

COMMUNITY REINVESTMENT ACT NOTICE

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Division of Compliance and Consumer Affairs, FDIC, 110 Walnut Street, Suite 2100, Kansas City, MO 64106. You may send written comments about our performance in helping to meet community credit need to **David Vander Wilt, President, Hardin County Savings Bank, P.O. Box 311, Eldora, IA 50627** and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web Site at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Hardin County Bancorporation, a bank holding company. You may request from the Federal Reserve Bank of Chicago, 230 S. LaSalle St. Chicago, IL 60604, an announcement of applications covered by the CRA filed by bank holding companies.

Evaluation:	February 27, 1992 - Satisfactory
Evaluation:	August 27, 1993 - Outstanding
Evaluation:	June 2, 1995 - Outstanding
Evaluation:	July 1, 1998 – Satisfactory
Evaluation:	February 13, 2003 – Satisfactory
Evaluation:	August 13, 2007 - Satisfactory
Evaluation:	September 13, 2012 – Satisfactory
Evaluation:	October 22, 2018 – Satisfactory
Evaluation:	2 nd Quarter 2024 CRA Exam

Last Reviewed: January 24, 2024



Main Bank – Lobby Only

1202 Edgington Ave., Eldora IA

641-939-3407

Monday thru Friday 8:30am – 4:00pm

- Safe Deposit Box
- Loans
- Deposits
- CDs/IRA
- Trusts

Union – Lobby & Drive-up

415 Center Street, Union, IA

641-486-5331

Monday thru Thursday 8:30am – 3:30pm

Friday 8:30am – 4:00pm

ATM entry way access

- Safe Deposit Box
- Loans
- Deposits
- CDs/IRAs

Motor Bank – Drive Up Only

1414 Edgington Ave., Eldora, IA

641-939-5561

Monday thru Thursday 9:00am-4:00pm

Friday 9:00am – 5:30pm

Saturday 9:00am – 12:00pm

ATM Drive-up access

- Deposits

**Hardin County Savings Bank
Branch Openings and Closings
January 24, 2024**

Organized on December 20, 1868 (currently 6th oldest bank in Iowa)

2001- 2006	No Opening or Closing
2007	New Providence Branch Closed
2008 – 2015	No Opening or Closing
2016	Liscomb Branch Closed
2017 – 2023	No Opening or Closing

**Hardin County Savings Bank
Community Reinvestment Act
Delineated Assessment Area
January 24, 2024**

Delineation of Community

Hardin County:

Census Tract/Block Numbers 4801, 4802, 4803, 4804, 4805, 4806

Includes the communities of Eldora, Owasa, Ackley, Alden, Iowa Falls, Steamboat Rock, Buckeye, New Providence, Hubbard, Gifford, Radcliffe, Union, and Whitten

Grundy County:

Census Tract/Block Number 9604

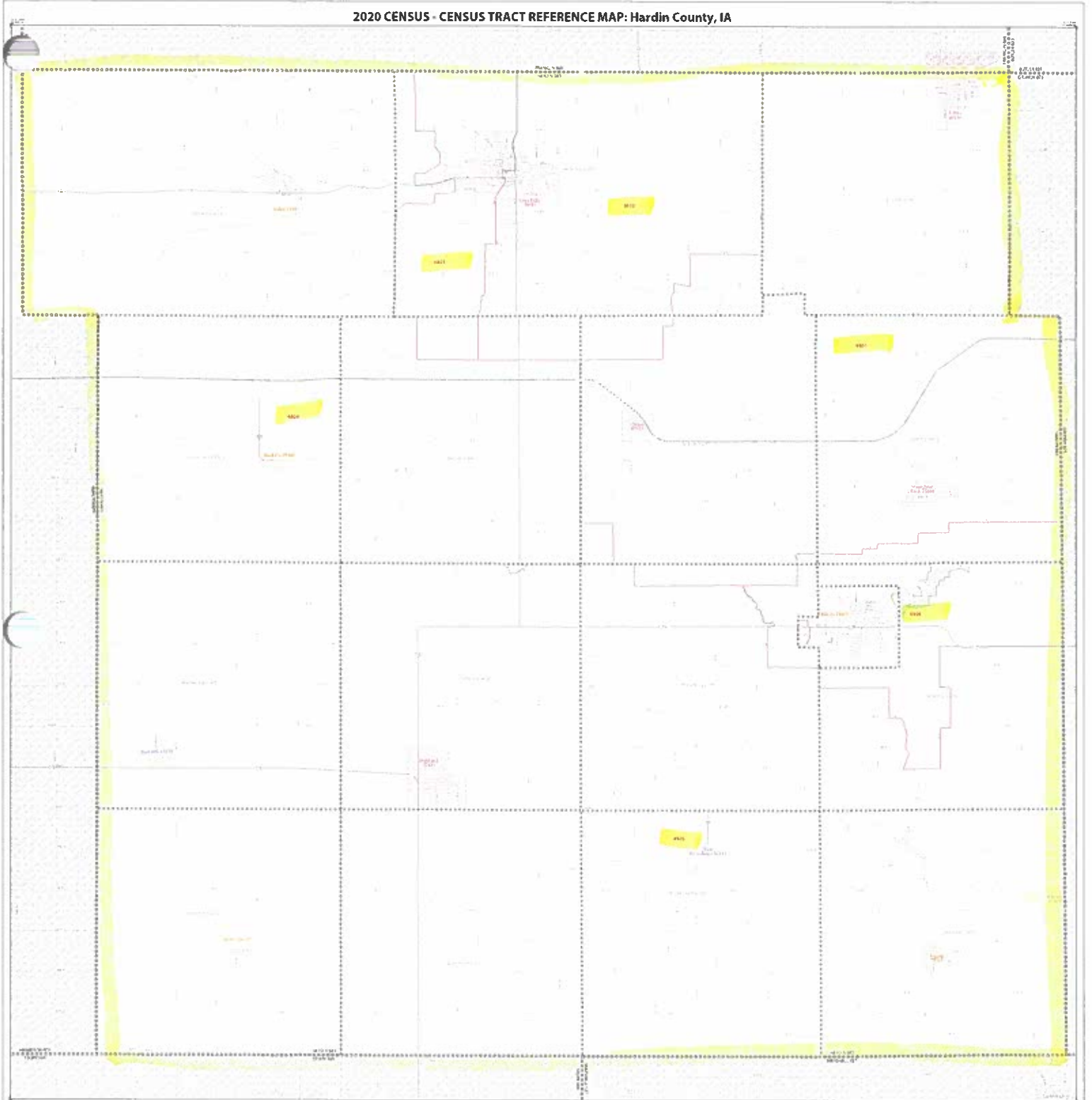
Includes the communities of Conrad & Beaman

Marshall County:

Census Tract/Block Numbers 9501 and 9502

Includes the communities of Liscomb, Albion, St Anthony, Clemons, and State Center.

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Hardin County, IA

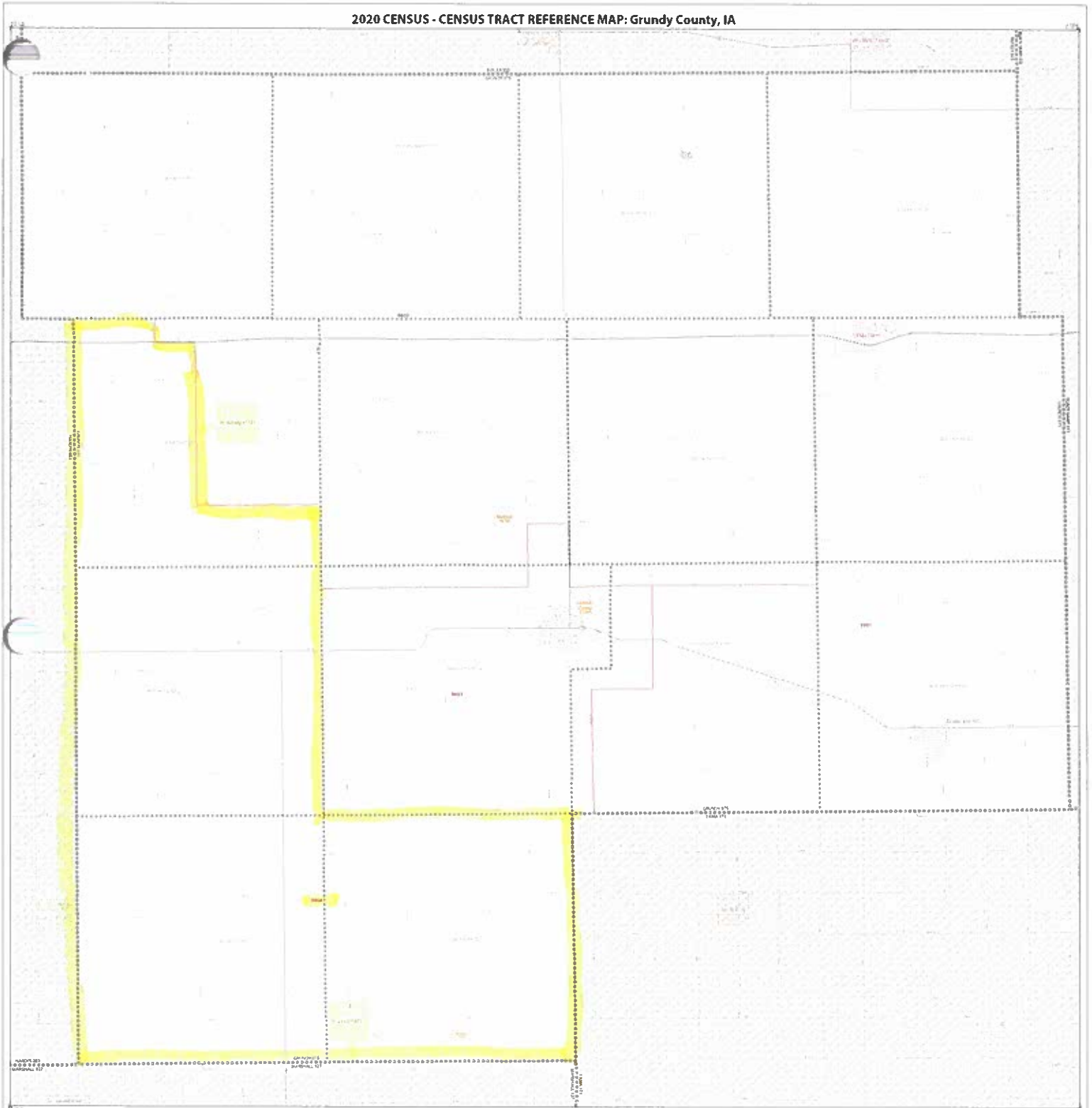


Legend	Map	Scale	North Arrow
<p>Legend</p> <p>Water</p> <p>Water (Blue)</p> <p>Water (Light Blue)</p> <p>Water (Dark Blue)</p> <p>Land</p> <p>Land (Green)</p> <p>Land (Light Green)</p> <p>Land (Dark Green)</p> <p>Other</p> <p>Other (Yellow)</p> <p>Other (Light Yellow)</p> <p>Other (Dark Yellow)</p>	<p>Map</p> <p>Map (Blue)</p> <p>Map (Light Blue)</p> <p>Map (Dark Blue)</p> <p>Map (Green)</p> <p>Map (Light Green)</p> <p>Map (Dark Green)</p> <p>Map (Yellow)</p> <p>Map (Light Yellow)</p> <p>Map (Dark Yellow)</p>	<p>Scale</p> <p>Scale (Blue)</p> <p>Scale (Light Blue)</p> <p>Scale (Dark Blue)</p> <p>Scale (Green)</p> <p>Scale (Light Green)</p> <p>Scale (Dark Green)</p> <p>Scale (Yellow)</p> <p>Scale (Light Yellow)</p> <p>Scale (Dark Yellow)</p>	<p>North Arrow</p> <p>North Arrow (Blue)</p> <p>North Arrow (Light Blue)</p> <p>North Arrow (Dark Blue)</p> <p>North Arrow (Green)</p> <p>North Arrow (Light Green)</p> <p>North Arrow (Dark Green)</p> <p>North Arrow (Yellow)</p> <p>North Arrow (Light Yellow)</p> <p>North Arrow (Dark Yellow)</p>



Map of Hardin County, Iowa
 2020 Census - Census Tract Reference Map
 1:100,000 Scale
 1:100,000 Scale

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Grundy County, IA



Legend	Symbol	Description
County Boundary	Thick black line	County Boundary
Town Boundary	Thin black line	Town Boundary
Census Tract Boundary	Dashed line	Census Tract Boundary
Water	Blue	Water
Unincorporated Area	Light gray	Unincorporated Area
Population 100,000+	Dark gray	Population 100,000+
Population 50,000-99,999	Medium gray	Population 50,000-99,999
Population 25,000-49,999	Light gray	Population 25,000-49,999
Population 10,000-24,999	Very light gray	Population 10,000-24,999
Population 5,000-9,999	White	Population 5,000-9,999
Population 1,000-4,999	Lightest gray	Population 1,000-4,999
Population 500-999	Lightest gray	Population 500-999
Population 100-499	Lightest gray	Population 100-499
Population 50-99	Lightest gray	Population 50-99
Population 10-49	Lightest gray	Population 10-49
Population 1-9	Lightest gray	Population 1-9

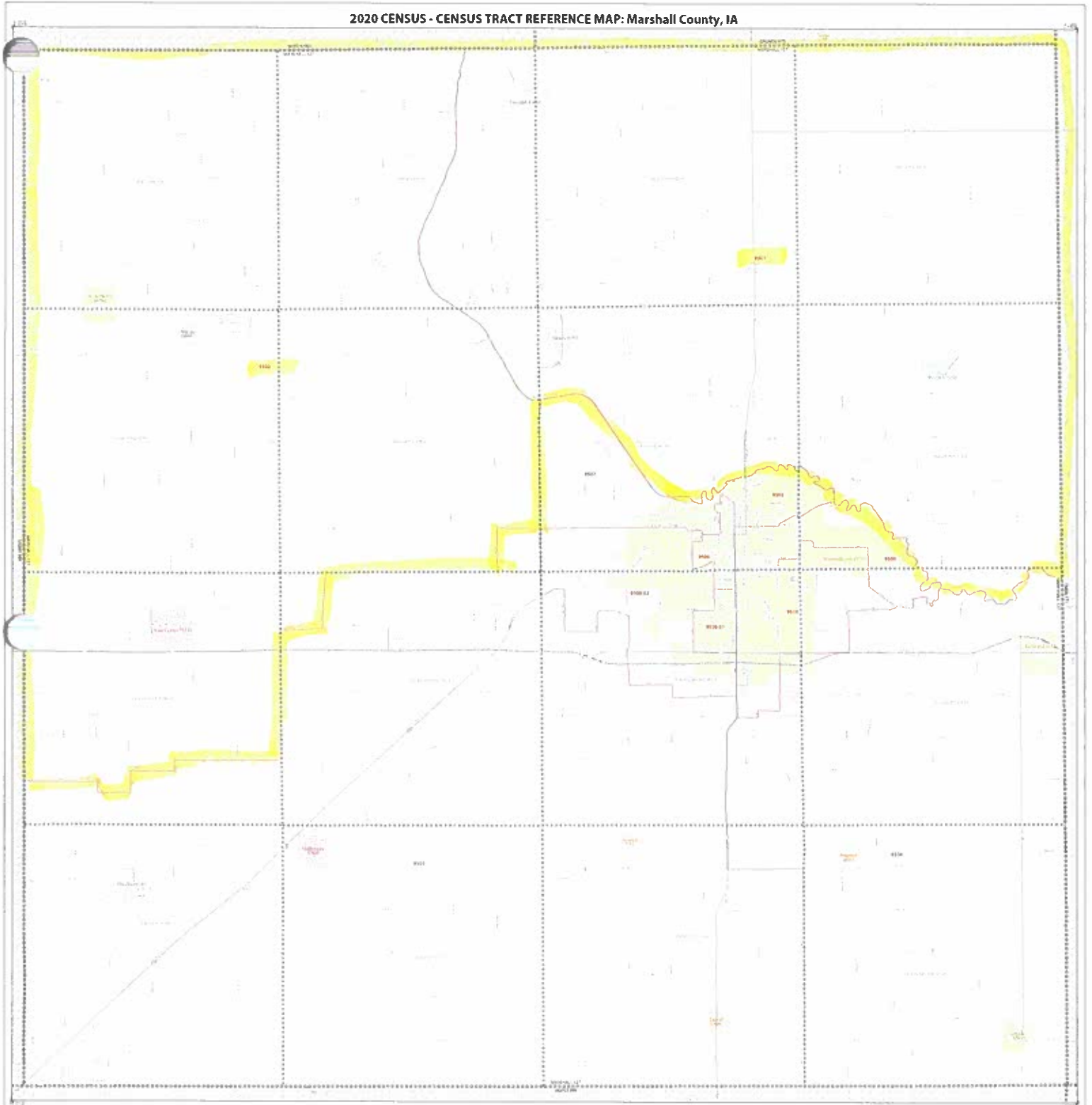
Official information: Census tracts are defined by the U.S. Census Bureau. The map shows the boundaries of the census tracts in Grundy County, Iowa. The map is based on the 2020 Census data. The map is for informational purposes only. The map is not to be used for legal purposes. The map is not to be used for political purposes. The map is not to be used for commercial purposes. The map is not to be used for any other purpose.



State of Iowa
 Grundy County, Iowa
 2020 Census
 Census Tract Reference Map



2020 CENSUS - CENSUS TRACT REFERENCE MAP: Marshall County, IA



Legend	2020 Census	2010 Census
County	Marshall County	Marshall County
City	Marshall	Marshall
Township	Marshall	Marshall
Ward	Marshall	Marshall
Neighborhood	Marshall	Marshall
Block	Marshall	Marshall
Tract	Marshall	Marshall
County	Marshall County	Marshall County
City	Marshall	Marshall
Township	Marshall	Marshall
Ward	Marshall	Marshall
Neighborhood	Marshall	Marshall
Block	Marshall	Marshall
Tract	Marshall	Marshall



Source: U.S. Census Bureau
 2020 Census of Population and Housing
 Census of Population and Housing
 Census of Population and Housing



Hardin County Savings Bank

Community Reinvestment Act Statement

Revised: January 24, 2024

CRA STATEMENT OF POLICY

The Board of Directors is committed to complying with all federal and state banking regulations. As such, management is directed to establish and maintain a comprehensive ‘Community Reinvestment Act’ compliance program. Adequate resources will be allocated for officer and employee education, staffing, and equipment to fully develop and maintain the compliance program. Management has appointed an individual to serve as the CRA Compliance Officer, who is charged with the responsibility to carry out this policy. The Board of Directors has requested that the CRA Compliance Officer regularly report on the success of the bank’s CRA compliance program. As part of this program, the Board of Directors hereby adopts the following “Community Reinvestment Statement.”

COMMUNITY REINVESTMENT ACT

The Community Reinvestment Act (CRA) requires our regulatory agency to (1) evaluate our bank’s performance in helping to meet the credit and other banking needs of this community and (2) take this evaluation into account when considering certain applications submitted by us.

CRA STATEMENT AVAILABLE

Our customers and the public may obtain our current CRA statement from the Customer Service Department or the CRA Compliance Officer at our main office or at our branch office from the Branch Manager. We encourage our customers and the public to submit signed written comments about our CRA statement or our performance in helping to meet community credit and banking needs. They can do so by sending their comments to:

David Vander Wilt
Hardin County Savings Bank
PO BOX 311
Eldora, IA 50627

And to the

Federal Deposit Insurance Corporation
Division of Compliance and Consumer Affairs
1100 Walnut Street, Suite 2100
Kansas City, MO 64106

All letters, together with any responses by us, will be available to the public.

REVIEW OF FILES

Our customers and the general public may look at our file of all signed, written comments received by us within the past two years, responses we have made to the comments, and all CRA statements in effect during the past two years by contacting the CRA Compliance Officer at our office located at 1202 Edgington Ave, Eldora, IA 50627. Our customers may also obtain the public section of our most recent CRA performance evaluation which was prepared by the Federal Deposit Insurance Corporation (FDIC).

OUR SERVICE PHILOSOPHY

The bank is proud of its record of meeting the credit needs of the community. The bank and the community have grown together. As a banking organization, we are responsible at all times for conducting our affairs in a manner that will meet the highest possible standards and that will fulfill our basic obligations to (1) protect our depositors' funds from unreasonable risk; (2) serve the needs of our community by providing quality banking services to our customers, promoting sound economic growth, and when appropriate, extending leadership in areas of public concern; and (3) maintain a strong capital base, which will enable the bank to meet the expanding financial needs of our community.

TYPE OF SERVICE

Within the primary community, the bank extends all types of credit in accordance with safe and prudent banking practices and makes available all types of depository functions and instruments normally available at banks of our comparable depository size and geographical locale. List includes but not limited:

Consumer Credit

- Automobile
- Personal
- Property Improvement
- Debt Consolidation
- Mobile Home
- RVs and Boats
- Student Loans

Real Estate Loans

- One to Four Dwelling Units
- Five Dwelling Units and Over
- Construction and Land Development

Commercial Loans

- Small Business
- General Commercial Credit

- Agricultural
- Construction and Land Development
- Commercial and Agricultural Real Estate
- SBA Loans
- FSA Guaranteed Loans

Personal Banking

- Online & Mobile Banking
- Checking Accounts
- Savings Accounts
- Health Savings Accounts
- Debit Cards
- CDs & IRAs
- The LiNK membership & Penny Savers Club
- Christmas/Vacation Club Accounts
- Wires
- Mobile Remote Deposit
- Online Bill Payment
- Trust Services Department
- Accounting Solutions Department
- ATM and Night Deposits
- Safe Deposit Box

Additionally, the bank supports the local community by purchasing local improvement bonds, financing through industrial revenue bonds, and other instruments the bank determines are practical.

Within the secondary community the bank will extend the types of credit noted above in accordance with safe and prudent banking practices, being ever mindful of working closely with correspondent banks within that area and assisting them with participation loans that are beneficial to the growth and enrichment of the area. Direct loans within the secondary community will be made, while encouraging deposit relationships between the borrower and our bank, as stated in the bank's Loan Policy.

TRANSACTION FEES



FEE SCHEDULE

Effective June, 2022

Account Activity Printout*	\$2
Account Research/Balancing*	\$30/hr
ACH Origination	\$5/item
ACH Origination Change	\$10
Bad Address	\$5/month/account
Chargeback*	\$5
Check Encoding	.25¢ each
Coin Counting for HCSB customer	No Charge
Coin Counting for non-customer	\$5
Debit Card	No Charge
Debit Card replacement*	\$20
Dormant Checking and/or Savings Account* (no activity in 12 months or more)	\$5/month
Duplicate Statement Fee*	\$4
Fax	\$3
Foreign Currency Orders/Exchange	\$25
Garnishment	\$50
Health Savings Account Transfer/Rollover	\$50
Health Savings Closing	\$50
IRA Transfer/Rollover	\$50
IRA Account Closing	\$50
Money Order	\$5 each
Online Banking	No Charge
Online Bill Pay	No Charge
Online BillPay 2nd day	\$19.95
Online BillPay next day	\$24.95
Online Mobile Check Deposit	No Charge
Online Text Banking (carrier fees may apply)	No Charge
Non-sufficient Funds (NSF) Return item	\$25/item and per presentment; \$75 per day limit**
Overdraft Item charge	\$25/item and per presentment; \$75 per day limit**
Overdraft Sweep*	\$5/transfer
Photocopies	.25¢ each
Safe Deposit Box Rental	Varies per size
Safe Deposit Box – New Key	\$25
Safe Deposit Box – Drill Lock	\$200
Safe Deposit Box – Late Fee (assessed after 30 days)	\$10
Stop Payment charge*	\$25/item
Wires – Incoming	\$10
Wires – Outgoing	\$20
Wires – International	\$50

*Subject to Iowa sales tax

**Overdraft and Non-Sufficient Funds (NSF) fees—accounts may be subject to a fee each time a debit item (check, ACH, withdrawal) is presented for payment regardless of whether we pay or return the item.

FDIC

HardinCSB.com • HCSB@HardinCSB.com

Eldora: 641-939-3407 • Union: 641-486-5331

COMMUNITY INVOLVEMENT

The bank realizes that it has a non-banking responsibility to the community. Therefore, the Board and senior management encourage and support the active involvement of its members, officers, and employees in charitable, cultural, and civic activities.

COMMUNITY NEEDS

The bank will continue to review its efforts to ascertain community credit needs and will use various means of ascertaining these needs, for example the community organizations in which bank officers are active, contacts received from community organizations, civic groups and small business organizations, and efforts on the bank's part to contact such organizations. An honest assessment will also be made of the bank's past and current efforts to meet credit needs. This commitment to community needs is a primary concern.

LOW- AND MODERATE-INCOME NEEDS

Of particular importance in our service philosophy is the acknowledgement of our responsibility to give special consideration to the financial needs of low- and moderate-income groups within our community. Hardin County Savings Bank has continually met this responsibility in its banking practices, and we are proud of our record of providing reasonably priced financial services to these groups.

Hardin County Savings Bank provides the following partial list of services targeted toward the needs of low- and moderate-income groups:

- Real Estate Loans – No minimum loan amount; no minimum sales price.
- Deposits – Simply checking provides simple checking with no minimum balances with limited fees.
- Basic Services – All basic banking services are available, including check cashing and competitive rates.
- Consumer Loans – No minimum balance requirements. No minimum loan amounts.

COMMUNITY AND ECONOMIC DEVELOPMENT

In recent years, this bank has been highly active in lending programs that are designed to make funding available for commercial projects that will create new jobs for people in our area. These efforts also encourage other companies to relocate to our community because they know that sound financial programs are available from this bank. Hardin County Savings Bank has provided loans of this type for the following projects:

- Provided low equity position for residential rental financing.
- Offered low interest programs for new auto financing.
- Provided residential real estate lending to include secondary market and government loan programs, many of which provide long-term fixed interest rates (Fannie Mae).
- Established up to 85% financing for home purchases.
- Provided SBA and other financing to both established and new local businesses.
- Provided an outlet for reduced rate loans under specific state programs.

LOAN PORTFOLIO BY TYPE AND AMOUNT

The bank's loan portfolio clearly indicates the success of its efforts in meeting the credit needs of the community, as evidenced by the growth in the portfolio and the distributions of loans among all categories. The following loan financial information is as of December 31, 2023.

Commercial Loans	\$19,611,430.73
Tax Exempt Loans	\$0.00
Agriculture Loans	\$30,211,920.53
Ag R/E Loans	\$30,290,640.49
R/E Loans Comm	\$67,431,723.94
Student Loans	\$1,567,608.88
SBA Loans	\$0
Lease Pool	\$4,527,564.16
Rec Vehicle Pool	\$10,172,290.86
Rec Vehicle Pools Amortization	\$272,121.73
Lease Receivables	\$72,843.53
SIL Loans	\$3,052,727.13
R/E Loans	\$25,698,021.85
Other installment Loans	\$28,766,634.16
TOTAL LOANS	\$190,991,374.19

LOAN TO DEPOSIT RATIO (as of December 31)

1998 – 70.60%	2008 – 74.28%	2018 – 69.38%
1999 – 75.51%	2009 – 65.42%	2019 – 73.23%
2000 – 81.34%	2010 – 60.61%	2020 – 68.07%
2001 – 65.80%	2011 – 56.01%	2021 – 66.50%
2002 – 61.80%	2012 – 57.11%	2022 – 59.82%
2003 – 55.88%	2013 – 53.89%	2023 - 68.21%
2004 – 63.15%	2014 – 58.54%	

2005 – 70.01%	2015 – 56.81	
2006 – 74.39%	2016 - 62.56%	
2007 – 78.32%	2017 – 67.79%	

LOAN TO DEPOSIT RATIO LAST YEAR BY QUARTER

Quarter	Loan	Deposit	Ratio
2023 Quarter 1	\$165,113,859.13	\$301,019,488.45	54.852%
2023 Quarter 2	\$166,697,486.45	\$288,836,361.41	57.713%
2023 Quarter 3	\$178,154,406.80	\$283,237,086.14	62.900%
2023 Quarter 4	\$190,991,374.19	\$280,010,906.22	68.209%

QUALITY OF LIFE

This bank is the most active lending institution in the area. We are proud of the fact that we have consistently brought new lending programs to the community and innovations that improve the quality of life for the consumer. These programs and innovations enable area businesses to grow and prosper, thereby contributing to a strong local economy.

OUR CUSTOMERS' PARTICIPATION

Our customers can participate in our community reinvestment program by making their observations, opinions, and suggestions known to us. This process is extremely important, so we encourage all employees to ask our customers to please take the time to let us know what they think we do well, what they think we do not do well, or any additional programs that they think should receive our attention.

As members of our community, our customers' opinions are sincerely appreciated. If they should desire to discuss our community reinvestment program in greater detail, they are invited to call upon our management at any time.

COMMUNITY REINVESTMENT ACT NOTICE

The Board of Directors further directs that the Community Reinvestment Act notice, a copy of which is appended hereto, be prepared in a suitable form for display in the lobby of the bank and all branch offices.

Hardin County Savings Bank

Community Reinvestment Act History

Revised: January 18, 2024

The Hardin County Savings Bank is committed to maintaining an active role in the communities in which we do business. This is not a new policy for our bank. We have supported our trade area since 1868 through recession, depression, two pandemics and never closed our doors to a customer's request. We will make every effort within the guidelines of our bank policies to meet the credit needs of our trade area. We will also go one step further. The Hardin County Savings Bank will solicit the credit needs of customers and potential customers on a regular basis. The specific steps in meeting those credit needs will be described in the following objectives and action steps:

I. New Products and Services

- A. 2019 – Introduced new club checking program through Econocheck. The program includes a credit monitoring service along with increased Identity theft insurance of \$10,000. Changed Debit issuer to in house so we can make new debit cards at the time of new account opening. In an effort to support local small businesses, we had a successful reinvestment campaign during area parades this summer. We gave away \$5 coupons to be redeemed at area merchants. Merchants then turned the coupons into the bank, and we reimbursed them the \$5. 196 coupons were redeemed totaling \$980 spent locally.
- B. 2020 – New Core. Bank is now card issuer for Debit cards where they can now make and issue at the time of new account opening. New Chat feature completed through online banking or mobile application.
- C. 2021 – Our debit cards now have Digital Wallet capability. Our customers can now do Person to Person payments and use the new budgeting tool.
- D. 2022 – New Premium checking product for Interest Rewards was introduced in March 2022.
- E. 2023 – New money market account – Select Money Market was introduced in February 2023. This is high APY and no fee type account.

II. Monetary contributions

The Hardin County Savings Bank reviews the monetary contributions to our local communities and organizations. This is done to analyze who we support and where our money can best be allocated. Our goal is to be profitable enough to donate \$50,000.00 back to our trade territory annually.

- A. 2020 – Budget is \$50,000 with 2019 contributions at \$56,363.
- B. 2021 – Budget is \$70,000 with 2020 Contributions at \$58,539.
- C. 2022 – Budget is \$90,000 with 2021 Contributions at \$69,154.

- D. 2023 – Budget is \$100,000 with 2022 Contributions at \$52,463.71
- E. 2024 - Budget is \$100,000 with 2023 Contributions at \$75,219.53

III. Local Organization support

The Hardin County Savings Bank supports many local organizations with direct advertising and ticket purchases for annual events. This is another opportunity for our employees to interact in the community and bring back ideas on a regular basis.

- A. 2019 – We helped raise funds towards a Community Garden by matching private monetary gifts up to \$2,500. Introduced Cash for School program. Customers choose which school they would like use to donate to and we figure the donation based on the number of debit card swipes and interchange income. HCSB has also contributed \$10,000 to the Veterans Memorial project – will be completed by summer and dedicated this fall with the help from Christie Pence and James Brown. Maggie Vander Wilt and Audrey DeVilder led a group to raise funds to renovate the city park adding new playground equipment and removing old equipment that no longer met safety standards. Under their direction the group raised the needed funds of \$150,000 in 2 months of fundraising, which included a contribution from HCSB of \$5,000.
- B. 2020 – Renovating the City Park playground, now known as Memorial Park, was completed in the spring. Through our Cash for Schools Program, we donated \$74.65 to AGWSR, \$609.66 to BCLUW and \$3,595.77 to South Hardin in December. To show support to local restaurants, HCSB gave each staff member \$50 gift certificates to three restaurants in April 2020. HCSB ordered lunch from local restaurants approximately once a week throughout the duration of the pandemic.
- C. 2021 – A committee was formed in Hubbard to replace the existing 60-year-old swimming pool. HCSB has contributed \$10,000 to that effort. HCSB contributed \$10,000 to the New Providence Fire Department to assist in their fundraising effort for an addition to their existing building. \$10,000 was contributed to River's Edge Bike Trail which will adjoin Hardin and Marshall Counties. The HCSB staff contribute \$5 per month to wear jeans on Friday and the funds are donated to a local charity or cause. This adds up to about \$2400 annually. HCSB kicked off a Love Where You Live Campaign throughout 2021 to encourage customers to shop, eat, play and give locally.
- D. 2022 – Three top donations were \$5,000 to Pine Lake County Club, \$2,500 to Memorial Park shades and \$2,500 to the Historical Society Boiler. The HCSB staff contribute \$5 per month to wear jeans on Friday and the funds are donated to a local charity or cause. This adds up to about \$2,400 annually. HCSB continued with our Love Where You Live Campaign throughout 2022 to encourage customers to shop, eat, play, and give locally.
- E. 2023 - The bank is working the City of Eldora on applying for a housing grant from the Federal Home Loan Bank of Des Moines to provide up to \$500,000 for low and moderate income to make needed updates to their homes.

IV. Employee on Community Reinvestment

- A. 2019 - We continue to have a social media presence on Facebook and added Instagram in 2019. We use social media to promote and commend area events, students and customers.
- B. 2020 - New Core! The new core switch over was September 2020. This came with many new changes for both the bank and customers.
- C. 2020 – 2021 - Throughout the pandemic HCSB respected the guidelines and communicated with customers weekly and monthly. We kept customers apprised of changes in hours, lobby closures and new lobby protocols. We met customers at the door to accept their deposits. We increased staff and opened on Saturday mornings at the drive through Motorbank to accommodate higher traffic. Installed new drawer and speaker system at the Motor bank.
- D. 2022 - Installed new and added new cameras throughout each location. Installed 2 new doors at Main bank. Created a new deposit product called "Premium Checking". The bank currently has many employees that serve on boards and committees for multiple organizations throughout Eldora and Union. These include Kiwanis, Rotary, Hardin County Community Endowment Foundation, Eldora Housing Committee, Eldora Girl Scouts, Grand Theatre, Sons of American Legion, Eldora Christmas Festival, Pine Lake Festival, WINGS, River's Edge Trail, Eldora Rotary Park, Eldora Friends of Parks and Recreation, Union Christmas Festival, Pine Lake Country Club Board, South Hardin Rec Center Board, Economic Engineering, South Hardin School Board, Eldora Industrial Development and Economic Engineering Board.
- E. 2023 – Same committees and board members 2022 with the addition of Dave, Maggie, and Jim serving on the housing committee for the City of Eldora. Dave is also working with a real estate developer to build 305 new homes in Eldora.

V. Economic Environment

The trade territory that the Hardin County Savings Bank serves is primarily rural with a heavy emphasis on agriculture and ag-related businesses.

- A. 2019 – Goal is \$10,000,000 in loans. Added about \$14,000,000 in 2018. Shopco, due to bankruptcy, has closed their local store. Eldora Industrial Development is working with a potential buyer who will provide a similar type of retail outlet. Norby Farm and Fleet has purchased this building and is expected to open by November. This will also give Eldora Industrial Development substantial funds to pay off their debt with HCSB and have more flexibility in providing economic assistance for community development.
- B. 2020 – Goal is \$10,000,000 in loans. Added about \$10,000,000 in 2019. Quality Products has added 25-40 new jobs in the last 48 months and AME (Dusko Bruer) has reduced employment to reflect the downturn in the farm economy. Eldora Newspaper is currently renting a downtown building. A new coalition of city, school and EID will begin work in the spring of 2020 on renovating or removing approximately 50 houses that are currently unlivable in Eldora. Hopeful the Mexican restaurant will open in 2020. EID has about \$400,000 in operating funds. Sunshine Café has opened in the old Pizza and Stakehouse was, providing another place to eat and employment. Organic loan volume remained low, but we had \$_____ In Payroll Protection Program loans. The Covid-19 pandemic and the Derecho that swept through our area in April certainly affected loan growth.

- C. 2021 - Whink Products closed its doors, which resulted in the loss of 20 jobs. Valley View closed in 2021, which was purchased by Nelly Limas for the house of migrant workers. This will provide better accommodation for up to 150 workers who spend a lot of money in Eldora. It also will keep a building in full use and protect it from any deterioration. Nelly will spend up to 100K to renovate the spaces and provide adequate bathroom/shower facilities for her employees. HCSB purchased three General Obligation bonds for the City of Eldora totaling \$455,000 in 2021. Proceeds of the Bonds will be used to finance the 11th Avenue improvements, including constructing street, water system, sanitary sewer system, storm water management and sidewalk improvements, acquiring and installing street lighting, signage, signalization, and removal of trees from the municipal right-of-way.
- D. 2022 – A local loan group is supporting the Grundy County Hospital \$30 million construction project in which HCSB is participating with 3.5 million. Quality Products closed its doors. New business is going into the Whink Building with an unspecified number to staff. The former hospital is up for auction and there are interested parties. The Eldora Training School is on more solid footings and plans are to continue to add staff and juveniles detained. The building on the south side of the square is being remodeled with completely renovated apartments on the second floor. The first floor will be renovated after completion of the apartments. The former Carnegie Library was renovated by Dave Rubow and is a very successful restaurant named the “Eldora Social Club”. The Mexican restaurant on the West side of the square is planning to open by mid-year after a 4-year remodeling project.
- E. 2023 - - The Hospital was sold to a real estate developer and will be converting it into 27 apartments. Fareway bought “The Lot” and mini mall. They will be tearing the mini mall down and constructing a new building starting in 2024. A new city project was approved for a dog park that will be at the Eldora City Diamond.

VI. Area of Needs

We have identified housing as an area of need in our communities. Over half of our industrial employees live outside the community. We are a member of the Federal Home Loan Bank and have obtained fixed rate long-term deposits from Federal Home Loan Bank to provide funding for long-term fixed rate residential and farm mortgage loans. Hardin County Savings Bank has a full service residential real estate department using Iowa Bankers Mortgage and LSB Mtg. (Lincoln Savings Bank) as secondary market sources to provide the best service and rates to our customers.

- F. 2019 - Our real estate loan activity has increased, and we look forward to a continued increase loan in 2019. When we began to emphasize our residential real estate department, our loans totaled about \$8,000,000. We are over \$20,000,000 five years later. We are also competitive with our internal rates and are retaining more of our loans in house. We are also evaluating the FHLB Home Start grant programs and working with IBMC. Our hope is this program will be helpful for first time home buyers to make owning a home more affordable.
- G. 2020 - Our real estate loan activity has increased, and we look forward to a continued increase loan in 2020. When we began to emphasize our residential real estate department, our loans totaled about \$8,000,000. We are over \$26,000,000 six years later.
- H. 2021 - The pandemic affected all types of business and future plans. Many things were put on hold. Dave Vander Wilt, Jim Brown and Marc Anderson are involved with the Eldora area industrial development group.

This group is seeking answers to the local housing shortage, which affects employment and recruiting new businesses to the area. After the pause of the pandemic, this group is working again to find solutions. The city and EID will be removing the two houses on the block south of city hall and building two new homes to assist in the housing needs of Eldora. Plans are moving forward to remodel the second floors of the two downtown buildings to provide three new apartments to rent. The city is assisting these projects by applying for grants through region 6 and the state development arm. The city is also applying for grants through the same entities for renovating the old hospital into 10 rental units and ultimately up to 21 living units. These projects total between 2-3 million dollars in total expense.

- I. 2022 - The bank currently has 3 Real Estate Lenders in Eldora. The community is still in serious need of upgrading our housing inventory. The city is doing a housing survey which is required for many of the grants available through the state. The county has launched an Economic Engineering initiative to address the need for a quality workforce. This initiative is researching economic and service-based jobs with the goal of bringing more jobs and a quality workforce to the county.
- J. 2023 – The community is still in serious need of housing inventory. Ongoing discussion and grants being sought after.



State Code	County Code	Tract Code	Tract Income Level	Distressed or Underserved Tract	Tract Median Family Income %	2023 FFIEC Est.MSA/MD non-MSA/MD Median Family Income	2023 Est. Tract Median Family Income	2020 Tract Median Family Income	Tract Population	Tract Minority %	Minority Population	Owner Occupied Units	1- to 4-Family Units
19	083	4801.00	Middle	No	106.87	\$86,300	\$92,229	\$76,696	2483	10.19	253	836	1204
19	083	4802.00	Middle	No	92.58	\$86,300	\$79,897	\$66,443	2114	10.36	219	778	1008
19	083	4803.00	Middle	No	101.08	\$86,300	\$87,232	\$72,542	3819	11.18	427	948	1494
19	083	4804.00	Middle	No	104.35	\$86,300	\$90,054	\$74,890	2768	6.90	191	985	1416
19	083	4805.00	Middle	No	110.31	\$86,300	\$95,198	\$79,167	2814	5.86	165	1048	1389
19	083	4806.00	Middle	No	92.12	\$86,300	\$79,500	\$66,111	2880	11.49	331	727	1229
19	083	9999.99	Middle	No	99.91	\$86,300	\$86,222	\$71,703	16878	9.40	1586	5322	7740

* Will automatically be included in the 2024 Distressed or Underserved Tract List



State Code	County Code	Tract Code	Tract Income Level	2020 MSA/MD Statewide non-MSA/MD Median Family Income	2023 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	% Below Poverty Line	Tract Median Family Income %	2020 Tract Median Family Income	2023 Est. Tract Median Family Income	2020 Tract Median Household Income
19	083	4801.00	Middle	\$71,763	\$86,300	10.56	106.87	\$76,696	\$92,229	\$54,851
19	083	4802.00	Middle	\$71,763	\$86,300	9.83	92.58	\$66,443	\$79,897	\$39,615
19	083	4803.00	Middle	\$71,763	\$86,300	12.21	101.08	\$72,542	\$87,232	\$52,560
19	083	4804.00	Middle	\$71,763	\$86,300	6.54	104.35	\$74,890	\$90,054	\$60,809
19	083	4805.00	Middle	\$71,763	\$86,300	9.39	110.31	\$79,167	\$95,198	\$64,375
19	083	4806.00	Middle	\$71,763	\$86,300	9.36	92.12	\$66,111	\$79,500	\$53,947
19	083	9999.99	Middle	\$71,763	\$86,300	9.63	99.91	\$71,703	\$86,222	\$54,930



State Code	County Code	Tract Code	Tract Population	Tract Minority %	Number of Families	Number of Households	Non-Hisp White Population	Tract Minority Population	American Indian Population	Asian/ Hawaiian/ Pacific Islander Population	Black Population	Hispanic Population	Other Population/ Two or More Races
19	083	4801.00	2483	10.19	643	1071	2230	253	0	8	4	180	61
19	083	4802.00	2114	10.36	527	1168	1895	219	4	11	14	137	53
19	083	4803.00	3819	11.18	871	1349	3392	427	10	34	42	218	123
19	083	4804.00	2768	6.90	859	1289	2577	191	3	8	8	100	72
19	083	4805.00	2814	5.86	828	1232	2649	165	2	8	11	77	67
19	083	4806.00	2880	11.49	708	1076	2549	331	6	19	65	106	135
19	083	9999.99	16878	9.40	4436	7185	15292	1586	25	88	144	818	511

2023 FFIEC Census Report - Summary Census Housing Information

State: 19 - IOWA (IA)

County: 083 - HARDIN COUNTY



State Code	County Code	Tract Code	Total Housing Units	1- to 4-Family Units	Median House Age (Years)	Inside Principal City?	Owner Occupied Units	Vacant Units	Owner Occupied 1- to 4- Family Units	Renter Occupied Units
19	083	4801.00	1251	1204	66	No	836	180	824	235
19	083	4802.00	1269	1008	74	No	778	101	771	390
19	083	4803.00	1556	1494	65	No	948	207	948	401
19	083	4804.00	1425	1416	70	No	985	136	985	304
19	083	4805.00	1394	1389	79	No	1048	162	1048	184
19	083	4806.00	1298	1229	65	No	727	222	727	349
19	083	9999.99	8193	7740	69	No	5322	1008	5303	1863

2023 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies

Effective June 1, 2023

		Distressed Middle-Income Nonmetropolitan Tracts			Underserved Middle-Income Nonmetropolitan Tracts	Previous Year Designation				
COUNTY NAME	STATE NAME	POVERTY	UNEMPLOYMENT	POPULATION LOSS	REMOTE RURAL	UNDER-DISTRESSED	SERVED	STATE CODE	COUNTY CODE	TRACT CODE
EDWARDS	IL				X		X	17	047	9571.00
GALLATIN	IL			X	X	X	X	17	059	9727.00
HARDIN	IL			X	X	X	X	17	069	9709.00
HARDIN	IL			X	X	X	X	17	069	9710.00
HENDERSON	IL			X		X		17	071	9733.00
HENDERSON	IL			X		X		17	071	9734.00
HENDERSON	IL			X		X		17	071	9735.00
LAWRENCE	IL		X					17	101	8807.00
LAWRENCE	IL		X					17	101	8808.00
LAWRENCE	IL		X					17	101	8810.00
MASON	IL			X		X		17	125	9563.00
MASON	IL			X		X		17	125	9564.00
MASON	IL			X		X		17	125	9565.00
MASON	IL			X		X		17	125	9566.00
MASON	IL			X		X		17	125	9568.00
POPE	IL				X		X	17	151	9712.00
PULASKI	IL	X	X	X	X	X	X	17	153	9710.00
RICHLAND	IL				X		X	17	159	9779.00
RICHLAND	IL				X		X	17	159	9781.00
RICHLAND	IL				X		X	17	159	9782.00
RICHLAND	IL				X		X	17	159	9783.00
WABASH	IL				X		X	17	185	9572.00
WABASH	IL				X		X	17	185	9573.00
WABASH	IL				X		X	17	185	9574.00
WABASH	IL				X		X	17	185	9575.00
SPENCER	IN				X		X	18	147	9528.00
SPENCER	IN				X		X	18	147	9529.00
SPENCER	IN				X		X	18	147	9530.00
SPENCER	IN				X		X	18	147	9531.00
ADAIR	IA				X		X	19	001	9601.00

2023 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies

Effective June 1, 2023

COUNTY NAME	STATE NAME	Distressed Middle-Income Nonmetropolitan Tracts		Underserved Middle-Income Nonmetropolitan Tracts	Previous Year Designation		STATE CODE	COUNTY CODE	TRACT CODE
		POVERTY	UNEMPLOYMENT	POPULATION LOSS	REMOTE RURAL	UNDER-DISTRESSED SERVED			
ADAIR	IA				X	X	19	001	9602.00
ADAIR	IA				X	X	19	001	9603.00
ADAMS	IA			X	X	X X	19	003	9501.00
ADAMS	IA			X	X	X X	19	003	9502.00
AUDUBON	IA			X	X	X X	19	009	0701.00
AUDUBON	IA			X	X	X X	19	009	0702.00
BUTLER	IA				X	X	19	023	0701.00
BUTLER	IA				X	X	19	023	0702.00
BUTLER	IA				X	X	19	023	0703.00
BUTLER	IA				X	X	19	023	0704.00
BUTLER	IA				X	X	19	023	0705.00
CALHOUN	IA			X	X	X X	19	025	9501.00
CALHOUN	IA			X	X	X X	19	025	9502.00
CALHOUN	IA			X	X	X X	19	025	9503.00
CALHOUN	IA			X	X	X X	19	025	9504.00
CARROLL	IA				X	X	19	027	9601.00
CARROLL	IA				X	X	19	027	9602.00
CARROLL	IA				X	X	19	027	9604.00
CARROLL	IA				X	X	19	027	9605.00
CARROLL	IA				X	X	19	027	9606.00
CLAYTON	IA				X	X	19	043	0702.00
CLAYTON	IA				X	X	19	043	0703.00
CLAYTON	IA				X	X	19	043	0704.00
CLAYTON	IA				X	X	19	043	0705.00
CLAYTON	IA				X	X	19	043	0706.00
CRAWFORD	IA				X	X	19	047	0701.00
CRAWFORD	IA				X	X	19	047	0702.00
CRAWFORD	IA				X	X	19	047	0703.00
CRAWFORD	IA				X	X	19	047	0705.00
DECATUR	IA				X	X	19	053	9601.00

2023 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies

Effective June 1, 2023

COUNTY NAME	STATE NAME	Distressed Middle-Income Nonmetropolitan Tracts		Underserved Middle-Income Nonmetropolitan Tracts	Previous Year Designation		STATE CODE	COUNTY CODE	TRACT CODE
		POVERTY	POPULATION UNEMPLOYMENT LOSS	REMOTE RURAL	DISTRESSED	UNDER-SERVED			
DECATUR	IA			X		X	19	053	9602.00
IDA	IA			X		X	19	093	0901.00
IDA	IA			X		X	19	093	0902.00
IDA	IA			X		X	19	093	0903.00
KEOKUK	IA			X		X	19	107	0801.00
KEOKUK	IA			X		X	19	107	0803.00
KEOKUK	IA			X		X	19	107	0804.00
KOSSUTH	IA			X		X	19	109	9501.00
KOSSUTH	IA			X		X	19	109	9502.00
KOSSUTH	IA			X		X	19	109	9503.00
KOSSUTH	IA			X		X	19	109	9505.00
KOSSUTH	IA			X		X	19	109	9506.00
LOUISA	IA			X		X	19	115	4501.00
LOUISA	IA			X		X	19	115	4502.00
LOUISA	IA			X		X	19	115	4503.00
LUCAS	IA		X		X		19	117	9501.00
LUCAS	IA		X		X		19	117	9502.00
LUCAS	IA		X		X		19	117	9504.00
POCAHONTAS	IA		X	X	X	X	19	151	7801.00
POCAHONTAS	IA		X	X	X	X	19	151	7802.00
POCAHONTAS	IA		X	X	X	X	19	151	7803.00
RINGGOLD	IA			X		X	19	159	9501.00
RINGGOLD	IA			X		X	19	159	9502.00
SAC	IA		X	X	X	X	19	161	0801.00
SAC	IA		X	X	X	X	19	161	0802.00
SAC	IA		X	X	X	X	19	161	0803.00
SAC	IA		X	X	X	X	19	161	0804.00
SIOUX	IA			X		X	19	167	0701.00
SIOUX	IA			X		X	19	167	0703.00
SIOUX	IA			X		X	19	167	0704.00

2023 List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies

Effective June 1, 2023

COUNTY NAME	STATE NAME	Distressed Middle-Income Nonmetropolitan Tracts		Underserved Middle-Income Nonmetropolitan Tracts	Previous Year Designation		STATE CODE	COUNTY CODE	TRACT CODE
		POVERTY	UNEMPLOYMENT	POPULATION LOSS	REMOTE RURAL	UNDER-DISTRESSED SERVED			
SIoux	IA				X	X	19	167	0706.01
SIoux	IA				X	X	19	167	0706.02
SIoux	IA				X	X	19	167	0707.02
TAYLOR	IA				X	X	19	173	1801.00
TAYLOR	IA				X	X	19	173	1802.00
TAYLOR	IA				X	X	19	173	1803.00
VAN BUREN	IA				X	X	19	177	9501.00
VAN BUREN	IA				X	X	19	177	9502.00
WAYNE	IA				X	X	19	185	0701.00
WAYNE	IA				X	X	19	185	0702.00
WAYNE	IA				X	X	19	185	0703.00
WINNESHIEK	IA				X	X	19	191	9501.00
WINNESHIEK	IA				X	X	19	191	9504.00
WINNESHIEK	IA				X	X	19	191	9505.00
ALLEN	KS				X	X	20	001	9526.00
ALLEN	KS				X	X	20	001	9527.00
ALLEN	KS				X	X	20	001	9529.00
ALLEN	KS				X	X	20	001	9530.00
BARBER	KS				X	X	20	007	9681.00
BARBER	KS				X	X	20	007	9682.00
CHASE	KS			X	X	X X	20	017	9606.00
CHEYENNE	KS			X	X	X X	20	023	9502.00
CLARK	KS				X	X	20	025	9671.00
COMANCHE	KS				X	X	20	033	9676.00
CRAWFORD	KS	X					20	037	9566.00
CRAWFORD	KS	X					20	037	9567.00
CRAWFORD	KS	X					20	037	9569.00
CRAWFORD	KS	X					20	037	9570.00
CRAWFORD	KS	X					20	037	9573.00
CRAWFORD	KS	X					20	037	9574.00

PUBLIC DISCLOSURE

October 22, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hardin County Savings Bank
Certificate Number: 5817

1202 Edgington Avenue
Eldora, Iowa 50627

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	3
Description of Assessment Area	4
Conclusions on Performance Criteria	7
Discriminatory or Other Illegal Credit Practices Review	10
Glossary	11

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

Hardin County Savings Bank's (HCSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the AA credit needs.
- The bank made a majority of its small farm, small business, and home mortgage loans in the AA.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The bank's AA does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 13, 2012, to the current evaluation dated October 22, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate HCSB's CRA performance. These procedures considered the institution's performance according to the following Lending Test criteria.

- LTD ratio
- AA concentration
- Borrower profile
- Geographic distribution
- Response to CRA-related complaints

This evaluation does not consider any lending activities performed by affiliates.

Loan Products Reviewed

Agricultural loans and loans secured by farmland are the bank's largest loan category, representing 53.1 percent of total loans, according to the June 30, 2018 Consolidated Reports of Condition and Income (Call Report). Commercial Real Estate and Commercial and Industrial loans account for the bank's second largest loan category, at 27.4 percent. Loans secured by 1-4 Family Residential properties account for the bank's third largest loan category, at 13.7 percent. The remainder of the loan portfolio is comprised of Construction and Land Development, Multifamily Residential properties, Consumer, and Other loans at 5.8 percent.

Bank records show that the loan portfolio mix remained relatively consistent throughout the evaluation period. Based on the portfolio distribution percentages, examiners concluded that the primary loan products are small farm, small business, and home mortgage loans; therefore, these loan types were selected for review. Consumer loans were not reviewed because they are not considered a major product line. The bank's stated business focus is on agricultural loans; therefore, when drawing conclusions, small farm lending performance received the greatest weight.

Examiners selected a sample of small farm, small business, and home mortgage loans originated between January 1, 2017, and December 31, 2017. These samples were considered representative of the bank's performance during the entire evaluation period. The following table details the loan samples and the universes from which they were selected.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	124	17,940	33	5,042
Small Business	65	8,666	29	3,917
Home Mortgage	54	7,046	25	2,570
<i>Source: Bank Data from 1/1/2017 through 12/31/2017.</i>				

For CRA evaluation purposes, small farm and small business loans are defined using definitions in the Call Report. These definitions, as well as that for home mortgage loans, are detailed in the Glossary at the end of this document. Examiners obtained the data necessary for this evaluation from an automated loan download, individual customer loan files, and bank management.

Examiners reviewed and presented the number and dollar volume of small farm, small business, and home mortgage loans. However, examiners placed more weight on the number of loans, rather than the dollar volume of loans, because the number of loans is a better indicator of the number of farms, businesses, and individuals served. Examiners utilized the 2015 American Community Survey (ACS) data and 2017 D&B farm and business data for comparison purposes.

DESCRIPTION OF INSTITUTION

Background

HCSB is headquartered in Eldora, Iowa, and owned by Hardin County Bancorporation, a one-bank holding company in Eldora, Iowa. The bank does not have any affiliate relationships through common ownership. The institution received a Satisfactory rating at its preceding FDIC Performance Evaluation dated September 13, 2012, based on Interagency Small Institution Examination Procedures.

Operations

HCSB operates out of its main office and drive-up location in Eldora, Iowa, and a branch in Union, Iowa. No branches opened and no merger or acquisition activities occurred during the review period; however, the bank closed its Liscomb branch on June 30, 2016. HCSB offers a variety of loan products, including agricultural, commercial, home mortgage, and consumer; but primarily focuses on agricultural lending. Specialty loan programs include United States Department of Agriculture Farm Service Agency, Iowa Housing Finance Authority, and Small Business Administration loans. The bank also refers home loans to the secondary market. Basic deposit products are offered, as well as investment and trust services. Alternative banking services include internet, mobile, and telephone banking and two full-service automated teller machines.

Ability and Capacity

HCSB's June 30, 2018 Call Report reflected total assets of \$202.1 million, total loans of \$118.7 million, and total deposits of \$167.5 million. Total loans increased by 58.2 percent since the previous evaluation. Management attributed this loan growth to attracting new customers by hiring a new agricultural lender and retaining more home mortgage loans. The loan portfolio distribution is reflected in the following table.

Loan Portfolio Distribution as of 6/30/18		
Loan Category	\$(000s)	%
Construction and Land Development	4,292	3.6
Secured by Farmland	28,706	24.1
Secured by 1-4 Family Residential Properties	16,227	13.7
Secured by Multifamily (5 or more) Residential Properties	324	0.3
Secured by Nonfarm Nonresidential Properties	17,433	14.7
Total Real Estate Loans	66,982	56.4
Commercial and Industrial Loans	15,051	12.7
Agricultural Loans	34,446	29.0
Consumer Loans	2,055	1.7
Other Loans	173	0.2
Less: Unearned Income	(1)	(<0.1)
Total Loans	118,706	100.0
<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 AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define 1 or more AAs within which its CRA performance will be evaluated. HCSB designated 9 census tracts (CT) in its AA in north central Iowa. The AA contains all of Hardin County (CTs 4801 through 4806); the southwest corner of Grundy County (CT 9604), and the northern half of Marshall County (CTs 9501 and 9502). The CTs in the AA are in nonmetropolitan areas, with the exception of Grundy County CT 9604, which is part of the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the AA derived from several sources. Examiners considered this information in evaluating the HCSB's lending performance.

Economic and Demographic Data

The AA includes 8 middle-income CTs and 1 upper-income CT. One of the CTs had a change in income classification between the 2010 U.S. Census and the 2015 ACS. The 2010 U.S. Census designated CT 9502 in Marshall County as middle-income. This CT was reclassified as upper-

income in response to the 2015 ACS. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	25,511	0.0	0.0	87.9	12.1	0.0
Housing Units by Geography	11,798	0.0	0.0	88.6	11.4	0.0
Owner-Occupied Units by Geography	8,104	0.0	0.0	88.2	11.8	0.0
Occupied Rental Units by Geography	2,252	0.0	0.0	88.9	11.1	0.0
Vacant Units by Geography	1,442	0.0	0.0	90.6	9.4	0.0
Businesses by Geography	1,964	0.0	0.0	90.2	9.8	0.0
Farms by Geography	572	0.0	0.0	83.4	16.6	0.0
Family Distribution by Income Level	6,833	12.7	17.7	26.3	43.3	0.0
Household Distribution by Income Level	10,356	19.4	15.0	20.4	45.2	0.0
Median Family Income - Waterloo- Cedar Falls, Iowa MSA	\$65,749		Median Housing Value			\$98,786
Median Family Income - Nonmetropolitan Iowa	\$61,934		Median Gross Rent			\$597
			Families Below Poverty Level			4.6%
Source: 2015 ACS and 2017 D&B Data, Due to rounding, totals may not equal 100.0, (*) The NA category consists of geographies that have not been assigned an income classification.						

As shown above, the population in the AA is 25,511. Some of the communities in the AA include Alden, Eldora, Hubbard, Iowa Falls, Radcliffe, and State Center.

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by gross annual revenue (GAR) level. According to 2017 D&B data, there were 572 farms in the AA. GARs for these farms are listed below.

- 98.1 percent have \$1 million or less.
- 1.2 percent have more than \$1 million.
- 0.7 percent have unknown revenues.

A comparison of 2007 and 2012 Agricultural Census reports reveals that the number of farms decreased by 8 percent in Grundy County, 13 percent in Hardin County, and 5 percent in Marshall County. Conversely, the average size of farms increased by 9 percent in Grundy County, 13 percent in Hardin County, and 1 percent in Marshall County. During the same period, the State of Iowa reported a 5 percent decrease in the number of farms, and a 4 percent increase in the average size of farms.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2017 D&B data, there were 1,964 businesses in the AA. GARs for these businesses are listed below.

- 80.0 percent have \$1 million or less.
- 5.4 percent have more than \$1 million.
- 14.6 percent have unknown revenues.

According to 2017 D&B data, the largest industries in the AA as a percentage of total industries are: services at 34.7 percent; agriculture, forestry, and fishing at 22.6 percent; retail trade at 9.7 percent; and finance, insurance, and real estate at 7.1 percent. Some of the largest employers include Casey's General Stores, Hy-Vee Food Stores, and Wal-Mart.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories 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%
Waterloo-Cedar Falls, Iowa MSA Median Family Income				
2017 (\$69,900)	<\$34,950	\$34,950 to <\$55,920	\$55,920 to <\$83,880	≥\$83,880
Nonmetropolitan Iowa Median Family Income				
2017 (\$63,900)	<\$31,950	\$31,950 to <\$51,120	\$51,120 to <\$76,680	≥\$76,680
<i>Source: FFIEC.</i>				

There are 11,798 housing units in the AA, of which 68.7 percent are owner-occupied, 19.1 percent are occupied rental units, and 12.2 percent are vacant.

The unemployment rates in the counties that make up the AA are low, reflecting a healthy economy. As reflected in the following table, with the exception of Marshall County, the unemployment rates reflect a declining trend since 2015.

Unemployment Rates				
Area	2015	2016	2017	August 2018
	%	%	%	%
Grundy County	3.8	3.4	3.0	2.6
Hardin County	4.0	3.9	3.2	2.6
Marshall County	5.1	4.9	4.6	5.5
Iowa	3.8	3.6	3.1	2.4
National Average	5.3	4.9	4.4	3.9
<i>Source: Bureau of Labor Statistics.</i>				

Competition

The market for financial services is highly competitive inside the AA. According to the FDIC's June 2018 Deposit Market Share Report data, there were 19 financial institutions operating 43 offices in AA. Of these institutions, HCSB ranked 7th with 6.7 percent deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to help identify credit and community development needs. This information assists examiners in determining whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. In conjunction with this evaluation, examiners relied on a previously conducted community contact with a representative of a government-sponsored organization operating in the AA.

The representative made the following observations: The overall economic conditions are good; however, there are concerns about the agriculture sector due to tariffs and fluctuating commodity prices. There is a need for affordable housing and elderly housing in the area. The contact also stated there is heavy competition in banking within the area, but all of the banks come together with the goal of economic development and growing their communities. Overall, the contact had a positive impression of the local financial institutions in regards to meeting the credit needs of their communities.

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

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

HCSB demonstrated reasonable performance under the Lending Test. The performance under the LTD Ratio, AA Concentration, and Borrower Profile primarily supports this conclusion.

Loan-to-Deposit Ratio

HCSB's LTD ratio is reasonable considering the bank's size, financial condition, and AA credit needs. As shown in the following table, the bank's net LTD ratio, calculated from Call Report data, averaged 55.5 percent over the past 24 calendar quarters from September 30, 2012, to June 30, 2018. The ratio ranged from a low of 43.7 percent as of March 31, 2014, to a high of 69.9 percent as of June 30, 2018, the most recent Call Report. The average net ratio is lower than the previous evaluation when it was at 64.0 percent. However the ratio steadily increased over the review period.

Examiners compared the bank's average net LTD ratio to three comparable institutions to help evaluate its reasonableness. Comparable institutions were selected based on their asset size,

geographic location, and lending focus. HCSB's average net LTD ratio falls in the middle of the comparable bank ratios. Iowa Falls Savings Bank and Pinnacle Bank reflect increasing trends similar to HCSB, while Farmers Savings Bank reflects a decreasing trend. The following table provides details.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2018 (\$000s)	Average Net LTD Ratio (%)
Hardin County Savings Bank, Eldora, Iowa	202,050	55.5
Iowa Falls State Bank, Iowa Falls, Iowa	135,279	65.4
Farmers Savings Bank, Marshalltown, Iowa	103,207	65.3
Pinnacle Bank, Marshalltown, Iowa	196,437	38.8
<i>Source: Reports of Condition and Income 9/30/2012 through 6/30/2018.</i>		

Assessment Area Concentration

HCSB made a majority of its small farm, small business, and home mortgage loans within its AA. Examiners reviewed the small farm, small business, and home mortgage loan samples, as described within the "Scope of the Evaluation" section in drawing this conclusion. While only 36.4 percent of small business loans by dollar volume were inside the AA, this was due to 3 of the 4 largest loans were participation loans located outside the AA. The following table provides details.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					Dollar Amount of Loans \$(000s)				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
Small Farm	26	78.8	7	21.2	33	3,567	70.7	1,475	29.3	5,042
Small Business	19	65.5	10	34.5	29	1,426	36.4	2,491	63.6	3,917
Home Mortgage	18	72.0	7	28.0	25	1,927	75.0	643	25.0	2,570
<i>Source: 1/1/2017 - 12/31/2017 Bank Data, Due to rounding, totals may not equal 100.0.</i>										

Borrower Profile

The distribution of borrowers reflects overall reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. Reasonable performance in small farm and small business lending and excellent performance in home mortgage lending supports this conclusion. As previously noted, small farm loan performance was given more weight in this analysis. Examiners focused on the percentage by number of small farm and small business loans to those with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Only loans made within the AA were analyzed.

Small Farm Loans

The distribution of small farm loans reflects reasonable performance of loans to farms with GARs of \$1 million or less. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.1	25	96.2	3,317	93.0
>1,000,000	1.2	1	3.8	250	7.0
Revenue Not Available	0.7	0	0.0	0	0.0
Total	100.0	26	100.0	3,567	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data, Due to rounding, totals may not equal 100.0.</i>					

The table shows 96.2 percent of the small farm loans sampled were to farms with GARs of \$1 million or less, which is slightly below the percentage of farms in this revenue category. According to 2012 Agricultural Census data, 42.3 percent of farms located in the AA do not pay interest, and 43.1 percent are considered “hobby farms.” Farms with no interest paid or that are considered “hobby farms” generally have minimal borrowing needs. Management concurred with this assessment and indicated that there is strong competition. Management added that they strive to originate all qualified applications. Considering the aforementioned factors, this level of lending reflects reasonable performance.

Small Business Loans

The distribution of small business loans reflects reasonable performance of loans to businesses with GARs of \$1 million or less. The following table provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	80.0	14	73.7	494	34.6
>1,000,000	5.4	5	26.3	932	65.4
Revenue Not Available	14.6	0	0.0	0	0.0
Total	100.0	19	100.0	1,426	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data, Due to rounding, totals may not equal 100.0.</i>					

As shown in the table, 73.7 percent of the sampled small business loans were to businesses with GARs of \$1 million or less, which falls short of the percentage of businesses in this revenue category. Examiners note that 14.6 percent of businesses did not report revenues. Of the 5 sampled loans to businesses with GARs over \$1 million, 3 were to the same borrower. Management indicated that there is strong competition and that they strive to originate all qualified applications. Based on these factors, examiners concluded that the level of lending reflects reasonable performance.

Home Mortgage Loans

The distribution of home mortgage loan individuals of different income levels, including low- and moderate-income borrowers is excellent. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	12.7	4	22.2	111	5.8
Moderate	17.7	3	16.7	156	8.1
Middle	26.3	2	11.1	102	5.3
Upper	43.3	9	50.0	1,558	80.9
Not Available	0.0	0	0.0	0	0.0
Total	100.0	18	100.0	1,927	100.0

Source: 2015 ACS; 1/1/2017 - 12/31/2017 Bank Data, Due to rounding, totals may not equal 100.0.

As shown above, the bank's lending to low-income borrowers, at 22.2 percent, significantly exceeds the percentage of families within the same revenue category. Further, the bank originated 16.7 percent of home mortgage loans to moderate-income borrowers, which is similar to the percent of families in the AA. HCSB's level of lending reflects excellent performance.

Geographic Distribution

The bank's AA does not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans as a review would not have resulted in meaningful conclusions.

Response to Complaints

HCSB did not receive any CRA-related complaints since the previous evaluation. As a result, this criterion did not affect the CRA rating.

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 CRA rating.

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.

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

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

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

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

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