

# **PUBLIC DISCLOSURE**

August 4, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Central State Bank  
Certificate Number: 19716

914 6th Ave  
Dewitt, Iowa 52742

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.

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs in the assessment areas.
- The institution originated a majority of its small farm, small business, and home mortgage loans in its assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of loans reflects reasonable penetration 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 Lending Test rating.

**The Community Development Test is rated Satisfactory.**

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

## DESCRIPTION OF INSTITUTION

First Central State Bank (FCSB), a full-service financial institution headquartered in Dewitt, Iowa, is wholly owned by Ohnward Bancshares, Inc., a three-bank holding company in Maquoketa, Iowa, which also owns Maquoketa State Bank and Ohnward Bank & Trust. FCSB received a “Satisfactory” Community Reinvestment Act (CRA) rating at its previous FDIC Performance Evaluation on August 8, 2022, based on Interagency Intermediate Small Institution Examination Procedures.

In addition to the main office in Dewitt, the bank operates five full-service branches in Clinton (2), Eldridge, Goose Lake, and Le Claire, Iowa. ATMs are located at each branch and at three businesses in the assessment areas. Since the previous CRA evaluation, the bank has not opened or closed any branch offices, nor been involved in merger or acquisition activities.

FCSB is primarily focused on commercial and agricultural lending, followed by residential real estate lending. In addition, the bank offers a variety of consumer loan products designed to meet the needs of the communities served. Further, the bank sells home mortgage loans to secondary market investors and originates agricultural, commercial and residential real estate loans through several government-sponsored programs. These programs include the Small Business Administration, Farm Service Agency, United States Department of Agriculture Rural Development, Veteran’s Administration, Fannie Mae, and Iowa Agricultural Development Division. Generally, these programs are designed to assist small businesses and farms, and individuals obtain alternative financing or receive downpayment assistance.

The bank offers a variety of deposit and alternative banking services for commercial, agricultural and consumer customers. Deposit services include checking, savings, money market and certificates of deposit accounts. Alternative banking services include online, mobile, text and telephone banking; electronic bill and person-to-person payment processing; mobile deposits, and electronic statements. Additionally, merchant card services and remote deposit capture are available for commercial customers.

According to the Consolidated Reports of Condition and Income (Reports of Condition) as of March 31, 2025, FCSB had total assets of \$748 million, total loans of \$460 million, and total deposits of \$580 million. The following table illustrates the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of March 31, 2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	40,413	8.8
Secured by Farmland	56,954	12.4
Secured by 1-4 Family Residential Properties	101,326	22.0
Secured by Multifamily (5 or more) Residential Properties	18,025	3.9
Secured by Nonfarm Nonresidential Properties	103,213	22.4
<b>Total Real Estate Loans</b>	<b>319,931</b>	<b>69.5</b>
Commercial and Industrial Loans	76,333	16.6
Agricultural Production and Other Loans to Farmers	49,311	10.7
Consumer Loans	12,951	2.8
Other Loans	1,555	0.4
<b>Total Loans</b>	<b>460,081</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires financial institutions to identify one or more assessment areas within which its CRA performance will be evaluated. FCSB continues to designate two assessment areas in Iowa: Clinton County and Scott County. Refer to the individual assessment area sections for more details.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 8, 2022, to the current evaluation dated August 4, 2025. Affiliate lending was not considered as part of this evaluation. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate FCSB’s CRA performance under the Lending and Community Development Tests. The criteria for the tests are outlined in the Appendices. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Examiners evaluated the bank’s lending, deposit, and branching activities to determine assessment area reviews (full- or limited-scope) and appropriate weighting. As a result, examiners used full-scope examination procedures for both assessment areas, placing the greatest weight on the bank’s performance in the Clinton County Assessment Area.

### **Activities Reviewed**

Examiners determined the bank’s primary product lines are agriculture, commercial, and home mortgage loans. This conclusion considered the loan portfolio distribution, the number and dollar volume of reported loans during the evaluation period, and the bank’s business strategy. Therefore, examiners reviewed small farm, small business, and home mortgage loans to evaluate the bank’s

lending performance.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small farm and small business loans originated or renewed in 2024, as this period was considered representative of the bank’s performance during the entire evaluation period. D&B data for 2024 provided a standard of comparison for the bank’s small farm and small business lending performance. In addition, examiners reviewed all originated or purchased home mortgage loans reported on the bank’s 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. HMDA aggregate lending data for 2022, 2023, and 2024 and 2020 U.S. Census data provided standards of comparison for the home mortgage loans reviewed. Due to the fluctuations in originations and purchases of HMDA loans, examiners presented all three years of home mortgage lending to accurately reflect home mortgage lending performance.

Examiners placed more weight on the comparisons to the aggregate lending data since it is typically a better indicator of market conditions and loan demand. And although examiners reviewed both the number and dollar volume of loans, more weight was placed on the performance by number of loans as it is a better indicator of the number of farms, businesses, and individuals served. The universe and sample of loans evaluated are detailed in the following table.

<b>Loan Products Reviewed</b>					
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>		
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	
Small Farm	135	14,576	104	10,906	
Small Business	289	36,452	203	25,193	
Home Mortgage					
	2022	333	53,363	206	31,900
	2023	196	28,104	127	18,785
	2024	183	31,492	125	22,155

*Source: Bank Data, HMDA Data*

For the Lending Test, the universe of loans was reviewed to evaluate Assessment Area Concentration. All small farm, small business, and home mortgage loans made inside the assessment areas were further reviewed to evaluate Geographic Distribution. A sample of small farm and small business loans and all home mortgage loans made inside the assessment areas were reviewed to evaluate Borrower Profile. When deriving overall conclusions, small farm and small business loans received the most weight based on loan portfolio distribution and management’s stated business focus, followed by home mortgage loans.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services from the previous evaluation date of August 8, 2022, to the current evaluation date of August 4, 2025. Examiners reviewed community development activity for the entire review period and presented the information for each year within this performance evaluation. Investments made prior to the previous evaluation that remain outstanding are identified as prior period investments and qualified using current book values.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

FCSB demonstrated satisfactory performance under the Lending Test. The bank's performance under the evaluated criteria supports this conclusion.

#### Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs in the assessment areas. The bank's ratio, calculated from Reports of Condition data, averaged 76.8 percent over the 9 calendar quarters from March 31, 2023, to March 31, 2025. The ratio has remained steady throughout the review period, with minimal fluctuations. Ratios ranged from a high of 78.5 percent on March 31, 2025, to a low of 74.7 percent on June 30, 2023. FCSB maintained a ratio that is higher than two of the similarly situated institutions shown in the table below. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/25 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Central State Bank, Dewitt Iowa</b>	<b>747,521</b>	<b>76.8</b>
American Bank and Trust Company, Davenport, Iowa	501,067	76.8
BankOrion, Orion, Illinois	640,223	68.0
The Clinton National Bank, Clinton, Iowa	429,833	59.8
<i>Source: Reports of Condition 3/31/2023 through 3/31/2025</i>		

#### Assessment Area Concentration

FCSB originated a majority of its small farm, small business, and home mortgage loans within its assessment areas, as illustrated in the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000)</b>				<b>Total \$(000)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	206	61.9	127	38.1	333	31,900	59.8	21,463	40.2	53,363
2023	127	64.8	69	35.2	196	18,785	66.8	9,319	33.2	28,104
2024	125	68.3	58	31.7	183	22,155	70.4	9,337	29.6	31,492
<b>Subtotal</b>	<b>458</b>	<b>64.3</b>	<b>254</b>	<b>35.7</b>	<b>712</b>	<b>72,840</b>	<b>64.5</b>	<b>40,119</b>	<b>35.5</b>	<b>112,959</b>
Small Farm	104	77.0	31	23.0	135	10,906	74.8	3,670	25.2	14,576
Small Business	203	70.2	86	29.8	289	25,193	69.1	11,259	30.9	36,452
<i>Source: Imported Bank Data Due to rounding, totals may not equal 100.0%.</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This is consistent with the bank's performance in both assessment areas. Examiners focused on the percentage by number of small farm, small business, and home mortgage loans made in the moderate-income census tracts. Refer to comments specific to each assessment area later for more details.

### **Borrower Profile**

The distribution of loans reflects a reasonable penetration among individuals of different income levels and farms and businesses of different revenue sizes. This conclusion is consistent with the performance in both assessment areas. Emphasis under the Borrower Profile criterion is placed on the bank's record of lending to farms and businesses with gross annual revenues of \$1 million or less and low- and moderate-income home mortgage borrowers. Refer to comments specific to each assessment area later for more details.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

FCSB demonstrated satisfactory performance under the Community Development Test. The bank's performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, qualified investments, and community development services. The bank's responsiveness as further identified through the community contact comments and review of demographic and economic data, sufficiently met the need of the assessment areas; therefore, activities benefiting broader statewide/regional areas were also considered as part of this evaluation.

Comparable institutions are also used in the analysis of a financial institution to help provide perspective on performance. For this evaluation, examiners reviewed the community development activities of four institutions, similar to FCSB based on lending focus, operations, and assessment areas. The institutions identified were also evaluated using Interagency Intermediate Small Institution Examination Procedures during the evaluation period.

### **Community Development Loans**

The bank originated or renewed 176 community development loans totaling approximately \$88.6 million throughout the assessment areas and broader statewide/regional areas. The bank extended loans to promote economic development, support revitalization and stabilization of applicable geographies, promote community services targeted at low- and moderate-income individuals, and provide affordable housing.

The bank's ratio of community development loans to total assets at 11.9 percent is at the high end of comparable institution ratios of 1.3 to 16.6 percent. Additionally, the bank's ratio of community development loans to net loans at 19.5 percent is also at the high end of comparable institution ratios of 1.8 to 21.2 percent. The following table includes a breakdown of community development loans by assessment area and activity year, based on purpose.

<b>Community Development Lending by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Clinton County	0	0	11	1,628	29	8,508	0	0	<b>40</b>	<b>10,136</b>
Scott County	0	0	0	0	66	29,871	0	0	<b>66</b>	<b>29,871</b>
Broader Statewide/Regional	2	2,701	0	0	49	42,375	19	3,552	<b>70</b>	<b>48,628</b>
<b>Total</b>	<b>2</b>	<b>2,701</b>	<b>11</b>	<b>1,628</b>	<b>144</b>	<b>80,754</b>	<b>19</b>	<b>3,552</b>	<b>176</b>	<b>88,635</b>

*Source: Bank Records*

<b>Community Development Lending by Year</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022	0	0	0	0	27	19,063	3	854	<b>30</b>	<b>19,917</b>
2023	1	170	2	295	54	25,778	9	832	<b>66</b>	<b>27,075</b>
2024	0	0	4	679	49	28,879	5	1,280	<b>58</b>	<b>30,838</b>
YTD 2025	1	2,531	5	654	14	7,034	2	586	<b>22</b>	<b>10,805</b>
<b>Total</b>	<b>2</b>	<b>2,701</b>	<b>11</b>	<b>1,628</b>	<b>144</b>	<b>80,754</b>	<b>19</b>	<b>3,552</b>	<b>176</b>	<b>88,635</b>

*Source: Bank Records*

Examples of community development lending in which the bank has been most responsive are discussed in the individual assessment area sections of this evaluation, as applicable.

### **Qualified Investments**

FCSB made or retained 67 qualified investments totaling approximately \$16.3 million throughout the assessment areas and broader statewide/regional areas. Qualified investments included 32 donations totaling approximately \$139,000 that primarily provided support to organizations offering community services to low- and moderate-income families and individuals and promote economic development within the assessment areas.

The bank's volume of qualified investments represented 2.2 percent of total assets and 6.9 percent of total securities, as of March 31, 2025. The ratios of comparable institutions ranged from 0.6 to 3.5 percent of qualified investments to total assets and 2.5 to 16.5 percent of qualified investments to total securities. Not only are FCSB's ratios at the higher range of comparable institutions but they also exceed the previous evaluation performance with ratios at 1.3 and 4.1 percent, respectively. The bank's investment and grant activity by assessment area, purpose, and funding year are illustrated in the following tables.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing*		Community Services		Economic Development*		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Clinton County	0	0	21	35	4	98	10	6,819	35	6,952
Scott County	0	0	6	4	0	0	0	0	6	4
Broader Statewide/Regional	0	0	12	4,424	1	155	13	4,762	26	9,341
<b>Total</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>4,463</b>	<b>5</b>	<b>253</b>	<b>23</b>	<b>11,581</b>	<b>67</b>	<b>16,297</b>

Source: Bank Records

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	8	2,644	1	155	15	7,809	24	10,608
2022	0	0	0	0	0	0	4	2,235	4	2,235
2023	0	0	0	0	0	0	1	600	1	600
2024	0	0	4	1,780	0	0	0	0	4	1,780
YTD 2025	0	0	0	0	0	0	2	935	2	935
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>4,424</b>	<b>1</b>	<b>155</b>	<b>22</b>	<b>11,579</b>	<b>35</b>	<b>16,158</b>
Qualified Grants & Donations	0	0	27	39	4	98	1	2	32	139
<b>Total</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>4,463</b>	<b>5</b>	<b>253</b>	<b>23</b>	<b>11,581</b>	<b>67</b>	<b>16,297</b>

Source: Bank Records

### **Community Development Services**

FCSB employees devoted time, financial expertise, and technical expertise to various organizations within the assessment and broader statewide/regional areas. Specifically, the bank received credit for 98 services to organizations that work to support affordable housing, provide community services to low- and moderate-income families and individuals, promote economic development, and revitalize or stabilize moderate-income areas. Bank employees primarily provided time and expertise by serving on the Board of Directors and/or finance or fundraising committees of various organizations.

The bank's level of community development services is comparable to that of peer institutions with activities ranging from 22 to 139. FCSB's community development services by assessment area, purpose, and year provided are illustrated in the following tables.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Clinton County	6	51	14	11	<b>82</b>
Scott County	0	14	0	0	<b>14</b>
Broader Statewide/Regional	0	2	0	0	<b>2</b>
<b>Total</b>	<b>6</b>	<b>67</b>	<b>14</b>	<b>11</b>	<b>98</b>
<i>Source: Bank Records</i>					

<b>Community Development Services by Year</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	1	17	5	3	<b>26</b>
2023	1	17	3	4	<b>25</b>
2024	2	18	3	3	<b>26</b>
YTD 2025	2	15	3	1	<b>21</b>
<b>Total</b>	<b>6</b>	<b>67</b>	<b>14</b>	<b>11</b>	<b>98</b>
<i>Source: Bank Records</i>					

FCSB offers retail services and products that increase access to financial services in the assessment areas, as described in the Description of Institution section. These services and products are generally free of charge to bank customers, which benefits low- and moderate-income individuals. Additionally, branch hours provide residents with easy access to personalized services, while electronic banking options provide convenient 24-hour access to account information and transaction capabilities. Further customers have access to a network of surcharge-free ATMs. Overall, FCSB provides reasonable access to products and services, specifically designed to meet the needs of the communities served, including low- and moderate-income residents.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution’s overall CRA rating.

### **CLINTON COUNTY ASSESSMENT AREA - Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CLINTON COUNTY ASSESSMENT AREA**

The Clinton County Assessment Area is comprised of all census tracts in Clinton County, located in the nonmetropolitan area of Iowa. According to 2020 U.S. Census data, the assessment area includes 12 census tracts comprised of 2 moderate-, 7 middle- and 2 upper-income geographies. Additionally, there is 1 census tract without an income designation. The main office in Dewitt and

the Clinton (2) and Goose Lake branches are in middle-income census tracts of this assessment area.

**Economic and Demographic Data**

Select demographic characteristics of the assessment area are included in the table below.

Demographic Information of the Assessment Area Clinton County Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	12	0.0	16.7	58.3	16.7	8.3
Population by Geography	46,460	0.0	13.7	64.5	16.2	5.7
Housing Units by Geography	22,114	0.0	15.6	60.6	15.9	7.9
Owner-Occupied Units by Geography	14,441	0.0	12.9	67.3	16.9	3.0
Occupied Rental Units by Geography	5,036	0.0	18.7	51.7	13.4	16.2
Vacant Units by Geography	2,637	0.0	24.5	41.1	15.6	18.9
Businesses by Geography	5,235	0.0	6.7	66.3	16.7	10.4
Farms by Geography	457	0.0	0.7	95.4	3.9	0.0
Family Distribution by Income Level	12,047	20.5	18.9	22.2	38.4	0.0
Household Distribution by Income Level	19,477	25.0	17.8	19.1	38.0	0.0
Iowa Non-Metropolitan Median Family Income		\$71,763	Median Housing Value		\$ 120,406	
			Median Gross Rent		\$690	
			Families Below Poverty Level		9.2%	
<i>Source: 2020 Census And 2024 D&amp;B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

D&B data for 2024 indicates non-classifiable establishments represent the largest portion of businesses in the assessment area at 20.0 percent; followed by other services (11.5 percent); agriculture, forestry, fishing, and hunting (8.0 percent); construction (7.0 percent); retail trade (6.9 percent); and administrative support and waste management (6.7 percent). In addition, 70.8 percent of area businesses have 4 or fewer employees, and 91.9 percent operate from a single location.

The Federal Financial Institutions Examination Council (FFIEC) provides updated median family incomes used to analyze home mortgage loans under the Borrower Profile criteria and community development activities. The low-, moderate-, middle-, and upper-income categories for the evaluation period are presented in the following table.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥ 120%</b>
<b>Iowa Non-MSA Median Family Income</b>				
2024 (\$86,700)	<\$43,350	\$43,350 To <\$69,360	\$69,360 To <\$104,040	>=\$104,040
2023 (\$86,300)	<\$43,150	\$43,150 To <\$69,040	\$69,040 To <\$103,560	>=\$103,560
2022 (\$78,900)	<\$39,450	\$39,450 To <\$63,120	\$63,120 To <\$94,680	>=\$94,680
<i>Source: FFIEC</i>				

### **Competition**

The Clinton County Assessment Area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 7 financial institutions operate 20 offices within the assessment area. FCSB ranks 1<sup>st</sup> with 24.1 percent of the market share.

The bank is not required to collect or report its small farm or small business loan data and has not elected to do so; therefore, small farm and small business loan analyses do not include comparisons against CRA aggregate data. However, aggregate data reflects the level of demand for loans in the assessment area. According to 2023 CRA aggregate data (most recent available), 14 reporting institutions originated or purchased 121 small farm loans totaling approximately \$ 6.6 million, and 43 reporting institutions originated or purchased 500 small business loans totaling approximately \$14.2 million in the Clinton County Assessment Area. This data reflects moderate competition for small farm and high competition for small business loans.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs and opportunities and help determine whether local financial institutions are responsive to these needs, as well as identify potential community development opportunities. Examiners conducted a community contact interview with representatives from a tourism and community impact organization active in the assessment area.

According to representatives, the area is experiencing a boomerang effect in which younger adults leave to attend college, work or travel and then relocate back after a few years. As a result, the area’s population remains static. However, the economy is beginning to boom and core businesses are expanding. Additionally, the relocation of millennials to the area has increased the need for affordable and accessible housing options. However, there is a shortage of affordable houses for sale and reasonably priced apartments/condominiums for rent.

The representatives identified manufacturing and agricultural production and supply chains as primary business operations in the area, noting core businesses appear to be expanding and no major employers are leaving. The area has an entrepreneurial spirit with the Mississippi River being an economic driver for continued expansion and production. According to the representatives, start-up financing and agricultural lending needs are being met through various programs and opportunities, and an abundance of financial institutions are available to lend.

Overall, the representatives felt that financial institutions in the area are meeting credit needs and actively participate in community promotions and civic activities. However, the representatives identified bond investments as a way for financial institutions to become more involved, noting the availability of riverfront financing and redevelopment bonds.

**Credit and Community Development Needs and Opportunities**

Examiners considered comments made by bank management and the community contacts, as well as demographic and economic data to determine small business lending represents the primary credit need of the assessment area. In addition, increased need for affordable housing and the availability of economic development bond investments are noted community development opportunities in the area.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CLINTON COUNTY ASSESSMENT AREA**

**LENDING TEST**

FCSB demonstrated reasonable performance under the Lending Test in the Clinton County Assessment Area. The bank’s Geographic Distribution and Borrower Profile performance supports this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Performance is primarily based on reasonable small farm and small business performance. Although home mortgage lending performance was excellent, it received the least weight when deriving overall conclusions. There are no low-income census tracts in the Clinton County Assessment Area; therefore, examiners focused on the percentage by number of loans in the moderate-income tracts.

***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small farm loans in moderate-income census tracts, as illustrated in the table below. However, demographic data reflects a small percentage of farms operating in these census tracts. Additionally, there is competition for small farm loans affecting lending opportunities, as confirmed through information received from the community contact and aggregate lending data. Based on these factors, the bank’s performance is reasonable.

<b>Geographic Distribution of Small Farm Loans Clinton County Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	0.7	0	0.0	0	0.0
Middle	95.4	70	95.9	7,457	95.2
Upper	3.9	3	4.1	378	4.8
<b>Total</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>7,835</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank’s lending performance in moderate-income census tracts is comparable to demographic data, as illustrated in the table below.

<b>Geographic Distribution of Small Business Loans Clinton County Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	6.7	7	6.2	910	8.4
Middle	66.3	84	74.3	7,382	67.7
Upper	16.7	14	12.4	1,616	14.8
NA	10.4	8	7.1	990	9.1
<b>Total</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>10,898</b>	<b>100.0</b>

*Source: 2024 D&B Data; Bank Data  
Due to rounding, totals may not equal 100.0%.*

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank’s lending in moderate-income census tracts exceeds demographic and aggregate data in 2023 and 2024, as illustrated in the table below. Further, 2022 lending was consistent with demographic and aggregate data.

Geographic Distribution of Home Mortgage Loans Clinton County Assessment Area						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	12.9	12.5	16	12.1	758	4.6
2023	12.9	12.7	17	17.5	1,076	10.1
2024	12.9	13.1	16	18.6	1,081	9.8
Middle						
2022	67.3	67.3	87	65.9	13,587	83.0
2023	67.3	64.7	59	60.8	7,902	74.1
2024	67.3	66.2	56	65.1	8,984	81.5
Upper						
2022	16.9	16.4	17	12.9	1,498	9.2
2023	16.9	17.5	7	7.2	696	6.5
2024	16.9	17.0	6	7.0	640	5.8
NA						
2022	3.0	3.9	12	9.1	532	3.3
2023	3.0	5.1	14	14.4	990	9.3
2024	3.0	3.8	8	9.3	323	2.9
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	<b>16,375</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>10,664</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>	<b>11,028</b>	<b>100.0</b>

*Source: 2020 Census; Imported Bank Data; 2022, 2023, 2024 HMDA Aggregate Data  
Due to rounding, totals may not equal 100.0%.*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels in the Clinton County Assessment Area. The bank's reasonable small farm, small business, and home mortgage lending supports this conclusion.

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

The distribution of borrowers reflects reasonable penetration among farms of different sizes when compared to demographic data, as illustrated in the following table. While the bank's performance in lending to farms with gross annual revenues of \$1 million or less is below the corresponding D&B data, a substantial volume of the loans fall within that revenue category. Further, as noted earlier, the bank offers lending programs, such as those offered by the Farm Service Agency, United States Department of Agriculture Rural Development, and Iowa Agricultural Development Division to provide financing support, demonstrating a willingness to lend to all borrowers, including small farms.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category Clinton County Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	99.3	32	88.9	2,518	69.6
> \$1,000,000	0.2	4	11.1	1,101	30.4
Revenue Not Available	0.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>3,619</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

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

The distribution of borrowers reflects reasonable penetration among businesses of different sizes when compared to demographic data, as illustrated in the following table. The bank's level of lending to businesses with gross annual revenues of \$1 million or less is comparable to corresponding D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Clinton County Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	88.0	26	81.3	1,534	61.0
> \$1,000,000	2.5	6	18.8	983	39.1
Revenue Not Available	9.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>2,517</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

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

The distribution of borrowers reflects reasonable penetration among individuals of different incomes. The bank's record of lending to low- and moderate-income borrowers varies annually, as evidenced in the table below. Specifically, the bank's record of lending to low-income borrowers steadily declined and lagged demographic data throughout the three-year review period. However, on average it is comparable to aggregate lending data, and the record of lending to moderate-income borrowers is generally comparable to demographic and aggregate data for all three years.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Clinton County Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	20.5	13.2	21	15.9	2,071	12.7
2023	20.5	13.4	11	11.3	911	8.5
2024	20.5	11.0	5	5.8	431	3.9
Moderate						
2022	18.9	20.0	20	15.2	1,460	8.9
2023	18.9	23.3	17	17.5	1,834	17.2
2024	18.9	21.0	16	18.6	2,192	19.9
Middle						
2022	22.2	19.1	20	15.2	2,406	14.7
2023	22.2	18.1	14	14.4	1,713	16.1
2024	22.2	20.6	14	16.3	2,260	20.5
Upper						
2022	38.4	24.5	32	24.2	6,596	40.3
2023	38.4	19.8	19	19.6	3,040	28.5
2024	38.4	22.5	15	17.4	3,148	28.6
NA						
2022	0.0	23.3	39	29.6	3,842	23.5
2023	0.0	25.4	36	37.1	3,166	29.7
2024	0.0	25.0	36	41.9	2,997	27.2
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	<b>16,375</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>10,664</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>	<b>11,028</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data; 2022, 2023, 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

## **COMMUNITY DEVELOPMENT TEST**

FCSB’s community development performance demonstrates adequate responsiveness to the community development needs in the Clinton County Assessment Area, considering the institution’s capacity, as well as the need and availability of community development opportunities.

### **Community Development Loans**

The bank extended community development loans primarily for economic development and community services in the Clinton County Assessment Area. Specifically, the bank originated a total of 40 loans, totaling approximately \$10.1 million. These loans are considered especially

responsive given that small business growth was identified by the community contacts as being a credit need in the area.

**Qualified Investments**

The bank made 35 qualified investments, totaling approximately \$7.0 million in the Clinton County Assessment Area, including 26 donations totaling \$134,000. The majority of funding supported revitalization or stabilization of moderate-income geographies and provided community services to low- and moderate-income residents. The most notable investment was the bank’s commitment to a multi-year donation of \$16,000 to a local organization focused on creating and maintaining jobs throughout the county, including moderate-income geographies, thus supporting economic development.

**Community Development Services**

Bank representatives provided 82 instances of financial expertise or technical assistance, in the Clinton County Assessment Area. Services were provided to organizations that promote affordable housing initiatives, provide community services for low-and moderate-income residents, foster economic development throughout the area, and revitalize or stabilize moderate-income geographies.

**SCOTT COUNTY ASSESSMENT AREA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE  
SCOTT COUNTY ASSESSMENT AREA**

The Scott County Assessment Area consists of a portion of Scott County in Davenport-Moline-Rock Island, Iowa-Illinois MSA. Specifically, the assessment area includes tracts 101.01, 101.03, 101.04, 102.01, 102.02, 103.00, 127.02, 128.01, 128.02, 129.01, 129.02, 137.02, and 137.06 in the state of Iowa. According to 2020 U.S. Census data, the 13 census tracts included in the assessment area consist of 1 moderate-, 6 middle- and 6 upper-income geographies. The Eldridge branch is in a middle-income geography and the Le Claire branch is in an upper-income geography in this assessment area.

**Economic and Demographic Data**

Select demographic characteristics of the assessment area are included in the following table.

<b>Demographic Information of the Assessment Area Scott County Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A* % of #</b>
Geographies (Census Tracts)	13	0.0	7.7	46.2	46.2	0.0
Population by Geography	66,399	0.0	7.3	38.2	54.5	0.0
Housing Units by Geography	27,096	0.0	8.9	38.5	52.5	0.0
Owner-Occupied Units by Geography	18,029	0.0	4.4	38.9	56.7	0.0
Occupied Rental Units by Geography	6,473	0.0	19.0	35.9	45.2	0.0
Vacant Units by Geography	2,594	0.0	15.7	42.4	41.9	0.0
Businesses by Geography	10,346	0.0	10.3	29.4	60.3	0.0
Farms by Geography	367	0.0	0.8	53.4	45.8	0.0
Family Distribution by Income Level	17,199	12.7	14.3	17.5	55.5	0.0
Household Distribution by Income Level	24,502	15.5	12.6	16.2	55.7	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA	\$76,902	Median Housing Value		\$ 265,610		
		Median Gross Rent		\$898		
		Families Below Poverty Level		4.7%		
<i>Source: 2020 Census And 2024 D&amp;B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

D&B data for 2024 indicates non-classifiable establishments represent the largest portion of businesses in the assessment area at 23.3 percent; followed by professional, scientific, and technical services (8.4 percent); other services (8.1 percent); real estate rental and leasing (7.9 percent); construction (7.2 percent); and retail trade (6.9 percent). In addition, 67.9 percent of area businesses have 4 or fewer employees, and 91.0 percent operate from a single location.

The FFIEC updated median family incomes, comprised of low-, moderate-, middle-, and upper-income categories, used to analyze home mortgage loans under the Borrower Profile criteria as well as community development activities are presented in the table below.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥ 120%</b>
<b>Davenport-Moline-Rock Island, IA-IL MSA Median Family Income (19340)</b>				
2024 (\$89,500)	<\$44,750	\$44,750 To <\$71,600	\$71,600 To <\$107,400	≥\$107,400
2023 (\$88,400)	<\$44,200	\$44,200 To <\$70,720	\$70,720 To <\$106,080	≥\$106,080
2022 (\$87,200)	<\$43,600	\$43,600 To <\$69,760	\$69,760 To <\$104,640	≥\$104,640
<i>Source: FFIEC</i>				

### **Competition**

The Scott County Assessment Area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 17 financial institutions operate 48 offices within the assessment area. FCSB ranks 5<sup>th</sup> with 4.9 percent of the market share.

The bank is not required to collect or report its small farm or small business loan data and has not elected to do so; therefore, small farm and small business loan analyses do not include comparisons against CRA aggregate data. However, aggregate data reflects the level of demand for loans in the assessment area. According to 2023 CRA aggregate data (most recent available), 14 reporting institutions originated or purchased 144 small farm loans totaling approximately \$11.9 million, and 78 reporting institutions originated or purchased 2,883 small business loans totaling approximately \$143.4 million in the Scott County Assessment Area. This data reflects high competition for both small farm and small business loans.

### **Community Contacts**

Examiners conducted community contact interviews with representatives from an interstate economic development organization active in the assessment area.

The representative communicated that paramount to economic growth is the fostering of public-private and intergovernmental partnerships and the strategic investment in public infrastructure and community projects. Area governments and businesses working together to enhance the economy have recently introduced a more robust high-speed internet network to service urban, suburban, and rural areas in the region; constructed a new hotel and commercial strip mall; begun building a large scale medical facility and expanded on a supportive living and memory care facility; extended sewer services to allow for further development; continued riverfront development plans; and continued building a bacon processing facility expected to create 250 jobs. The representative noted the importance of funding to ensure completion of community projects and promotion of economic growth, confirming the involvement of numerous financial institutions. Competition amongst banks and other financiers in the assessment area is high and credit needs are being met; however, there are opportunities for more banks to be involved in supporting economic development projects.

Although unemployment declined pre-pandemic, the area’s labor force has been slow to recover. The representative indicated that the recent increase in production and service costs and projected layoffs from major corporations have reduced spending and began to deter small farms and businesses from planned expansion and hiring. Additionally, the need for affordable housing has increased with new construction only occurring in higher priced developments.

**Credit and Community Development Needs and Opportunities**

Examiners considered comments made by bank management and the community representative, as well as demographic and economic data, to determine that affordable housing and small business lending represent primary credit needs of the assessment area. Additionally, the need for affordable housing options and opportunities to participate in economic development initiatives represent community development needs and opportunities in the area.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SCOTT COUNTY ASSESSMENT AREA**

**LENDING TEST**

FCSB demonstrated reasonable performance under the Lending Test in the Scott County Assessment Area. The bank’s Geographic Distribution and Borrower Profile performance supports this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Performance is primarily based on reasonable small farm and home mortgage lending performance. There are no low-income census tracts in the Scott County Assessment Area; therefore, examiners focused on the percentage by number of loans in the moderate-income tract, which is new since the previous evaluation.

***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small farm loans in the lone moderate-income census tract, as illustrated in the table below. However, demographic data reflects a small percentage of farms operating in this tract. Additionally, there is high competition for small farm loans affecting lending opportunities, as confirmed through aggregate lending data. Based on these factors, the bank’s performance is reasonable.

<b>Geographic Distribution of Small Farm Loans Scott County Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	0.8	0	0.0	0	0.0
Middle	53.4	19	61.3	1,927	62.8
Upper	45.8	12	38.7	1,144	37.3
<b>Total</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>3,071</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

***Small Business Loans***

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The bank did not make any loans in the moderate-income census tract, as illustrated in the table below.

<b>Geographic Distribution of Small Business Loans Scott County Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	10.3	0	0.0	0	0.0
Middle	29.4	51	56.7	8,179	57.2
Upper	60.3	39	43.3	6,116	42.8
<b>Total</b>	<b>100.0</b>	<b>90</b>	<b>100</b>	<b>14,295</b>	<b>100</b>

*Source: 2024 D&B Data; Bank Data  
Due to rounding, totals may not equal 100.0%.*

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank did not make any home mortgage loans in the moderate-income census tract in 2023 and 2024, as illustrated in the table below. However, the percentage of owner-occupied housing units in this geography is minimal. Additionally, bank management and community contacts noted a decline in affordable housing inventory throughout the assessment area. Furthermore, competition from home mortgage lending in this moderate-income census tract is significant with 11 financial institutions operating branches there. Based on these factors, performance is reasonable.

<b>Geographic Distribution of Home Mortgage Loans Scott County Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner Occupied Housing Units</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2022	4.4	5.0	2	2.7	203	1.3
2023	4.4	3.3	0	0.0	0	0.0
2024	4.4	3.9	0	0.0	0	0.0
Middle						
2022	38.9	35.5	40	54.1	8,626	55.6
2023	38.9	37.3	20	66.7	4,617	56.9
2024	38.9	36.7	22	56.4	5,554	49.9
Upper						
2022	56.7	59.5	32	43.2	6,696	43.1
2023	56.7	59.4	10	33.3	3,504	43.2
2024	56.7	59.4	17	43.6	5,573	50.1
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>74</b>	<b>100.0</b>	<b>15,525</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>8,121</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>11,127</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data; 2022, 2023, 2024 HMDA Aggregate 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 different income levels in the Scott County Assessment Area. The bank's reasonable small farm, small business, and home mortgage lending support this conclusion.

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

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's performance is comparable to demographic data, as illustrated in the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category Scott County Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	98.6	15	93.8	1,008	69.1
> \$1,000,000	0.8	1	6.3	450	30.9
Revenue Not Available	0.6	0	0.0	0	0.0
<b>Total</b>	<b>100</b>	<b>16</b>	<b>100</b>	<b>1,458</b>	<b>100</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes when compared to demographic data. Lending to businesses with gross annual revenues equal to or less than \$1 million lags demographic data, as illustrated in the table below. However, as previously stated, competition for small business loans in the assessment area is significant. Additionally, according to the community contact, area banks are meeting small business credit needs. Further, when compared to two similarly situated institutions operating in the assessment area and evaluated for CRA performance during the review period, FCSB’s percentage of lending to small businesses is similar and was assessed as reasonable. Finally, the bank continues to offer Small Business Administration loan products, which demonstrates a willingness to lend to businesses of all sizes, including small businesses. Based on these factors, the bank’s performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Scott County Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	86.6	15	65.2	1,819	54.7
> \$1,000,000	2.9	8	34.8	1,506	45.3
Revenue Not Available	10.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,325</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different incomes. The bank’s record of lending to low-income borrowers exceeds that of aggregate lending data. Further, and the bank’s lending to moderate-income borrowers generally exceeds aggregate lending data and is generally comparable to demographic data, as illustrated in the following table.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Scott County Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	12.7	3.7	4	5.4	393	2.5
2023	12.7	3.7	2	6.7	243	3.0
2024	12.7	2.9	2	5.1	148	1.3
Moderate						
2022	14.3	12.9	10	13.5	1,417	9.1
2023	14.3	10.2	2	6.7	253	3.1
2024	14.3	9.9	4	10.3	726	6.5
Middle						
2022	17.5	18.6	16	21.6	2,996	19.3
2023	17.5	17.0	6	20.0	2,044	25.2
2024	17.5	16.1	10	25.6	2,276	20.5
Upper						
2022	55.5	48.7	27	36.5	6,783	43.7
2023	55.5	51.4	13	43.3	3,491	43.0
2024	55.5	52.3	15	38.5	5,214	46.9
NA						
2022	0.0	16.2	17	23.0	3,936	25.4
2023	0.0	17.7	7	23.3	2,090	25.7
2024	0.0	18.9	8	20.5	2,763	24.8
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>74</b>	<b>100.0</b>	<b>15,525</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>8,121</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>11,127</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data; 2022, 2023, 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

## **COMMUNITY DEVELOPMENT TEST**

FCSB’s community development performance demonstrates adequate responsiveness to the community development needs in the Scott County Assessment Area, considering the institution’s capacity, as well as the need and availability of community development opportunities.

### **Community Development Loans**

The bank extended community development loans for the primary purpose of economic development in the Scott County Assessment Area. Specifically, the bank originated a total of 66 loans, totaling approximately \$29.9 million. These loans are considered especially responsive given that the community contact identified small business growth as being a credit need in the area and economic development as a community goal.

**Qualified Investments**

Qualified investments in the Scott County Assessment Area consist of 6 donations totaling approximately \$4,000, which is an increase from the previous evaluation. These donations were made to organizations that provide community services to low- and moderate-income families and individuals residing in the assessment area.

**Community Development Services**

Bank employees provided 14 instances of financial expertise or technical assistance to organizations promoting community services to low- and moderate-income families and individuals in the Scott County Assessment Area. Bank employees primarily provided expertise and assistance through fundraising efforts.

## 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.