 100.0 | 100.0 | 206           | 100.0 | 100.0    | 100.0                       |
| Multi-Family   | Low                    | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 17.3                        |
|  | Moderate               | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 19.1                        |
|  | Middle                 | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 28.7                        |
|  | Upper                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 34.9                        |
|  | Unknown                | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 0.0                         |
|  | Total                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 100.0                       |
| HMDA Totals  | Low                    | 4                                   | 11.8  | 10.1  | 178           | 5.2   | 6.0      | 17.3                        |
|  | Moderate               | 7                                   | 20.6  | 20.3  | 466           | 13.5  | 14.1     | 19.1                        |
|  | Middle                 | 6                                   | 17.6  | 21.7  | 746           | 21.6  | 19.8     | 28.7                        |
|  | Upper                  | 13                                  | 38.2  | 38.2  | 1,691         | 49.0  | 50.2     | 34.9                        |
|  | Unknown                | 4                                   | 11.8  | 9.7   | 369           | 10.7  | 10.0     | 0.0                         |
|  | Total                  | 34                                  | 100.0 | 100.0 | 3,450         | 100.0 | 100.0    | 100.0                       |
| Originations & Purchases                                       |                        |                                     |       |       |               |       |          |                             |
| 2015 FFIEC Census Data   |                        |                                     |       |       |               |       |          |                             |
| Note: Percentages may not add to 100.0 percent due to rounding |                        |                                     |       |       |               |       |          |                             |

| Assessment Area: 2015 Iowa City, IA MSA 26980                                    |                                 |                        |                                    |       |  |       |                           |       |
|--|---------------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories  | Tract Distribution              |                        | Families by Tract Income           |       | Families < Poverty Level as % of Families by Tract |       | Families by Family Income |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 5,489                     | 17.7  |
| Moderate-income  | 6                               | 22.2                   | 4,444                              | 14.3  | 838  | 18.9  | 5,253                     | 16.9  |
| Middle-income  | 13                              | 48.1                   | 17,460                             | 56.2  | 1,049  | 6.0   | 6,896                     | 22.2  |
| Upper-income   | 8                               | 29.6                   | 9,184                              | 29.5  | 241  | 2.6   | 13,450                    | 43.3  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 27                              | 100.0                  | 31,088                             | 100.0 | 2,128  | 6.8   | 31,088                    | 100.0 |
|  | Housing Units by Tract          | Housing Types by Tract |                                    |       |  |       |                           |       |
|  |                                 | Owner-Occupied         |                                    |       | Rental   |       | Vacant                    |       |
|  |                                 | #                      | %                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 10,927                          | 3,861                  | 11.1                               | 35.3  | 6,064  | 55.5  | 1,002                     | 9.2   |
| Middle-income  | 33,680                          | 19,780                 | 56.7                               | 58.7  | 11,864   | 35.2  | 2,036                     | 6.0   |
| Upper-income   | 15,986                          | 11,225                 | 32.2                               | 70.2  | 3,461  | 21.7  | 1,300                     | 8.1   |
| Unknown-income   | 0                               | 0                      | 0.0                                | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 60,593                          | 34,866                 | 100.0                              | 57.5  | 21,389   | 35.3  | 4,338                     | 7.2   |
|  | Total Businesses Tract          |                        | Businesses by Tract & Revenue Size |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 1,192                           | 16.9                   | 1,095                              | 16.6  | 95   | 22.1  | 2                         | 5.0   |
| Middle-income  | 3,776                           | 53.6                   | 3,516                              | 53.4  | 232  | 54.0  | 28                        | 70.0  |
| Upper-income   | 2,081                           | 29.5                   | 1,968                              | 29.9  | 103  | 24.0  | 10                        | 25.0  |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 7,049                           | 100.0                  | 6,579                              | 100.0 | 430  | 100.0 | 40                        | 100.0 |
|  | Percentage of Total Businesses: |                        |                                    | 93.3  |  | 6.1   |                           | 0.6   |
|  | Total Farms by Tract            |                        | Farms by Tract & Revenue Size      |       |  |       |                           |       |
|  |                                 |                        | Less Than or = \$1 Million         |       | Over \$1 Million                                   |       | Revenue Not Reported      |       |
|  | #                               | %                      | #                                  | %     | #  | %     | #                         | %     |
| Low-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Moderate-income  | 8                               | 1.4                    | 8                                  | 1.4   | 0  | 0.0   | 0                         | 0.0   |
| Middle-income  | 339                             | 58.9                   | 334                                | 58.5  | 5  | 100.0 | 0                         | 0.0   |
| Upper-income   | 229                             | 39.8                   | 229                                | 40.1  | 0  | 0.0   | 0                         | 0.0   |
| Unknown-income   | 0                               | 0.0                    | 0                                  | 0.0   | 0  | 0.0   | 0                         | 0.0   |
| Total Assessment Area  | 576                             | 100.0                  | 571                                | 100.0 | 5  | 100.0 | 0                         | 0.0   |
|  | Percentage of Total Farms:      |                        |                                    | 99.1  |  | 0.9   |                           | 0.0   |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS |                                 |                        |                                    |       |  |       |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                 |                        |                                    |       |  |       |                           |       |

| Geographic Distribution of HMDA Reportable Loans               |                     |                                     |       |       |                |       |          |                           |       |
|--|---------------------|-------------------------------------|-------|-------|----------------|-------|----------|---------------------------|-------|
| Assessment Area: 2015 Iowa City, IA MSA 26980                  |                     |                                     |       |       |                |       |          |                           |       |
| Product Type   | Tract Income Levels | Bank & Aggregate Lending Comparison |       |       |                |       |          | Owner Occupied % of Units |       |
|  |                     | 2015                                |       |       |                |       |          |                           |       |
|  |                     | Count                               |       | Agg % | Dollar         |       | Agg \$ % |                           |       |
|  |                     | Bank #                              | %     |       | Bank \$ (000s) | \$ %  |          |                           |       |
| Home Purchase  | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Moderate            | 0                                   | 0.0   | 11.7  | 0              | 0.0   | 8.2      | 11.1                      |       |
|  | Middle              | 11                                  | 84.6  | 61.5  | 2,004          | 75.1  | 61.0     | 56.7                      |       |
|  | Upper               | 2                                   | 15.4  | 26.8  | 664            | 24.9  | 30.8     | 32.2                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Total               | 13                                  | 100.0 | 100.0 | 2,668          | 100.0 | 100.0    | 100.0                     |       |
| Refinance  | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Moderate            | 6                                   | 42.9  | 8.3   | 998            | 40.3  | 5.5      | 11.1                      |       |
|  | Middle              | 5                                   | 35.7  | 58.0  | 990            | 40.0  | 56.8     | 56.7                      |       |
|  | Upper               | 3                                   | 21.4  | 33.7  | 490            | 19.8  | 37.8     | 32.2                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Total               | 14                                  | 100.0 | 100.0 | 2,478          | 100.0 | 100.0    | 100.0                     |       |
| Home Improvement   | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Moderate            | 0                                   | 0.0   | 15.2  | 0              | 0.0   | 9.2      | 11.1                      |       |
|  | Middle              | 0                                   | 0.0   | 55.8  | 0              | 0.0   | 55.8     | 56.7                      |       |
|  | Upper               | 0                                   | 0.0   | 29.0  | 0              | 0.0   | 35.0     | 32.2                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Total               | 0                                   | 0.0   | 100.0 | 0              | 0.0   | 100.0    | 100.0                     |       |
| Multi-Family   | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | Multi-Family<br>0.0       |       |
|  | Moderate            | 0                                   | 0.0   | 27.6  | 0              | 0.0   | 37.0     |                           | 31.8  |
|  | Middle              | 2                                   | 66.7  | 56.9  | 1,084          | 66.2  | 51.5     |                           | 55.1  |
|  | Upper               | 1                                   | 33.3  | 15.5  | 554            | 33.8  | 11.5     |                           | 13.1  |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      |                           | 0.0   |
|  | Total               | 3                                   | 100.0 | 100.0 | 1,638          | 100.0 | 100.0    |                           | 100.0 |
| HMDA Totals  | Low                 | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Moderate            | 6                                   | 20.0  | 10.8  | 998            | 14.7  | 9.7      | 11.1                      |       |
|  | Middle              | 18                                  | 60.0  | 60.0  | 4,078          | 60.1  | 58.6     | 56.7                      |       |
|  | Upper               | 6                                   | 20.0  | 29.2  | 1,708          | 25.2  | 31.7     | 32.2                      |       |
|  | Unknown             | 0                                   | 0.0   | 0.0   | 0              | 0.0   | 0.0      | 0.0                       |       |
|  | Total               | 30                                  | 100.0 | 100.0 | 6,784          | 100.0 | 100.0    | 100.0                     |       |
| Originations & Purchases                                       |                     |                                     |       |       |                |       |          |                           |       |
| 2015 FFIEC Census Data   |                     |                                     |       |       |                |       |          |                           |       |
| Note: Percentages may not add to 100.0 percent due to rounding |                     |                                     |       |       |                |       |          |                           |       |

| Borrower Distribution of HMDA Reportable Loans                 |                        |                                     |       |       |               |       |          |                             |
|--|------------------------|-------------------------------------|-------|-------|---------------|-------|----------|-----------------------------|
| Assessment Area: 2015 Iowa City, IA MSA 26980                  |                        |                                     |       |       |               |       |          |                             |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |       |       |               |       |          | Families by Family Income % |
|  |                        | 2015                                |       |       |               |       |          |                             |
|  |                        | Count                               |       | Agg % | Dollar        |       | Agg \$ % |                             |
|  |                        | Bank #                              | %     |       | Bank \$(000s) | \$ %  |          |                             |
| Home Purchase  | Low                    | 2                                   | 15.4  | 8.2   | 309           | 11.6  | 4.9      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 21.9  | 0             | 0.0   | 15.4     | 16.9                        |
|  | Middle                 | 0                                   | 0.0   | 21.9  | 0             | 0.0   | 20.3     | 22.2                        |
|  | Upper                  | 3                                   | 23.1  | 32.8  | 1,096         | 41.1  | 42.7     | 43.3                        |
|  | Unknown                | 8                                   | 61.5  | 15.2  | 1,263         | 47.3  | 16.8     | 0.0                         |
|  | Total                  | 13                                  | 100.0 | 100.0 | 2,668         | 100.0 | 100.0    | 100.0                       |
| Refinance  | Low                    | 0                                   | 0.0   | 5.3   | 0             | 0.0   | 2.7      | 17.7                        |
|  | Moderate               | 1                                   | 7.1   | 14.8  | 120           | 4.8   | 9.9      | 16.9                        |
|  | Middle                 | 1                                   | 7.1   | 20.5  | 115           | 4.6   | 17.6     | 22.2                        |
|  | Upper                  | 1                                   | 7.1   | 39.4  | 213           | 8.6   | 47.7     | 43.3                        |
|  | Unknown                | 11                                  | 78.6  | 19.9  | 2,030         | 81.9  | 22.1     | 0.0                         |
|  | Total                  | 14                                  | 100.0 | 100.0 | 2,478         | 100.0 | 100.0    | 100.0                       |
| Home Improvement   | Low                    | 0                                   | 0.0   | 13.4  | 0             | 0.0   | 6.8      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 21.2  | 0             | 0.0   | 11.1     | 16.9                        |
|  | Middle                 | 0                                   | 0.0   | 20.1  | 0             | 0.0   | 18.7     | 22.2                        |
|  | Upper                  | 0                                   | 0.0   | 35.7  | 0             | 0.0   | 47.7     | 43.3                        |
|  | Unknown                | 0                                   | 0.0   | 9.7   | 0             | 0.0   | 15.7     | 0.0                         |
|  | Total                  | 0                                   | 0.0   | 100.0 | 0             | 0.0   | 100.0    | 100.0                       |
| Multi-Family   | Low                    | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 17.7                        |
|  | Moderate               | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 16.9                        |
|  | Middle                 | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 22.2                        |
|  | Upper                  | 0                                   | 0.0   | 0.0   | 0             | 0.0   | 0.0      | 43.3                        |
|  | Unknown                | 3                                   | 100.0 | 100.0 | 1,638         | 100.0 | 100.0    | 0.0                         |
|  | Total                  | 3                                   | 100.0 | 100.0 | 1,638         | 100.0 | 100.0    | 100.0                       |
| HMDA Totals  | Low                    | 2                                   | 6.7   | 7.3   | 309           | 4.6   | 3.7      | 17.7                        |
|  | Moderate               | 1                                   | 3.3   | 19.2  | 120           | 1.8   | 12.1     | 16.9                        |
|  | Middle                 | 1                                   | 3.3   | 21.2  | 115           | 1.7   | 17.6     | 22.2                        |
|  | Upper                  | 4                                   | 13.3  | 34.9  | 1,309         | 19.3  | 41.0     | 43.3                        |
|  | Unknown                | 22                                  | 73.3  | 17.3  | 4,931         | 72.7  | 25.7     | 0.0                         |
|  | Total                  | 30                                  | 100.0 | 100.0 | 6,784         | 100.0 | 100.0    | 100.0                       |
| Originations & Purchases                                       |                        |                                     |       |       |               |       |          |                             |
| 2015 FFIEC Census Data   |                        |                                     |       |       |               |       |          |                             |
| Note: Percentages may not add to 100.0 percent due to rounding |                        |                                     |       |       |               |       |          |                             |