

PUBLIC DISCLOSURE

September 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Trust and Savings Bank
Certificate Number: 10123

1831 Second Street
Coralville, Iowa 52241

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 AREA.....	3
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	11
APPENDICES	12
SMALL BANK PERFORMANCE CRITERIA.....	12
GLOSSARY.....	13

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Needs to Improve.**

An institution in this group needs to improve its overall record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following points summarize the bank's Community Reinvestment Act (CRA) performance.

- The loan-to-deposit ratio is less than reasonable, given the institution's size, financial condition, and assessment area credit needs.
- The institution made a majority of its loans inside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion of lending throughout the assessment area.
- The distribution of borrowers reflects a reasonable penetration of lending among farms and businesses of different revenue sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

First Trust and Savings Bank is a full-service community bank operating from its main office in Coralville, Iowa, and a full-service branch in Oxford, Iowa. Both offices are located in Johnson County, Iowa. The bank continues to be privately owned and operated. There are no affiliates or subsidiaries. The institution received a Needs to Improve rating at its previous FDIC Performance Evaluation dated August 9, 2021, based on Interagency Small Institution Examination Procedures.

First Trust and Savings Bank offers various credit products, including agricultural, commercial, home mortgage, and consumer loans, with a primary lending focus on agriculture. Management also facilitates access to long-term, fixed-rate home mortgage loans through a secondary market referral arrangement. The bank offers traditional deposit products, including checking, savings, money market, and certificates of deposit. Alternative banking services include internet banking and two full-service automated teller machines. No branches were opened or closed, and no merger or acquisition activities occurred during the review period.

Assets totaled approximately \$61.2 million as of June 30, 2023, representing a decrease of 2.1 percent since the March 31, 2021, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$54.3 million, representing a 6.8 percent increase, and total loans were approximately \$11.2 million, representing a decline of 1.7 percent during the same timeframe. The composition of the loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	988	8.9
Secured by Farmland	640	5.7
Secured by 1-4 Family Residential Properties	2,116	19.0
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	1,085	9.7
Total Real Estate Loans	4,829	43.3
Commercial and Industrial Loans	3,626	32.5
Agricultural Production and Other Loans to Farmers	766	6.9
Consumer Loans	806	7.2
Other Loans	1,130	10.1
Less: Unearned Income	(0)	(0.0)
Total Loans	11,157	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that would affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The bank's delineated assessment area consists of one contiguous assessment area that includes two census tracts in eastern Iowa County and 20 census tracts in Johnson County, west of the Iowa River. Johnson County is located in the Iowa City, Iowa Metropolitan Statistical Area (MSA) and Iowa County is in nonmetropolitan Iowa. While the boundaries of the assessment area have not changed since the prior evaluation, the release of 2020 U.S. Census data caused the number of census tracts comprising the assessment area to increase from 12 to 22 (due to population growth in some areas) and produced some census tract income designation changes. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

Based on 2020 U.S. Census data, the assessment area contains one low-, eight moderate-, four middle-, and nine upper-income geographies. The low- and moderate-income geographies are all located in Johnson County. A comparison of 2015 American Community Survey data and 2020 U.S. Census data reflects a transition of tracts between income categories. In aggregate, allocation of the area's 22 geographies by income level revealed an increase of one low-, five moderate-, and five upper-income census tracts, and a decrease of one middle-income census tract. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	4.5	36.4	18.2	40.9	0.0
Population by Geography	92,036	3.8	30.4	23.2	42.6	0.0
Housing Units by Geography	37,734	4.3	33.2	22.3	40.2	0.0
Owner-Occupied Units by Geography	21,253	2.5	21.6	23.5	52.4	0.0
Occupied Rental Units by Geography	14,040	6.6	51.8	19.5	22.1	0.0
Vacant Units by Geography	2,441	6.6	27.9	28.3	37.1	0.0
Businesses by Geography	10,651	2.1	34.2	19.9	43.8	0.0
Farms by Geography	539	0.2	32.8	31.7	35.3	0.0
Family Distribution by Income Level	20,778	20.3	16.1	21.2	42.4	0.0
Household Distribution by Income Level	35,293	24.5	13.3	16.1	46.2	0.0
Median Family Income – Iowa City, Iowa MSA		\$93,237	Median Housing Value			\$250,021
Median Family Income – Iowa Nonmetropolitan		\$71,763	Median Gross Rent			\$941
			Families Below Poverty Level			7.5%

Source: 2020 U.S. Census and 2022 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%*

D&B data for 2022 indicates that the primary industries (farms and businesses) in the assessment area include the service industry at 34.9 percent, followed by non-classifiable establishments at 24.5 percent, finance, insurance, and real estate at 11.8 percent, retail at 10.5 percent, and agriculture, forestry, and fishing at 4.8 percent. The data also indicates that a notable portion of these operations are relatively small, with 62.0 percent having under five employees and 92.0 percent operating from a single location.

Review of 2017 U.S. Census of Agriculture shows that 55.0 percent of agricultural producers in the bank's assessment area counties are hobby farmers. These agricultural producers list their principal occupation as "other than farming." The same data also shows that 52.6 percent of farms in the assessment area counties had no borrowing need, as they reported not incurring any interest expense.

The FFIEC-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area for 2022 are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Iowa City, Iowa MSA Median Family Income				
2022 (\$104,300)	<\$52,150	\$52,150 to <\$83,440	\$83,440 to <\$125,160	≥\$125,160
Iowa Nonmetropolitan Median Family Income				
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
<i>Source: FFIEC</i>				

Competition

The financial services market in the assessment area is highly competitive. The FDIC Deposit Market Share Report as of June 30, 2022, reflects 22 insured institutions operating from 49 locations in Johnson and Iowa counties. First Trust and Savings Bank ranked 12th with 1.1 percent of the deposit market share. The top two banks held the majority of the market share with a combined total of 62.4 percent of deposits. Further, data obtained from the National Credit Union Administration's website shows there are three large credit unions with at least one location within the assessment area, reporting over \$15.8 billion in deposits.

To further illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2022 Home Mortgage Disclosure Act aggregate data shows there are 161 financial institutions (lenders) that reported 4,031 home mortgage loan originations/purchases in the bank's assessment area. Market share is dominated by one credit union and a large community bank accounting for a combined 62.1 percent of reported loans. CRA aggregate data for 2021 shows 79 lenders reported 4,135 small business loan originations, and 14 lenders reported 738 small farm loan originations in the bank's assessment area counties. Similarly, market share is controlled by a large local bank, reaping 38.0 percent and 68.8 percent of reported small business and small farm

loans, respectively. Management agreed that they face heavy competition from other institutions operating in their assessment area.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify credit needs. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. In conjunction with this evaluation, examiners referenced two previously conducted contacts with representatives of economic and workforce development organizations serving the assessment area.

One community contact that is primarily involved in agricultural stated that the agricultural economy of the area is strong. The combination of rising commodity prices and government assistance through the Small Business Administration's Paycheck Protection Program and other support programs have significantly improved farmers' cash flows, thus reducing the need for credit to a low level. The contact stated that farmers have been paying down their current liabilities and funding current needs with cash for the most part. Access to ready cash has caused inflation with regard to crop inputs and machinery. Supply chain issues have caused new equipment shortages, and used machinery has become very expensive. The contact stated that, at the current time, there is very little demand for short- and mid-term lending, and that most long-term lending is for land. Lenders, even specialty agriculture lenders, in the area would like to do more loans, but there is no demonstrated need.

Another community contact stated that the economy is generally stable. Recovery from the effects of the COVID-19 pandemic and the 2020 derecho windstorm disaster are nearly complete. Commercial development in the assessment area is growing slowly, but steadily. One area of concern is the declining occupancy rate for commercial office space, fueled by the continuing trend for workers to perform their duties from remote workspaces. Main street businesses in rural areas are struggling due to the preference of shoppers to go to larger retail areas. Low unemployment has had an effect on both agricultural and business employers, forcing wages up and making hiring harder for smaller entities. The residential real estate market has become much stronger over the past few years, as homeowners are spending funds to renovate and repair existing homes. With new home inventory being low, high demand for housing, and high construction input costs, the price of new housing has risen substantially. The refinance market has cooled considerably due to rising interest rates. Affordable housing is a need throughout the assessment area.

Credit Needs

Considering information from the community contacts, bank management, demographic and economic data, and Call Report data, examiners determined that home mortgage and small business lending represent primary credit needs of the assessment area. Small farm lending accounts for a secondary credit need, although to a lesser degree and for a smaller geographic market than the broader assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 9, 2021, to the current evaluation date. Examiners used Interagency Small Institution Examination Procedures to evaluate First Trust and Savings Bank's CRA performance.

Activities Reviewed

Though agricultural lending concentration in the portfolio has decreased due to softened demand, the institution's lending focus is still primarily agricultural in nature. Based on Call Report information, the number and dollar volume of loans originated during the evaluation period, and the bank's business strategy, examiners determined that the major product lines are agriculture, commercial, and residential real estate. Therefore, small farm, small business, and home mortgage lending was reviewed at the current evaluation. In consideration of the aforementioned factors, examiners provided greater weight to small farm and small business lending conclusions, followed by home mortgage lending.

The universe of loans reviewed included all small farm, small business, and home mortgage loans originated or renewed from January 1, 2022, through December 31, 2022. Specifically, 24 small farm loans totaling approximately \$2.5 million, 20 small business loans totaling approximately \$2.6 million, and 14 home mortgage loans totaling approximately \$1.3 million were reviewed. For the Assessment Area Concentration performance criterion, examiners reviewed the entire universe of loans. For the Geographic Distribution and Borrower Profile performance criterion, examiners analyzed all small farm, small business, and home mortgage loans originated or renewed inside the assessment area.

For small business and small farm conclusions, 2022 D&B data provided a standard of comparison. When arriving at home mortgage conclusions, 2020 U.S. Census data provided a standard of comparison. Examiners obtained the data necessary for this evaluation from institution loan data, individual customer loan files, and interviews with bank management. Examiners analyzed lending performance by both the number and dollar volume of loans; however, the performance by number of loans was emphasized as it is generally a better indicator of the number of businesses, farms, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Trust and Savings Bank demonstrated poor performance under the Lending Test. The bank's less than reasonable loan-to-deposit ratio primarily supports this conclusion.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is less than reasonable given the institution's size, financial condition, and the credit needs of the assessment area. As shown in the following table, First Trust and Savings Bank's loan-to-deposit ratio averaged 17.6 percent over the past eight quarters. The bank's average net loan-to-deposit ratio declined since the prior evaluation when the average ratio was at 32.4 percent.

The bank's loan-to-deposit ratio was rated less than reasonable at the prior FDIC performance evaluation.

First Trust and Savings Bank's average net loan-to-deposit ratio was compared to those of three other financial institutions operating in or near the bank's assessment area. In addition to geographic location, these financial institutions were considered comparable due to similarities in asset size and lending focus. The bank's average net loan-to-deposit ratio is the lowest among the comparable banks. Information pertaining to this review appears in the following table.

Loan-to-Deposit Ratio Comparison			
Banks	Total Assets as of 6/30/23 (\$000s)	Net Loan-to-Deposit as of 6/30/23 (%)	Average Net Loan-to- Deposit Ratio (%)
First Trust and Savings Bank, Coralville, Iowa	61,211	20.3	17.6
Peoples Trust and Savings Bank, Riverside, Iowa	34,163	42.8	40.9
White State Bank, South English, Iowa	92,052	39.5	46.1
Farmers and Merchants Savings Bank, Iowa City, Iowa	86,548	88.5	88.1
<i>Source: Call Reports 9/30/2021– 6/30/2023</i>			

In addition, examiners considered data from the Uniform Bank Performance Report peer group as of June 30, 2023. The peer group average loan-to-deposit ratio was 65.3 percent. First Trust and Savings Bank ranked in the 7th percentile, which falls significantly below the peer group average and was their highest ranking in the review period. When considering only the Iowa banks in the peer group, the peer average loan-to-deposit ratio was 63.1 percent. Examiners also compared the bank's June 30, 2023, net loan-to-deposit ratio of 20.3 percent to all other FDIC-supervised financial institutions in the State of Iowa. First Trust and Savings Bank had the fourth lowest net loan-to-deposit ratio in the state based on this comparison.

The bank's ratio ranged from a low of 14.6 percent as of June 30, 2022, to a high of 20.3 percent on June 30, 2023. The decline is largely due to a significant decrease in net loans between March 31, 2021, and June 30, 2022, when some new loans, participations, and a large line of credit came back into use. Since that time, net loans have slowly been recovering to their initial level, resulting in a 1.4 percent decrease over the period since March 31, 2021.

Management stated that the bank tries to make every loan that aligns with their risk strategy and reports minimal non-originated applications; however, the bank continues to struggle with loan growth. Management attributes that to low demand, competition, and rising interest rates during the review period. Management reports that all of the government money associated with pandemic-related stimulus has resulted in customers with higher than normal bank balances and the ability to self-fund operations. This, along with favorable grain prices, has reduced the funding needs of some of the bank's larger agriculture borrowers. Both U.S. Agriculture Census data and a community contact support weakened agricultural demand. Examiners note commercial and home mortgage opportunities mainly reside in the Coralville market; however, the Coralville branch has struggled with competition, loss of a mortgage lender, and the lack of a dedicated commercial or home mortgage lender. Further, the bank as a whole also has limited expertise in home mortgage lending.

Total deposits have fluctuated, experiencing an overall increase of 6.8 percent since March 31, 2021. First Trust and Savings Bank still purchases and borrows from wholesale funding sources, and as of June 30, 2023, funds from brokered deposits and other deposit listing services accounted for 9.6 percent of total deposits. This compares to 31.4 percent calculated at the prior evaluation. Although increased deposits further reduce the loan-to-deposit ratio, the bank's level of lending declined and has just started to be on an increasing trend in the most recent 12 months.

Management performs nominal marketing and outreach to expand its customer base, mainly relying on existing customers and word of mouth to attract business. The challenges of this approach are further compounded in a highly competitive market such as the bank's assessment area. Although the preceding factors have affected loan and deposit volume, the loan-to-deposit ratio is less than reasonable given the bank's capacity to lend and the opportunities available within the assessment area.

Assessment Area Concentration

Collectively, the bank made a majority of small farm, small business, and home mortgage loans, by number and dollar volume, within its assessment area. However, examiners noted a larger percentage of small business loans, by dollar volume, were made outside the assessment area. This is due to higher loan amounts for participation activity and a large volume customer that resides adjacent to the area. Overall, this concentration demonstrates the bank's willingness to meet the credit needs of the assessment area. The bank's performance in this criterion did not outweigh the performance in the loan-to-deposit ratio review. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		#	\$	%	\$	%
Small Farm	24	100.0	0	0.0	24	2,459	100.0	0	0.0	2,459
Small Business	12	60.0	8	40.0	20	1,040	39.6	1,583	60.4	2,623
Home Mortgage	12	85.7	2	14.3	14	956	72.6	361	27.4	1,317
Source: Bank Data. Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, indicating the bank's willingness to extend small farm, small business, and home mortgage loans throughout the assessment area. Examiners focused primarily on the percentage, by number of loans, in low- and moderate-income census tracts located in the assessment area. The bank's performance in this criterion did not outweigh the performance in the loan-to-deposit ratio review.

Small Farm Loans

The geographic distribution of small farm lending reflects reasonable dispersion given the performance context. As shown in the following table, the institution's lending in both low- and moderate-income census tracts is lower than the demographic data. The low- and most of the moderate-income tracts are primarily located in the metropolitan areas of Iowa City where limited

agricultural lending opportunities exist. Much of the farming opportunity is reported by D&B as originating from the southwest corner of Johnson County. Management explained that lending is inhibited by strong competition from a large farm lender with multiple branch locations. CRA aggregate data from 2021 supports this statement. Additionally, the Oxford branch manages all of the bank's agricultural lending, which is concentrated in a rural geographic area comprised of middle- and upper-income census tracts. As such, the bank's lending dispersion corresponds to the loan product type and related demand.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.2	0	0.0	0	0.0
Moderate	32.8	4	16.7	56	2.3
Middle	31.7	16	66.7	1,825	74.2
Upper	35.3	4	16.7	578	23.5
Totals	100.0	24	100.0	2,459	100.0
Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Small Business Loans

The geographic distribution of small business lending reflects reasonable dispersion when considering performance context factors. As shown in the following table, the percentage of lending in both the low-income and moderate-income areas of the assessment area is lower than benchmark data. The sole low-income census tract in the assessment area provides limited opportunity, as depicted by D&B data. In the moderate-income census tracts, bank penetration was 9.2 percentage points lower than benchmark data. However, as stated previously, and backed by a community contact, competition is highly prevalent, with examiners noting that 10 lenders operate from 12 locations just within the moderate-income census tracts. Management agreed that competition is a significant factor. First Trust and Savings Bank's Coralville branch is located in a moderate-income geography. Management stated that although lenders are willing to meet with customers, there is not a commercial lender permanently stationed there. Examiners do note improved performance compared to the last evaluation.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.1	0	0.0	0	0.0
Moderate	34.2	3	25.0	115	11.1
Middle	19.9	6	50.0	365	35.1
Upper	43.8	3	25.0	560	53.8
Totals	100.0	12	100.0	1,040	100.0
Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects reasonable dispersion. No lending was conducted in the assessment area's one low-income census tract; however, U.S. Census data also reports nominal opportunity. Examiner review of demographic data within this low-income census tract showed that a majority of housing is rental-related, with nearly half in multi-family housing. The bank's penetration in moderate-income census tracts is modestly better than comparable data. Management stated home mortgage lending is not a primary business focus and they do not explicitly market or advertise home mortgage products. See the following table.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	2.5	0	0.0	0	0.0
Moderate	21.6	3	25.0	140	14.6
Middle	23.5	5	41.7	256	26.8
Upper	52.4	4	33.3	560	58.6
Total	100.0	12	100.0	956	100.0
<i>Source: 2020 U.S. Census, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of various income levels. First Trust and Savings Bank's reasonable performance of small farm and small business lending primarily supports this conclusion. Examiners focused on the percentage, by number, of small farm and small business loans to entities generating gross annual revenues of \$1 million or less. For home mortgage lending, focus was placed on the percentage of loans, by number, to low- and moderate-income borrowers. The bank's performance in this criterion did not outweigh the performance in the loan-to-deposit ratio review.

Small Farm Loans

The distribution of small farm loans to entities of differing revenues is reasonable. As demonstrated in the table below, First Trust and Savings Bank's lending to farms with gross annual revenues of \$1 million or less closely resembles that of comparative demographic data.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.0	23	95.8	2,059	83.7
>\$1,000,000	1.5	1	4.2	400	16.3
Revenue Not Available	1.5	0	0.0	0	0.0
Total	100.0	24	100.0	2,459	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans to entities of differing revenues is reasonable. As demonstrated in the table below, First Trust and Savings Bank's lending to businesses with gross annual revenues of \$1 million or less slightly exceeds that of comparative demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.5	11	91.7	960	92.3
>\$1,000,000	2.3	1	8.3	80	7.7
Revenue Not Available	8.2	0	0.0	0	0.0
Total	100.0	12	100.0	1,040	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The bank's record of extending home mortgage loans to borrowers of different income levels is excellent. The bank's percentage of lending by number of loans to low-income borrowers significantly exceeds comparable data, but falls below demographic data for moderate-income borrowers. Overall volume is low and management agreed that the shortage of housing stock as cited by the community contact, competition, and limited home mortgage expertise affects the bank's ability to make home loans. See the following table.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.3	6	50.0	263	27.5
Moderate	16.1	1	8.3	94	9.8
Middle	21.2	2	16.7	133	13.9
Upper	42.4	3	25.0	466	48.7
Not Available	0.0	0	0.0	0	0.0
Total	100.0	12	100.0	956	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

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

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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 bank'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 bank 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.