

# **PUBLIC DISCLOSURE**

January 31, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Cedar Valley Bank & Trust  
Certificate Number: 14694

321 Main Street  
La Porte City, Iowa 50651

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

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

## TABLE OF CONTENTS

INSTITUTION RATING.....	1
DESCRIPTION OF INSTITUTION.....	2
DESCRIPTION OF ASSESSMENT AREAS .....	3
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA .....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	7
VINTON ASSESSMENT AREA – Full-Scope Review.....	7
LA PORTE CITY ASSESSMENT AREA – Full-Scope Review.....	12
APPENDICES.....	17
SMALL BANK PERFORMANCE CRITERIA.....	17
GLOSSARY .....	18

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Cedar Valley Bank & Trust's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's CRA performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment areas.
- A majority of the home mortgage, small business, and small farm loans reviewed were located inside the assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the Vinton assessment area. The geographic distribution of loans was not reviewed in the La Porte City assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Cedar Valley Bank & Trust is a community bank headquartered in La Porte City, Iowa. D & D Bancshares, Inc., La Porte City, Iowa, a one-bank holding company, owns 100 percent of the outstanding bank shares. Cedar Valley Bank & Trust received a Satisfactory rating at its previous FDIC Performance Evaluation dated February 29, 2016, based on Interagency Small Institution Examination Procedures. The institution continues to primarily focus on home mortgage, commercial, and agricultural lending.

Cedar Valley Bank & Trust operates two full-service offices in two separate assessment areas. The main office is located in a middle-income census tract in La Porte City, Iowa (Black Hawk County). Additionally, Cedar Valley Bank & Trust has one branch located in a moderate-income census tract in Vinton, Iowa (Benton County). Cedar Valley Bank & Trust offers various loan products, including agricultural, commercial, home mortgage, and consumer loans. The bank has the ability to originate various government-sponsored programs to qualified applicants through the Small Business Administration (SBA), the Iowa Agricultural Development Authority, and the Farmers Home Administration. This includes the origination of loans for the SBA Payment Protection Program (PPP) implemented in response to the coronavirus (COVID-19) pandemic. Additionally, the bank participates in a program through the Federal Home Loan Bank (FHLB) that provides grant money to assist low- and moderate-income homebuyers with down payment and closing costs. The bank provides a variety of deposit-related services that include checking, savings, money market, and certificate of deposit accounts. Alternative banking services include internet banking, mobile banking with remote deposit, bill pay, and two automated teller machines. The bank has not opened or closed any offices since the prior CRA evaluation, nor has it engaged in any merger or acquisition activities.

According to December 31, 2021 Call Report data, the bank's assets totaled \$101.9 million, loans totaled \$86.9 million, and deposits totaled \$85.2 million. The following table illustrates the bank's loan portfolio distribution.

<b>Loan Portfolio Distribution as of 12/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	5,744	6.6
Secured by Farmland	24,171	27.8
Secured by 1-4 Family Residential Properties	32,451	37.3
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	8,045	9.3
<b>Total Real Estate Loans</b>	<b>70,411</b>	<b>81.0</b>
Commercial and Industrial Loans	5,968	6.9
Agricultural Production and Other Loans to Farmers	6,552	7.5
Consumer Loans	4,002	4.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>86,935</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of its assessment areas.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate CRA performance. Cedar Valley Bank & Trust designated two adjacent assessment areas within the State of Iowa, which examiners will refer to as the La Porte City and the Vinton Assessment Areas. The Vinton Assessment Area is comprised of six census tracts in Benton County and one census tract in Tama County. The La Porte City Assessment Area is comprised of four census tracts in Black Hawk County and one census tract in Buchanan County. There have been no changes in the geographic boundaries of Cedar Valley Bank & Trust’s assessment areas since the prior evaluation. Based on 2015 American Community Survey (ACS) census data, the combined assessment area is comprised of one moderate-, nine middle-, and two upper-income census tracts. Refer to the individual assessment area sections for more details.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated February 29, 2016, to the current evaluation dated January 31, 2022. Examiners used Small Institution Examination Procedures to evaluate Cedar Valley Bank & Trust’s CRA performance, which focused on the bank’s performance under the Lending Test. Refer to the Appendices for a description of this test. Examiners conducted full-scope reviews of both assessment areas and placed more weight on the Vinton Assessment Area given the higher volume of lending as shown below. The following table reflects the distribution of loans, deposits, and office locations by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Vinton	60,854	87.8	39,144	53.2	1	50.0
La Porte City	8,466	12.2	34,470	46.8	1	50.0
<b>Total</b>	<b>69,320</b>	<b>100.0</b>	<b>73,614</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits (6/30/2021)*

### **Activities Reviewed**

Examiners determined the bank’s major product lines to be home mortgage, commercial, and agricultural loans and placed equal weight on the three reviewed loan products. Examiners based this conclusion on the bank’s business strategy, loan portfolio distribution, and bank records regarding the number and dollar volume of loans originated or renewed during the evaluation period. Furthermore, bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. Call Report information as of December 31, 2021, shows residential real estate loans comprise 37.3 percent of the loan portfolio, commercial loans comprise 16.2 percent, and agricultural loans comprise 35.3 percent of the portfolio.

Examiners used bank records to identify and analyze home mortgage, small business, and small farm loans originated in 2021. This time period was representative of the bank’s lending activities during the evaluation period. Examiners reviewed all home mortgage, small business, and small loans originated in 2021 to assess the bank’s performance under the Assessment Area Concentration criterion. Specifically, 124 home mortgage loans totaling \$17,103; 357 small business loans totaling \$12,081; and 68 small farm loans totaling \$7,412 were reviewed. For the Geographic Distribution criterion, examiners reviewed all home mortgage, small business, and small farm loans originated in 2021 that were located inside the assessment areas to evaluate the bank’s dispersion of loans. For the Borrower Profile criterion, examiners sampled loans extended to individuals, businesses, and farms located inside the assessment areas. For comparison purposes, examiners used 2015 ACS data for home mortgage lending, and 2021 D&B data as a comparator for small business and small farm lending. Refer to the following table for more information regarding the universe of loans inside the assessment areas and the sample sizes.

<b>Loan Products Reviewed</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
<b>Home Mortgage</b>				
Vinton Assessment Area	86	12,125	41	6,139
La Porte City Assessment Area	17	1,453	17	1,453
<b>Small Business</b>				
Vinton Assessment Area	253	8,899	55	2,314
La Porte City Assessment Area	50	1,530	30	959
<b>Small Farm</b>				
Vinton Assessment Area	44	5,122	30	3,280
La Porte City Assessment Area	19	1,623	19	1,623
<i>Source: 2021 Bank Data</i>				

Examiners obtained the data necessary for this evaluation from reported loan data, individual customer loan files, interviews with bank management, and other information gathered as part of the examination process. Examiners analyzed lending performance by both the number and dollar volume of loans; however, the performance by number of loans is emphasized as it is generally a better indicator of the number of individuals, small businesses, and small farms served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Cedar Valley Bank & Trust demonstrated overall reasonable performance under the Lending Test. The bank's reasonable performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria primarily supports this conclusion. The following sections include a discussion of each performance criterion and support for the bank's overall rating.

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

Cedar Valley Bank & Trust's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas. The ratio, calculated from Call Report data, averaged 77.9 percent over the 23 calendar quarters from March 31, 2016, to September 30, 2021. The net loan-to-deposit ratio ranged from a high of 109.1 percent as of September 30, 2021, to a low of 44.6 percent as of March 31, 2016. The ratio steadily increased over the evaluation period.

Examiners compared the bank's average net loan-to-deposit ratio to four similarly-situated institutions to help evaluate Cedar Valley Bank & Trust's performance. Examiners selected comparable institutions based on their size, geographic location, and lending focus. As shown in the following table, Cedar Valley Bank & Trust's average net loan-to-deposit ratio compares reasonably to the similarly-situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2021 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
<b>Cedar Valley Bank &amp; Trust, La Porte City, Iowa</b>	<b>96,069</b>	<b>77.9</b>
Farmers and Merchants Savings Bank, Iowa City, Iowa	91,360	81.1
Community Bank of Oelwein, Oelwein, Iowa	114,876	54.4
Readlyn Savings Bank, Readlyn, Iowa	82,082	98.7
Security State Bank, Waverly, Iowa	90,204	59.2
<i>Source: Reports of Condition and Income 3/31/2016 - 9/30/2021</i>		

### **Assessment Area Concentration**

Cedar Valley Bank & Trust extended a majority of the home mortgage, small business, and small farm loans, by number and dollar volume, within the assessment areas. See the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	103	83.1	21	16.9	124	13,578	79.4	3,525	20.6	17,103
Small Business	303	84.9	54	15.1	357	10,429	86.3	1,652	13.7	12,081
Small Farm	63	92.6	5	7.4	68	6,745	91.0	667	9.0	7,412
<i>Source: 2021 Bank Data</i>										

### **Geographic Distribution**

The geographic distribution of home mortgage, small business, and small farm loans reflects excellent dispersion. Examiners based this conclusion on the bank's performance in the Vinton Assessment Area. Examiners focused on the bank's record of lending in the Vinton Assessment Area's moderate-income census tract. The La Porte City Assessment Area does not include any low- or moderate-income geographies; therefore, examiners did not evaluate this criterion for the La Porte City Assessment Area, as meaningful conclusions would not be reached. Refer to comments under each assessment area for additional details.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes. The bank's overall reasonable lending performance in each assessment area supports this conclusion. Examiners focused on the percentage, by number of loans, to low- and moderate-income borrowers, and on the percentage, by number of loans, to businesses and farms generating gross annual revenues of \$1 million or less. Refer to comments under each separately analyzed assessment area for a more details.

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the CRA rating.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any discriminatory or other illegal credit practices inconsistent with helping meet community credit needs.

### VINTON ASSESSMENT AREA – Full-Scope Review

#### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE VINTON ASSESSMENT AREA

The Vinton Assessment Area is comprised of six census tracts in Benton County (9601 through 9606), which is part of the Cedar Rapids, Iowa Metropolitan Statistical Area (MSA), and one census tract in Tama County (2901), which is in a nonmetropolitan area of Iowa.

#### **Economic and Demographic Data**

According to 2015 ACS census data, the assessment area is comprised of one moderate- and six middle-income geographies. The moderate-income geography is located in Vinton, Iowa. The following table illustrates selected demographic characteristics of the Vinton Assessment Area.

<b>Demographic Information of the Vinton Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	7	0.0	14.3	85.7	0.0	0.0
Population by Geography	26,210	0.0	20.6	79.4	0.0	0.0
Housing Units by Geography	11,131	0.0	22.0	78.0	0.0	0.0
Owner-Occupied Units by Geography	8,540	0.0	20.2	79.8	0.0	0.0
Occupied Rental Units by Geography	1,702	0.0	30.9	69.1	0.0	0.0
Vacant Units by Geography	889	0.0	21.6	78.4	0.0	0.0
Businesses by Geography	2,231	0.0	23.4	76.6	0.0	0.0
Farms by Geography	520	0.0	4.8	95.2	0.0	0.0
Family Distribution by Income Level	7,393	17.1	17.7	24.9	40.3	0.0
Household Distribution by Income Level	10,242	19.6	14.7	20.1	45.6	0.0
Median Family Income - Cedar Rapids, Iowa MSA		\$75,812	Median Housing Value			\$147,281
Median Family Income – Nonmetropolitan Iowa		\$61,681	Median Gross Rent			\$623
			Families Below Poverty Level			6.2%

Source: 2015 ACS and 2021 D&B Data. (\*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%

According to 2021 D&B data, service industries represent the largest portion of businesses and farms at 29.3 percent; followed by agriculture, forestry, and fishing at 18.9 percent; non-classifiable

establishments at 12.7 percent; and retail trade at 9.6 percent. In addition, 74.8 percent of assessment area businesses and farms have four or fewer employees, and 92.3 percent operate from a single location.

Examiners used the 2021 FFIEC-estimated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the Cedar Rapids, Iowa MSA and nonmetropolitan areas of Iowa.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Cedar Rapids, Iowa MSA Median Family Income</b>				
2021 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
<b>Nonmetropolitan Iowa Median Family Income</b>				
2021 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
<i>Source: FFIEC</i>				

### **Competition**

There is a high level of competition for financial services in the Vinton Assessment Area. As of June 30, 2021, FDIC deposit market share data shows 17 financial institutions operating 25 offices in the assessment area. Of those institutions, Cedar Valley Bank & Trust ranked 11<sup>th</sup> with 3.5 percent of the deposit market share. The top three institutions accounted for 38.9 percent of the deposit market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. The information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available.

Examiners contacted a local representative from a state university in the assessment area who is actively involved with Benton County. The contact stated that primary credit needs in the area are financing for start-ups and lending to low- and moderate-income borrowers. The contact noted that it is often times difficult for these individuals and new companies to qualify for loans. Overall, the contact stated financial institutions are responsive and meeting the credit needs in the area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, small business, and small farm loans are primary credit needs of the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE VINTON ASSESSMENT AREA

### LENDING TEST

Cedar Valley Bank & Trust demonstrated overall reasonable performance under the Lending Test in the Vinton Assessment Area, as supported primarily by Borrower Profile performance.

### Geographic Distribution

Cedar Valley Bank & Trust’s geographic distribution of home mortgage, small business, and small farm loans reflects an overall excellent dispersion, evidencing management’s willingness to extend loans throughout the assessment area. The excellent distribution of home mortgage, small business, and small farm loans supports this conclusion.

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects excellent dispersion. As shown in the following table, the percentage of home mortgage loans originated in the moderate-income census tract significantly exceeds demographic data by 32.1 percent.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Vinton Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	20.2	45	52.3	6,180	51.0
Middle	79.8	41	47.7	5,945	49.0
<b>Totals</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>	<b>12,125</b>	<b>100.0</b>

Source: 2015 ACS Data; 2021 Bank Data  
Due to rounding, totals may not equal 100.0%

### *Small Business Loans*

The geographic distribution of small business loans reflects excellent dispersion. As shown in the following table, the percentage of small business loans originated in the moderate-income census tract greatly exceeds demographic data by 19.7 percent.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Vinton Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	23.4	109	43.1	4,251	47.8
Middle	76.6	144	56.9	4,648	52.2
<b>Totals</b>	<b>100.0</b>	<b>253</b>	<b>100.0</b>	<b>8,899</b>	<b>100.0</b>

Source: 2021 D&B Data; 2021 Bank Data  
Due to rounding, totals may not equal 100.0%

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects excellent dispersion. As shown in the following table, the percentage of small farm loans originated in the moderate-income census tract exceeds demographic data by 13.4 percent.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Vinton Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	4.8	8	18.2	270	5.3
Middle	95.2	36	81.8	4,852	94.7
<b>Totals</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>5,122</b>	<b>100.0</b>

*Source: 2021 D&B Data; 2021 Bank Data  
Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects an overall reasonable penetration of individuals of different income levels and among businesses and farms of different revenue sizes, given assessment area demographics. Reasonable performance in small business and small farm lending primarily supports this conclusion.

### ***Home Mortgage Loans***

The bank's performance in extending home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is poor. The bank's performance in lending to low-income borrowers fell below the percent of low-income families that reside within the assessment area by 12.2 percent. For lending to moderate-income borrowers, the bank's performance slightly trailed demographics by 3.0 percent. Examiners considered key factors when analyzing this performance. First, 6.2 percent of assessment area families live below the poverty level. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, thereby limiting the demand and opportunity for lending to low-income borrowers. Additionally, Cedar Valley Bank & Trust participates in a program through the FHLB that provides grant money to assist low- and moderate-income homebuyers with down payments and closing costs. Furthermore, the bank collaborated with a local hospital that managed land trusts to start a new housing development in Vinton, Iowa with the goal of creating affordable housing. Once lots were available to build, the bank partnered with organizations to provide down payment assistance grants to qualified low- and moderate-income borrowers. Though the bank is willing to lend to borrowers of all income levels, the bank's activities did not translate into a reasonable level of loans to low- and moderate-income borrowers. Please see the following table.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Vinton Assessment Area</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	17.1	2	4.9	147	2.4
Moderate	17.7	6	14.7	752	12.2
Middle	24.9	8	19.5	1,244	20.3
Upper	40.3	24	58.5	3,946	64.3
Not Available	0.0	1	2.4	50	0.8
<b>Totals</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>6,139</b>	<b>100.0</b>

*Source: 2015 ACS Data; 2021 Bank Data  
Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The percent of sampled small business loans to businesses with gross annual revenues of \$1.0 million or less slightly exceeds demographics by 3.5 percent. In addition, the bank's willingness to meet the credit needs of businesses of varying sizes by originating SBA PPP loans during the COVID-19 pandemic supports its reasonable performance. Please see the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Vinton Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	87.4	50	90.9	1,903	82.2
> \$1,000,000	2.9	4	7.3	392	17.0
Revenue Not Available	9.7	1	1.8	19	0.8
<b>Totals</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>2,314</b>	<b>100.0</b>

*Source: 2021 D&B Data; 2021 Bank Data;  
Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. The percent of sampled small farms loans to farms with gross annual revenues of \$1.0 million or less slightly exceeds demographics by 1.2 percent. Please see the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Vinton Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	98.8	30	100.0	3,280	100.0
> \$1,000,000	0.8	0	0.0	0	0.0
Revenue Not Available	0.4	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>3,280</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; 2021 Bank Data; Due to rounding, totals may not equal 100.0%</i>					

## **LA PORTE CITY ASSESSMENT AREA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LA PORTE CITY**

The La Porte City Assessment Area is comprised of four census tracts in Black Hawk County (27, 28, 29.02, and 30.02), which is part of the Waterloo-Cedar Falls, Iowa MSA, and one census tract in Buchanan County (9506), which is in a nonmetropolitan area of Iowa.

#### **Economic and Demographic Data**

According to 2015 ACS census data, the assessment area is comprised of three middle- and two upper-income geographies. The following table illustrates selected demographic characteristics of the La Porte City Assessment Area.

Demographic Information of the La Porte City Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	60.0	40.0	0.0
Population by Geography	19,240	0.0	0.0	57.2	42.8	0.0
Housing Units by Geography	8,008	0.0	0.0	57.4	42.6	0.0
Owner-Occupied Units by Geography	6,321	0.0	0.0	57.9	42.1	0.0
Occupied Rental Units by Geography	1,208	0.0	0.0	54.2	45.8	0.0
Vacant Units by Geography	479	0.0	0.0	59.1	40.9	0.0
Businesses by Geography	1,581	0.0	0.0	51.1	48.9	0.0
Farms by Geography	434	0.0	0.0	45.9	54.1	0.0
Family Distribution by Income Level	5,479	10.8	16.6	22.7	49.9	0.0
Household Distribution by Income Level	7,529	13.8	13.5	18.2	54.6	0.0
Median Family Income - Waterloo-Cedar Falls, Iowa MSA		\$65,749	Median Housing Value			\$155,996
Median Family Income – Nonmetropolitan Iowa		\$61,681	Median Gross Rent			\$647
			Families Below Poverty Level			3.5%

*Source: 2015 ACS and 2021 D&B Data. (\*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

According to 2021 D&B data, service industries represent the largest portion of businesses and farms at 27.3 percent; followed by agriculture, forestry, and fishing at 21.5 percent; non-classifiable establishments at 13.7 percent; and retail trade at 8.5 percent. In addition, 76.5 percent of assessment area businesses and farms have four or fewer employees, and 94.2 percent operate from a single location.

Examiners used the 2021 FFIEC-estimated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the Waterloo-Cedar Falls, Iowa MSA and nonmetropolitan areas of Iowa.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Waterloo-Cedar Falls, Iowa MSA Median Family Income (47940)</b>				
2021 (\$78,000)	<\$39,000	\$39,000 to <\$62,400	\$62,400 to <\$93,600	≥\$93,600
<b>Nonmetropolitan Iowa Median Family Income (99999)</b>				
2021 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600

*Source: FFIEC*

### **Competition**

There is a high level of competition for financial services in the La Porte City Assessment Area. As of June 30, 2021, FDIC deposit market share data shows 18 financial institutions operating 47 offices in the assessment area. Of those institutions, Cedar Valley Bank & Trust ranked 15<sup>th</sup> with 1.0 percent of the deposit market share. The top three institutions accounted for 55.5 percent of the deposit market share.

### **Community Contact**

Examiners contacted a local representative of an economic development organization in the assessment area. The contact noted that it is difficult for local financial institutions to compete with large banks. The contact also stated that local credit needs include financing for small businesses, farms, and home mortgages. Regarding housing stock, the contact said the community does not have a sufficient supply of low-income housing to meet demand. The contact noted that overall, financial institutions are meeting the credit needs of the community.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, small business, and small farm loans are primary credit needs of the assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LA PORTE CITY ASSESSMENT AREA**

### **LENDING TEST**

Cedar Valley Bank & Trust demonstrated reasonable performance under the Lending Test in the La Porte City Assessment Area, as supported by Borrower Profile performance.

### **Geographic Distribution**

The La Porte City Assessment Area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

### **Borrower Profile**

The distribution of borrowers reflects an overall reasonable penetration of individuals of different income levels and of businesses and farms of different revenue sizes, given assessment area demographics. Reasonable performance in home mortgage, small business, and small farm lending supports this conclusion.

### ***Home Mortgage Loans***

The bank's performance in extending home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Cedar Valley Bank & Trust's performance in lending to low-income borrowers slightly exceeded demographics by 1.0 percent, while lending to moderate-income borrowers exceeded demographics by 6.9 percent. Please see the following table.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>La Porte City Assessment Area</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	10.8	2	11.8	74	5.1
Moderate	16.6	4	23.5	305	21.0
Middle	22.7	4	23.5	405	27.9
Upper	49.9	7	41.2	669	46.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>1,453</b>	<b>100.0</b>

*Source: 2015 ACS Data; 2021 Bank Data  
Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The percentage of sampled small business loans to businesses with gross annual revenues of \$1.0 million or less slightly exceeds demographics by 4.0 percent. Additionally, the bank’s willingness to meet the credit needs of businesses of varying sizes by originating SBA PPP loans during the COVID-19 pandemic supports its reasonable performance. Please see the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>La Porte City Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	89.4	28	93.4	761	79.4
> \$1,000,000	2.9	1	3.3	125	13.0
Revenue Not Available	7.7	1	3.3	73	7.6
<b>Totals</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>959</b>	<b>100.0</b>

*Source: 2021 D&B Data; 2021 Bank Data  
Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. The percentage of sampled small farm loans to farms with gross annual revenues of \$1.0 million or less slightly exceeds demographics by 1.6 percent. Please see the following table.

**Distribution of Small Farm Loans by Gross Annual Revenue Category**  
**La Porte City Assessment Area**

<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	98.4	19	100.0	1,623	100.0
> \$1,000,000	0.9	0	0.0	0	0.0
Revenue Not Available	0.7	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>1,623</b>	<b>100.0</b>

*Source: 2021 D&B Data; 2021 Bank Data*  
*Due to rounding, totals may not equal 100.0%*

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** 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 geography.

**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 metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** 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 and less than 120 percent in the case of a geography.

**Moderate-Income:** 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 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.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.