

PUBLIC DISCLOSURE

August 7, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City State Bank
Certificate Number: 14410

801 Main Street
Norwalk, Iowa 50211

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

1100 Walnut St, 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	10
Norwalk/Madrid Assessment Area – Full-Scope Review	11
Mount Ayr Assessment Area – Full-Scope Review	18
APPENDICES	23
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	23
GLOSSARY	24

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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

City State Bank (CSB)'s satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and the Community Development Test supports the rating. The following points summarize the bank's performance.

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

- The institution demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

CSB is a community bank headquartered in Norwalk, Iowa. The bank is wholly owned by Albrecht Financial Services, Inc., Norwalk, Iowa. CSB operates eight full-service locations and one limited-service location in Iowa. Since the prior evaluation, the bank closed a limited-service branch in Clive, Iowa, which did not offer retail services. The location was in an upper-income geography and primarily served as office space for secondary-market lenders. No merger or acquisition activities have occurred since the prior evaluation. At the prior FDIC Performance Evaluation on November 24, 2020, CSB received a Satisfactory rating based on Intermediate Small Institution Examination Procedures.

CSB offers traditional loan products, including commercial, residential, agricultural, and consumer lending. Commercial lending continues to be the bank's primary business focus. Residential real estate loans are originated in-house and on the secondary market. Secondary-market loans are not reflected on the bank's Reports of Condition and Income (Call Report), and the bank does not retain servicing. CSB participates in a variety of special financing programs, including through the Small Business Administration (SBA), U.S. Department of Agriculture, Federal Housing Authority, Home Ready, and Borrower Smart. Lastly, the bank participated in the SBA's Paycheck Protection Program (PPP) in 2020 and 2021. The program provided financial support to businesses and farms adversely affected by the COVID-19 pandemic.

CSB offers traditional deposit products, including checking, savings, money market, and certificates of deposit. Non-deposit products include insurance, trust, and investments. Alternative banking services include online banking, bill pay, mobile banking and deposit, and telephone banking. The bank operates eight ATMs, six of which are deposit taking. All of the ATMs are located at bank branches except for one, which is located at a grocery store in Norwalk, Iowa.

According to the June 30, 2023, Call Report, the institution reported total assets of \$695.0 million, total loans of \$510.5 million, and total deposits of \$630.8 million. The following table shows the distribution for each loan category by dollar volume.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	54,518	10.7
Secured by Farmland	94,160	18.4
Secured by 1-4 Family Residential Properties	102,944	20.2
Secured by Multifamily (5 or more) Residential Properties	36,409	7.1
Secured by Nonfarm Nonresidential Properties	128,426	25.2
Total Real Estate Loans	416,457	81.6
Commercial and Industrial Loans	64,037	12.5
Agricultural Production and Other Loans to Farmers	19,727	3.9
Consumer Loans	6,543	1.3
Obligations of State and Political Subdivisions in the U.S.	972	0.2
Other Loans	2,799	0.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(1)	(0.0)
Total Loans	510,534	100.0
<i>Source: Reports of Condition and Income</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 AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. CSB has designated two assessment areas within the State of Iowa, referred to as the Norwalk/Madrid Assessment Area and the Mount Ayr Assessment Area. The geographic boundaries of the assessment areas have not changed since the prior evaluation; however, the release of 2020 U.S. Census data caused slight changes in income classifications in designated census tracts. The Norwalk/Madrid Assessment Area contains all of Warren County and portions of Madison, Polk, Dallas, and Boone counties in Iowa. Warren, Madison, Polk, and Dallas counties are part of the Des Moines-West Des Moines, Iowa Metropolitan Statistical Area (MSA), and Boone County is part of the Ames, Iowa MSA. The two MSA’s are contiguous and part of the Des Moines-Ames-West Des Moines, Iowa Combined Statistical Area (CSA). The Mount Ayr Assessment Area is located in nonmetropolitan Iowa, and includes all of Ringgold County. The assessment areas are discussed in further detail under their respective sections.

SCOPE OF EVALUATION

General Information

Examiners used Interagency Intermediate Small Bank Evaluation Procedures to evaluate the bank’s CRA performance. These procedures include the Lending Test and the Community Development Test. The criteria for the tests are outlined in the Appendices. The bank must achieve at least a “Satisfactory” rating under both tests to obtain an overall “Satisfactory” rating.

This evaluation covers the period from the prior evaluation dated November 24, 2020, to the current evaluation dated August 7, 2023. Examiners used full-scope examination procedures to assess the bank's performance in both the Norwalk/Madrid and Mount Ayr assessment areas. However, performance in the Norwalk/Madrid Assessment Area received more weight when determining the overall performance ratings due to the majority of branches, loans, and deposits being located in that assessment area. Examiners did not identify any trends in lending between the two MSAs that materially affected conclusions. As such, the evaluation presents performance analysis at the CSA level.

Activities Reviewed

Examiners determined that the bank's major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank's lending focus and product mix remained relatively consistent throughout the evaluation period. However, the number of home mortgage loans sold on the secondary market versus retained by CSB fluctuated during the evaluation period due to PPP funds complicating some housing investors' ability to qualify for secondary-market funding. Based on the bank's business focus and loan portfolio composition, examiners placed the most weight on small business lending performance, followed by home mortgage lending, and then small farm lending when arriving at overall conclusions in the Norwalk/Madrid Assessment Area. The most weight was placed on small business lending performance, followed by small farm lending, and then home mortgage lending when arriving at overall conclusions in the Mount Ayr Assessment Area.

For all three lending products, examiners reviewed 2022 lending activity. Management indicated the bank's lending patterns in 2022 were reasonably representative of its overall lending patterns since the previous evaluation. In addition, examiners reviewed 2021 lending activity for small business and home mortgage loans for additional analysis and overall conclusions.

The bank originated or renewed 151 small business loans totaling \$29.6 million, 178 home mortgage loans totaling \$52.6 million, and 162 small farm loans totaling \$21.2 million in 2022. In 2021, the bank originated or renewed 95 small business loans totaling \$24.4 million, and 110 home mortgage loans totaling \$26.1 million. All aforementioned loans are included in the Assessment Area Concentration criterion analysis.

For the Geographic Distribution criterion, examiners reviewed all small business and home mortgage loans originated or renewed within the assessment areas for 2021 and 2022, and all small farm loans originated or renewed within the assessment areas for 2022.

For the Borrower Profile criterion, examiners reviewed loans originated or renewed inside the assessment areas. For 2022, the full universe of small business and home mortgage loans, and a sample of small farm loans were reviewed. Examiners sampled 75 small farm loans totaling \$8.4 million. For 2021, a sample of small business and home mortgage loans were reviewed. Examiners sampled 49 small business loans totaling \$11.7 million and 44 home mortgage loans totaling \$8.7 million.

D&B data for 2021 and 2022 provided a standard of comparison for the bank's small business and small farm lending performance, and 2015 American Community Survey (ACS) data and 2020 U.S.

Census data provided a standard of comparison for the bank’s home mortgage lending performance in 2021 and 2022, respectively. Although both number and dollar volume of loans are included throughout this evaluation, examiners emphasize performance by number of loans, as it is a better indicator of the number of businesses, individuals, and farms served.

For the Community Development Test, examiners considered data provided by bank management on the institution’s community development loans, qualified investments, and community development services since the prior CRA evaluation up to the date of the current evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CSB demonstrated reasonable performance under the Lending Test. The bank’s overall Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports this conclusion.

Loan-to-Deposit Ratio

CSB’s average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and the assessment areas’ credit needs. The bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 72.9 percent over the past 10 quarters from December 31, 2020, to March 31, 2023. As shown in the following table, the bank’s ratio is comparable to similarly-situated institutions’ ratios. The similarly-situated institutions were selected based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2023 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
City State Bank, Norwalk, Iowa	693,934	72.9
VisionBank of Iowa, Ames, Iowa	760,617	98.1
Marion County State Bank, Pella, Iowa	635,040	68.0
Iowa State Bank, Des Moines, Iowa	450,400	60.2
Peoples Savings Bank, Indianola, Iowa	543,051	53.0
<i>Source: Reports of Condition and Income 12/31/2020 - 3/31/2023</i>		

Assessment Area Concentration

Collectively, CSB originated a majority of its small business, home mortgage, and small farm loans within the assessment areas. With the exception of 2022 home mortgage loans, a majority of the bank’s loans, by number, fall inside the bank’s assessment areas.

Management indicated that concentration of lending outside the assessment areas in 2022 was due to an increase in rental property referrals. In addition, many of the customers purchasing the rental properties are established customers living inside the assessment areas, who have business operations outside of the assessment areas. The following table presents a breakdown of lending inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2021	64	67.4	31	32.6	95	14,316	58.8	10,050	41.2	24,366
2022	119	78.8	32	21.2	151	22,722	76.8	6,849	23.2	29,571
Home Mortgage										
2021	74	67.3	36	32.7	110	16,895	64.8	9,173	35.2	26,068
2022	78	43.8	100	56.2	178	26,306	50.0	26,343	50.0	52,649
Small Farm										
2022	128	79.0	34	21.0	162	15,863	74.7	5,381	25.3	21,244

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects overall reasonable dispersion throughout the assessment areas. Examiners generally focus on the percentage of loans, by number, in low- and moderate-income census tracts located in the assessment areas. However, there are no low- or moderate-income geographies in the Mount Ayr Assessment Area, and only moderate-income geographies in the Norwalk/Madrid Assessment Area. As such, the bank’s reasonable performance in the Norwalk/Madrid Assessment Area supports the overall conclusion for this criterion. Refer to the comments under the Norwalk/Madrid Assessment Area for more specific analysis.

Borrower Profile

The distribution of borrowers reflects an overall reasonable penetration among businesses and farms of different sizes and individuals of different income levels. Reasonable performance in the Norwalk/Madrid Assessment Area primarily supports this conclusion. Examiners focused on the percentage, by number, of small business and small farm loans with gross annual revenues of \$1 million or less, and on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers. Refer to the comments under each separately analyzed assessment area for additional analysis.

Response to Complaints

The bank did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

CSB demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities in the assessment areas. The Norwalk/Madrid Assessment Area received the greatest weight when arriving at overall conclusions. Since the bank was responsive to the community development needs of its assessment areas, activities benefiting a broader statewide and regional area, which includes the bank’s assessment areas, were considered in the analysis.

To assess the bank's overall performance under the Community Development Test, information from the performance evaluations of four similarly-situated intermediate small banks conducted during the evaluation period were used for comparative purposes. These institutions were chosen due to their similarities in asset size, business focus, and types of areas served. Overall, CSB's community development performance compared reasonably to these institutions when considering the available community development opportunities in the assessment areas.

Community Development Loans

CSB originated 39 community development loans totaling approximately \$27.5 million during the evaluation period. The bank extended loans to entities in an effort to provide affordable housing and promote economic development by supporting permanent job creation, retention, and/or improvement for low- or moderate-income persons. A significant number of the community development loans originated outside the bank's assessment area were affordable housing loans through the Borrower Smart and Home Ready loan programs, which specifically cater to low- and moderate-income borrowers.

CSB's community development loans represented 4.0 percent of total assets and 5.4 percent of net loans, as of June 30, 2023. Four comparable institutions had ratios that ranged from 6.0 percent to 14.3 percent of total assets and ranged from 7.3 percent to 25.4 percent of net loans. However, several of the comparable institutions originated a significant volume of PPP loans, which inflated their ratios. Excluding PPP lending, the four comparable institutions had ratios that ranged from 3.4 percent to 14.3 percent of total assets, and ranged from 5.8 percent to 25.4 percent of net loans. CSB's ratios are relatively consistent with these institutions.

The following tables reflect overall community development lending by activity area and year. Additional information about the bank's community development loans by assessment area are presented in the respective section.

Community Development Lending by Activity Area										
Activity Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Norwalk/Madrid	16	8,998	0	0	2	2,703	0	0	18	11,701
Mount Ayr	3	331	0	0	0	0	0	0	3	331
Statewide/Regional	16	15,117	0	0	2	318	0	0	18	15,435
Total	35	24,446	0	0	4	3,021	0	0	39	27,467

Source: Bank Data

Community Development Lending by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	3	8,879	0	0	0	0	0	0	3	8,879
2021	9	4,727	0	0	3	1,171	0	0	12	5,898
2022	17	9,993	0	0	0	0	0	0	17	9,993
2023 (Year-to-Date)	6	847	0	0	1	1,850	0	0	7	2,697
Total	35	24,446	0	0	4	3,021	0	0	39	27,467

Source: Bank Data

Qualified Investments

CSB made 55 qualified investments and donations totaling approximately \$7.7 million. Qualified investments purchased prior to this evaluation, which remained outstanding, and investments and donations funded since the previous evaluation were considered under this component. Through its investments and donations, CSB supported community development needs through community services to low- and moderate-income people and revitalization or stabilization efforts. The majority of investments made outside of the bank’s assessment areas supported improvements for hospitals serving low- or moderate-income census tracts or distressed or underserved geographies.

CSB’s qualified investments and donations represent 1.1 percent of total assets and 7.2 percent of total securities as of June 30, 2023. The bank’s qualified investment ratios are comparable to the similarly-situated institutions, which reported qualified investments to total assets ranging from 0.8 percent to 2.2 percent, and qualified investments to total securities ranging from 2.4 percent to 13.8 percent.

The following tables reflect overall qualified investments and donations by activity area and year. Additional information about the bank’s qualified investments and donations by assessment area are presented in the respective section.

Qualified Investments by Activity Area										
Activity Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Norwalk/Madrid	0	0	18	8	0	0	14	1,485	32	1,493
Mount Ayr	0	0	0	0	0	0	9	872	9	872
Statewide/Regional	0	0	1	425	0	0	13	4,940	14	5,365
Total	0	0	19	433	0	0	36	7,297	55	7,730

Source: Bank Data

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	0	0	1	425	0	0	21	4,190	22	4,615
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	9	3,100	9	3,100
2023 (Year-to Date)	0	0	0	0	0	0	0	0	0	0
Grants & Donations	0	0	18	8	0	0	6	7	24	15
Total	0	0	19	433	0	0	36	7,297	55	7,730

Source: Bank Data

Community Development Services

CSB employees provided 34 qualified community development services to 12 different community development-related organizations during the evaluation period. Bank employees assisted these organizations in providing affordable housing, provided community services to primarily low- and moderate-income individuals, promoting economic development, and revitalizing or stabilizing moderate-income and underserved areas. All community development services were performed within the assessment areas. CSB's community development services are comparable to the similarly-situated institutions, which reported between 6 and 110 community development services during the evaluation period.

CSB offers alternative banking services that are readily available throughout the assessment areas, including to low- and moderate-income individuals. These services include online, mobile, and telephone banking; mobile deposit; bill pay; electronic statements; and check cashing services. The bank also offers low-cost checking accounts with no minimum balance requirements or service fees.

CSB's Indianola branch serves nearby moderate-income geographies and the Mount Ayr branch serves an underserved nonmetropolitan middle-income area. Additionally, the bank's ATMs provide ease of access to low- and moderate-income individuals. Lastly, the bank implemented several measures to accommodate customers affected by the COVID-19 pandemic; including offering loan modifications and extensions without fees, waiving overdraft charges and mobile deposit fees, and offering in-home banking services when possible.

The following tables reflect overall community development services by activity area and year. Additional information about the bank’s community development services by assessment area are presented in the respective section.

Community Development Services by Activity Area					
Activity Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
Norwalk/Madrid	7	10	5	0	22
Mount Ayr	0	0	0	12	12
Total	7	10	5	12	34
<i>Source: Bank Data</i>					

Community Development Services by Year					
Activity Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	1	3	2	3	9
2021	3	3	1	3	10
2022	2	3	0	3	8
2023 (Year-to-Date)	1	1	2	3	7
Total	7	10	5	12	34
<i>Source: Bank Data</i>					

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.

NORWALK/MADRID ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NORWALK/MADRID ASSESSMENT AREA

The Norwalk/Madrid Assessment Area is comprised of 4 moderate-, 33 middle-, and 26 upper-income census tracts, as well as one census tract where income designation is not available. The assessment area is located in Boone, Dallas, Madison, Polk, and Warren counties in central Iowa. These designations are based on 2020 U.S. Census data.

Economic and Demographic Data

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)	64	0.0	6.3	51.6	40.6	1.6
Population by Geography	290,680	0.0	5.2	45.5	48.0	1.4
Housing Units by Geography	116,648	0.0	6.5	47.6	43.8	2.1
Owner-Occupied Units by Geography	80,944	0.0	4.1	45.9	49.2	0.7
Occupied Rental Units by Geography	29,584	0.0	12.4	50.4	31.9	5.4
Vacant Units by Geography	6,120	0.0	8.4	57.2	30.3	4.1
Businesses by Geography	43,675	0.0	5.3	45.6	43.9	5.2
Farms by Geography	1,909	0.0	2.6	48.2	48.1	1.0
Family Distribution by Income Level	73,012	13.4	14.4	21.7	50.5	0.0
Household Distribution by Income Level	110,528	16.4	14.9	17.9	50.8	0.0
Median Family Income - Ames, Iowa MSA		\$90,464	Median Housing Value			\$242,651
Median Family Income - Des Moines-West Des Moines, Iowa MSA		\$89,538	Median Gross Rent			\$996
			Families Below Poverty Level			4.1%
<i>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%</i>						

The 2021 and 2022 Federal Financial Institutions Examination Council’s (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 Norwalk/Madrid Assessment Area 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%
Ames, Iowa MSA				
2021 (\$84,700)	<\$42,350	\$42,350 to <\$67,760	\$67,760 to <\$101,640	≥\$101,640
2022 (\$102,400)	<\$51,200	\$51,200 to <\$81,920	\$81,920 to <\$122,880	≥\$122,880
Des Moines-West Des Moines, Iowa MSA				
2021 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2022 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
<i>Source: FFIEC</i>				

Competition

CSB operates in a highly competitive environment in the Norwalk/Madrid Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 54 financial institutions operating from 212 locations in Boone, Dallas, Madison, Polk, and Warren counties. CSB ranked 10th with 1.8 percent of the deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share reports, the bank also faces competition from other lenders, such as government agencies and credit unions.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. Further, it is an indication of the credit and community development opportunities available.

Examiners utilized an existing contact with a small business development organization that serves the bank's assessment area. The contact indicated that the local economy is stable. Demand for business loans has slowed somewhat due to rising interest rates and difficulty hiring staff. However, demand for residential real estate loans has remained elevated. The contact attributed some of the sustained demand for residential real estate to a growing number of rental housing investors in the area. The contact stated that local financial institutions are active in the community and meeting the lending and community development needs of the area, though there is always room for improvement. They also noted that institutions in the area face significant competition, specifically for small business loans.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, home mortgage, and small farm loans are the primary credit needs of the assessment area. Further, there are some opportunities for community development, including affordable housing, community services, economic development, and revitalization and stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NORWALK/MADRID ASSESSMENT AREA

LENDING TEST

CSB demonstrated reasonable performance in the Norwalk/Madrid Assessment Area. Reasonable Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

Overall, CSB's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business, home mortgage, and small farm lending performance supports this conclusion. Examiners focused on the bank's lending in the moderate-income geographies.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. While lending performance lagged the percentage of businesses in moderate-income geographies in 2021, lending performance improved in 2022 and exceeded the percentage of businesses. See the following table for details.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2021	5.2	1	1.8	98	0.7
2022	5.3	9	9.0	973	4.7
Middle					
2021	45.0	34	59.6	5,906	42.4
2022	45.6	51	51.0	11,877	57.1
Upper					
2021	49.8	22	38.6	7,911	56.9
2022	43.9	39	39.0	7,838	37.7
Not Available					
2021	0.0	0	0.0	0	0.0
2022	5.2	1	1.0	127	0.5
Totals					
2021	100.0	57	100.0	13,915	100.0
2022	100.0	100	100.0	20,815	100.0
<i>Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. While the bank did not originate any mortgage loans in moderate-income geographies in 2021, lending performance improved in 2022 and exceeded the percentage of owner-occupied housing units. See the following table for details.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2021	3.6	0	0.0	0	0.0
2022	4.1	5	7.0	1,299	5.1
Middle					
2021	48.0	37	53.6	9,700	59.1
2022	45.9	33	46.5	11,254	44.7
Upper					
2021	48.4	32	46.4	6,703	40.9
2022	49.2	33	46.5	12,678	50.2
Not Available					
2021	0.0	0	0.0	0	0.0
2022	0.7	0	0.0	0	0.0
Totals					
2021	100.0	69	100.0	16,403	100.0
2022	100.0	71	100.0	25,231	100.0
<i>Source: 2015 ACS Data; 2020 U.S. Census Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the percentage of loans to farms in moderate-income tracts is comparable to the percentage of assessment area farms.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	2.6	1	1.3	350	3.0
Middle	48.2	44	57.9	5,632	48.7
Upper	48.1	31	40.8	5,588	48.3
Not Available	1.0	0	0.0	0	0.0
Totals	100.0	76	100.0	11,570	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels, including low- and moderate-income, in the Norwalk/Madrid Assessment Area. The bank's reasonable small business, home mortgage, and small farm lending performance supports this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. As shown in the following table, the percentage of loans to businesses with revenues of \$1 million or less is below the percentage of assessment area businesses in this category; however, performance is considered reasonable given the following factors.

First, examiners noted that multiple loans were made to the same businesses with revenues greater than \$1 million. When the bank’s lending performance was reevaluated removing these borrowers, the percentage of loans to businesses with revenues of \$1 million or less increased to 71.1 percent in 2021 and 57.0 percent in 2022. Additionally, examiners considered the aggregate performance of small business loan reporters, despite CSB not reporting small business data and not being required to do so. Aggregate performance in the bank’s assessment area was 48.1 percent in 2021. Aggregate data is a good indicator of the level of competition and lending needs within the assessment area, and further supports the significant level of competition in the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level		% of Businesses	#	%	\$(000s)	%
<=\$1,000,000						
	2021	88.6	29	69.0	7,660	67.9
	2022	90.8	48	48.0	9,798	47.1
>\$1,000,000						
	2021	3.7	13	31.0	3,628	32.1
	2022	2.8	52	52.0	11,017	52.9
Revenue Not Available						
	2021	7.7	0	0.0	0	0.0
	2022	6.4	0	0.0	0	0.0
Totals						
	2021	100.0	42	100.0	11,288	100.0
	2022	100.0	100	100.0	20,815	100.0
<i>Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

The distribution of home mortgage borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income. As shown in the following table, the percentage of loans to low- and moderate-income borrowers is below the percentage of assessment area families in each respective category, but performance is reasonable when considering the following factors.

First, the bank originates a significant number of non-owner occupied home mortgage loans to housing investors, which do not report income information and are not comparable to the percentage of low- and moderate-income families. When the bank’s performance is reevaluated with these borrowers removed, the lending performance increases for low- and moderate-income borrowers. Specifically, in 2021, low-income represents 4.5 percent and moderate-income represents 22.7 percent. In 2022, low-income represents 9.1 percent and moderate-income 5.8 percent, respectively.

Additionally, 4.6 percent of families in the assessment area were below the poverty level in 2021 and 4.1 percent in 2022. Families below the poverty level have limited ability to save and typically do not meet conventional underwriting standards. The bank offers lending programs such as Home Ready and Borrower Smart, which specifically cater to low- or moderate-income borrowers. These loans were sold on the secondary market and were not included on the bank’s 2022 HMDA LAR. Lastly, examiners considered the aggregate performance of HMDA reporters in 2021, which was 4.5 percent to low-income borrowers and 15.5 percent to moderate-income borrowers. The aggregate performance is an indicator of the lending need and level of competition in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2021	13.8	1	2.6	5	0.1
2022	13.4	4	5.6	289	1.1
Moderate					
2021	14.8	5	12.8	387	4.7
2022	14.4	3	4.2	759	3.0
Middle					
2021	21.3	5	12.8	1,093	13.2
2022	21.7	9	12.7	1,768	7.0
Upper					
2021	50.1	11	28.2	4,469	54.2
2022	50.5	28	39.4	11,228	44.5
Not Available					
2021	0.0	17	43.6	2,297	27.8
2022	0.0	27	38.0	11,187	44.3
Totals					
2021	100.0	39	100.0	8,251	100.0
2022	100.0	71	100.0	25,231	100.0
<i>Source: 2015 ACS Data; 2020 U.S. Census Data; Bank Data, Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes. As shown in the following table, the percentage of loans to farms with revenues of \$1 million or less is comparable to the percentage of assessment area farms in this category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.6	35	89.7	4,404	77.8
>\$1,000,000	1.4	4	10.3	1,258	22.2
Revenue Not Available	1.0	0	0.0	0	0.0
Total	100.0	39	100.0	5,662	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

CSB’s community development performance demonstrates adequate responsiveness to the community development needs in the Norwalk/Madrid Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

CSB originated 18 community development loans in the Norwalk/Madrid Assessment Area totaling approximately \$11.7 million. Community development loans included a focus on providing affordable housing and supporting economic development by creating, retaining, or improving jobs for low- and moderate-income individuals. Examples of community development loans that were particularly responsive to area needs include affordable multifamily housing units in moderate-income geographies and SBA 504 loans.

Qualified Investments

CSB reported 32 qualified investments and donations in the Norwalk/Madrid Assessment Area totaling approximately \$1.5 million. This includes 18 donations totaling approximately \$8,000 during the review period. Investments and donations were made to various organizations, which promote community services and revitalize or stabilize the assessment area. Examples of investments that were particularly responsive to assessment area needs include bonds to improve infrastructure and emergency services in moderate-income geographies.

Community Development Services

During the evaluation period, bank personnel provided 22 community development services benefiting the Norwalk/Madrid Assessment Area. Services were provided to various organizations, which promote affordable housing, community services, and economic development by creating, retaining, or improving jobs for low- and moderate-income individuals. Examples of services that were particularly responsive to assessment area needs including serving on the Board of affordable housing organization and community service organizations include Habitat for Humanity and food pantries.

MOUNT AYR ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MOUNT AYR ASSESSMENT AREA

The Mount Ayr Assessment Area is comprised of two middle-income census tracts in Ringgold County located in southern Iowa. These income designations are based on 2020 U.S. Census data. Both census tracts have been designated underserved nonmetropolitan geographies throughout the review period.

Economic and Demographic Data

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 #
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0
Population by Geography	4,663	0.0	0.0	100.0	0.0
Housing Units by Geography	2,610	0.0	0.0	100.0	0.0
Owner-Occupied Units by Geography	1,380	0.0	0.0	100.0	0.0
Occupied Rental Units by Geography	463	0.0	0.0	100.0	0.0
Vacant Units by Geography	767	0.0	0.0	100.0	0.0
Businesses by Geography	680	0.0	0.0	100.0	0.0
Farms by Geography	173	0.0	0.0	100.0	0.0
Family Distribution by Income Level	1,235	20.0	19.4	22.3	38.3
Household Distribution by Income Level	1,843	23.4	19.0	15.7	41.8
Median Family Income – Nonmetropolitan Iowa	\$71,763	Median Housing Value			\$116,402
Families Below Poverty Level	6.2%	Median Gross Rent			\$667
<i>Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%</i>					

The 2021 and 2022 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 Mount Ayr Assessment Area 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%
Nonmetropolitan Iowa Median Family Income				
2021 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
<i>Source: FFIEC</i>				

Competition

CSB operates in a moderately competitive environment in the Mount Ayr Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are four financial institutions operating from four locations in the assessment area. CSB ranked 3rd with 22.2 percent of the deposit market share. In addition to the banks reflected in the FDIC Deposit Market Share reports, the bank also has competition from other lenders, such as government agencies and credit unions.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans are the primary credit needs of the assessment area. Further, there are some opportunities for community development, including affordable housing, community services, economic development, and revitalization and stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MOUNT AYR ASSESSMENT AREA

LENDING TEST

CSB demonstrated reasonable performance in the Mount Ayr Assessment Area. Reasonable Borrower Profile performance supports this conclusion.

Geographic Distribution

The assessment area does not include any low- and 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 reasonable penetration among businesses and farms of different sizes and individuals of different income levels, including low- and moderate-income, in the Mount Ayr Assessment Area. The bank's reasonable small business and home mortgage lending performance and excellent small farm lending performance supports this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. As shown in the following table, the bank's lending to businesses with revenues of \$1 million or less exceeded demographic data in 2021, and was comparable in 2022.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	83.6	7	100.0	401	100.0
2022	85.4	15	78.9	1,202	63.0
>\$1,000,000					
2021	3.4	0	0.0	0	0.0
2022	3.1	4	21.1	705	37.0
Revenue Not Available					
2021	12.9	0	0.0	0	0.0
2022	11.5	0	0.0	0	0.0
Totals					
2021	100.0	7	100.0	401	100.0
2022	100.0	19	100.0	1,907	100.0
<i>Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different revenue sizes. As shown in the following table, the bank made all small farm loans in the assessment area to farms with revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.4	36	100.0	2,721	100.0
>\$1,000,000	0.0	0	0.0	0	0.0
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	36	100.0	2,721	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of home mortgage borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, when considering additional factors. As illustrated in the following table, CSB did not originate any loans in 2021 to low-income borrowers; however, lending to moderate-income borrowers exceeded demographic data by 21.1 percent. In 2022, the bank's lending performance exceeded the percentage of families for low-income borrowers by 8.6 percent; however, no loans were originated to moderate-income borrowers. Overall, the bank's performance is considered reasonable when considering the limited volume of home mortgage loans in the assessment area, and evidence of the bank's willingness to lend to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	#	%	\$(000s)	%	
Low						
2021	22.9	0	0.0	0	0.0	
2022	20.0	2	28.6	105	9.8	
Moderate						
2021	18.9	2	40.0	76	15.4	
2022	19.4	0	0.0	0	0.0	
Middle						
2021	30.7	2	40.0	142	28.9	
2022	22.3	1	14.3	225	20.9	
Upper						
2021	27.6	1	20.0	274	55.7	
2022	38.3	3	42.9	362	33.7	
Not Applicable						
2021	0.0	0	0.0	0	0.0	
2022	0.0	1	14.3	383	35.6	
Totals						
2021	100.0	5	100.0	492	100.0	
2022	100.0	7	100.0	1,075	100.0	
<i>Source: 2015 ACS Data; 2020 U.S. Census Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

CSB’s community development performance demonstrates adequate responsiveness to the community development needs in the Mount Ayr Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

CSB originated three community development loans in the Mount Ayr Assessment Area totaling \$330,600. The community development loans provided affordable housing through the Home Ready loan program.

Qualified Investments

CSB reported nine qualified investment and donations in the Mount Ayr Assessment Area totaling \$871,900. This includes seven donations totaling approximately \$7,000 during the review period. Investments and donations were made to various organizations to promote revitalizing or stabilizing the assessment area. Examples of investments that were particularly responsive to assessment area needs include bonds to improve medical facilities in underserved geographies.

Community Development Services

During the evaluation period, bank personnel provided 12 community development services benefiting the Mount Ayr Assessment Area. Services were provided to various organizations, which promote activities to revitalize or stabilize the assessment area. Examples of services that

were particularly responsive to assessment area needs include serving on Boards and committees of organizations that promote economic development in underserved geographies.

APPENDICES

INTERMEDIATE 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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.