

PUBLIC DISCLOSURE

April 18, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Availa Bank
Certificate Number: 11771

126 West Sixth Street
Carroll, Iowa 51401

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.

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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.

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

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

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

DESCRIPTION OF INSTITUTION

Availa Bank, headquartered in Carroll, Iowa, is wholly owned by Carroll County Bancshares, Inc., Carroll, Iowa, a one-bank holding company. Availa Bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated May 1, 2020, based on Interagency Intermediate Small Institution Examination Procedures. There are no lending subsidiaries or affiliates.

In January 2021, the bank opened a full-service location in Denison, Iowa. There were no branch closings since the prior evaluation, and no merger or acquisition activity has occurred. The following table shows details of Availa Bank’s 17 locations in central and western Iowa.

Office Locations				
Location	Address	County	Geography	Income Category
Ames	1530 S. Duff, Ames	Story	10	Moderate
Ankeny	2010 N. Ankeny Blvd, Ankeny	Polk	102.16	Middle
Arcadia	201 Gault St, Arcadia	Carroll	9602	Middle
Carroll (main office)	126 W. 6th St, Carroll	Carroll	9604	Middle
Coon Rapids	423 Main St, Coon Rapids	Carroll	9605	Middle
Council Bluffs (downtown)	117 Pearl St, Council Bluffs	Pottawattamie	309	Low
Council Bluffs (mall)	1751 Madison Ave, Council Bluffs	Pottawattamie	312	Middle
Denison*	1217 Broadway, Denison	Crawford	704.02	Moderate
Fort Dodge	130 N. 29th St, Fort Dodge	Webster	1.02	Middle
Holstein	411 N. Main St, Holstein	Ida	901	Middle
Jewell	702 Main St, Jewell	Hamilton	9602	Upper
Nevada	1121 S. G Ave, Nevada	Story	103	Middle
Pocahontas	200 N. Main St, Pocahontas	Pocahontas	7802	Middle
Pocahontas**	601 W. Elm Ave, Pocahontas	Pocahontas	7802	Middle
Roland	120 N. Main St, Roland	Story	106	Middle
Sioux City	1380 Hamilton Blvd, Sioux City	Woodbury	8	Low
Webster City	635 1 st St, Webster City	Hamilton	9603	Middle

Source: Bank Data; () Opened 1/2021; (**) Limited Service-Interactive Teller Machine*

Availa Bank offers a wide variety of credit products, including commercial, agricultural, home mortgage, and consumer loans. The bank originates and sells home mortgage loans to secondary market investors and participates in various government-sponsored loan programs. The primary business focus is equally on commercial and agricultural lending, followed by home mortgage lending. In February 2023, a loan production office was opened in Omaha, Nebraska to offer commercial loans. Availa Bank offers a full line of traditional deposit products, including checking, savings, and certificates of deposit. Alternative banking services include telephone, internet and mobile banking, 14 ATMs, and 10 interactive teller machines.

The December 31, 2022, Consolidated Reports of Condition and Income (Call Report) reflects increases in assets, total loans, and total deposits since the prior evaluation. Total assets were approximately \$1.5 billion, an increase of 40.6 percent; total loans were approximately \$1 billion, an increase of 33.8 percent; and total deposits equaled approximately \$1.3 billion, an increase of

42.2 percent. The loan mix remained similar to the previous evaluation with commercial and farm loans as the primary credit products. Management attributes the growth to pandemic related U.S. government stimulus payments and the addition of new loan officers that brought new business from prior relationships. The following table illustrates the loan portfolio composition.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	46,138	4.5
Secured by Farmland	188,531	18.6
Secured by 1-4 Family Residential Properties	161,635	15.9
Secured by Multifamily (5 or more) Residential Properties	64,078	6.3
Secured by Nonfarm Nonresidential Properties	251,993	24.8
Total Real Estate Loans	712,375	70.1
Commercial and Industrial Loans	125,561	12.3
Agricultural Production and Other Loans to Farmers	153,135	15.1
Consumer Loans	5,812	0.6
Obligations of State and Political Subdivisions in the U.S.	18,839	1.9
Other Loans	410	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	1,016,132	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 the credit or community development needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Availa Bank designated the following five assessment areas: Carroll, Ames, Council Bluffs, Ankeny, and Sioux City. None of the assessment areas are new since the prior evaluation; however, changes to the Carroll Assessment Area included the addition of Crawford County with the opening of the Denison branch in January 2021, and at the same time, the removal of small portions in Greene and Guthrie counties. The following table provides some additional information about each assessment area. More details regarding assessment area demographics and other information can be found later in this evaluation in each respective assessment area.

Description of Assessment Areas		
Assessment Area Name	Counties in Assessment Area	# of Branches
Carroll	Calhoun, Carroll, Crawford, Hamilton, Ida, Pocahontas, Sac, Webster	10
Ames	Story	3
Council Bluffs	Pottawattamie	2
Ankeny	Polk	1
Sioux City	Woodbury	1
<i>Source: Bank Records</i>		

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 1, 2020, to the current evaluation dated April 18, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate Availa Bank’s CRA performance, which includes the Lending Test and the Community Development Test. Banks must achieve at least a satisfactory rating under each test to obtain an overall satisfactory rating. Refer to the Appendices for information on each test.

Examiners used full-scope procedures to assess all five assessment areas. Availa Bank’s performance in the Carroll Assessment Area received more weight when drawing conclusions since it contains a majority of the institutions loans, deposits, and branch locations. The following table provides additional details.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area Name	Loans (balances outstanding)		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Carroll	424,588	42.8	737,588	55.8%	10	58.8%
Ames	195,237	19.7	251,172	19.0%	3	17.6%
Council Bluffs	145,718	14.7	232,936	17.6%	2	11.8%
Ankeny	122,782	12.4	42,189	3.2%	1	5.9%
Sioux City	102,675	10.4	57,986	4.4%	1	5.9%
Total	991,000	100.0	1,321,871	100.0	17	100.0
<i>Source: Bank Records; FDIC Summary of Deposits 6/30/2022.</i>						

Activities Reviewed

Examiners determined that the bank’s major product lines are commercial, agricultural, and home mortgage lending. This conclusion considered Call Report data, the number, and dollar volume of reported loans during the evaluation period, and the bank’s business strategy. Other loan products, including consumer loans, do not represent major product lines and were not reviewed. Based on the loan portfolio concentration and management’s stated lending focus, small business and small farm lending performances were generally granted more weight for the Lending Test, followed by home mortgage lending. However, small farm loans were not analyzed in the Council Bluffs or Ankeny assessment areas because agricultural lending is not a business focus in these markets.

Bank management optionally collected revenues for originated or renewed small business and small farm loans. Because revenue data was made available, examiners reviewed records of all small business and small farm loan originated or renewed in 2020, 2021, and 2022. Small business and small farm lending performance for 2020, 2021, and 2022 were reviewed for consistencies. In general, examiners did not identify any significant trends between the years reviewed that materially affected conclusions. As such, only the most recent full year, 2022, is presented for Geographic Distribution and Borrower Profile criteria with one exception. All three years reviewed are presented for small farm lending for the Borrower Profile criteria in the Sioux City Assessment Area due to the anomalies in the lending performance.

Examiners also reviewed all home mortgage loans originated or purchased and reported on the 2020, 2021, and 2022 HMDA Loan Application Registers. The lending performance for all three years was reviewed for consistencies in performance. In general, examiners did not identify any significant trends between the years reviewed that materially affected conclusions. Therefore, only 2021 HMDA data is presented for Geographic Distribution and Borrower Profile criteria, as 2021 is the most recent year with available aggregate data. Examiners reviewed the full universes for each loan type and year as detailed in the next table.

Loan Category	Assessment Area Concentration		Geographic Distribution and Borrower Profile	
	#	\$(000's)	#	\$(000's)
Small Business				
2020	717	97,504	642	85,300
2021	785	118,336	633	86,710
2022	664	104,454	540	76,917
Small Farm				
2020	1,139	126,897	835	95,430
2021	1,048	122,227	745	86,787
2022	967	139,651	701	102,177
Home Mortgage				
2020	362	69,914	295	60,120
2021	314	79,387	248	59,757
2022	373	130,297	279	69,382

Source: Bank Records and 2020, 2021, & 2022 HMDA Reported Data

While examiners reviewed both the number and dollar amount of small business, small farm, and home mortgage loans, they emphasized performance by the number of loans, which is a better indicator of the number of businesses, farms, and individuals being served. The standard of comparison for small business and small farm loans was the corresponding year of D&B data. Home mortgage lending for 2020 and 2021 was compared to the 2015 American Community Survey (ACS) data and the corresponding year of aggregate data; however, examiners focused more on aggregate data, as it is typically a better indicator of market conditions and loan demand. Home mortgage lending for 2022 was compared to the 2020 U.S. Census data because aggregate data is not yet available.

For the Community Development Test, bank management provided examiners with data on

community development loans, qualified investments, and community development services since the prior evaluation. Examiners considered prior-period qualified investments that were still outstanding at the start of the evaluation.

The Federal Financial Examination Council (FFIEC)-estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities related to housing. The low-, moderate-, middle-, and upper-income categories for 2020-2022 are presented in the Economic and Demographic section for each respective assessment area.

Finally, as part of the evaluation process, examiners contact third parties active in the assessment areas to help identify credit and community development needs. This information helps determine whether local financial institutions are responsive to those needs. It also shows what credit and community development opportunities are available. Refer to the Community Contact section for each respective assessment area for more information.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

Availa Bank’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and credit needs of the assessment areas. The bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 71.2 percent over the last 11 calendar quarters, compared to 79.7 percent at the prior evaluation. The ratio ranged from a low of 64.7 percent as of March 31, 2022, and a high of 76.8 percent as of June 30, 2020. As of December 31, 2022, the bank’s loan-to-deposit ratio was 76.0 percent. Examiners compared the bank’s ratio to similarly-situated banks to help evaluate performance. These banks were selected based on their size, geographic location, and lending focus. As shown in the following table, Availa Bank maintained a ratio that is in line with the ratios of the selected banks.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Availa Bank, Carroll, Iowa	1,545,185	71.2
First National Bank, Ames, Iowa	1,117,262	66.2
Community State Bank, Ankeny, Iowa	1,277,978	85.2
The Security National Bank of Sioux City, Sioux City, Iowa	1,330,926	63.0
First State Bank, Webster City, Iowa	604,447	85.6
<i>Source: Reports of Condition and Income 6/30/2020 -12/31/2022</i>		

Availa Bank’s loan-to-deposit ratio does not represent all lending activity since home mortgage loans sold on the secondary market are not reflected on the bank’s balance sheet. Specifically, the bank sold 1,019 loans totaling \$144.3 million between the previous evaluation and March 2023. While the sale of secondary market loans does not influence the average net loan-to-deposit ratio, this activity provides liquidity to originate additional home mortgage loans. Secondary market lending is responsive to assessment area credit needs by providing long-term home mortgage financing.

Assessment Area Concentration

A majority of loans, by number and dollar amount, are within Availa Bank’s assessment areas. Refer to the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	642	89.5	75	10.5	717	85,300	87.5	12,204	12.5	97,504
2021	633	80.6	152	19.4	785	86,710	73.3	31,626	26.7	118,336
2022	540	81.3	124	18.7	664	76,917	73.6	27,537	26.4	104,454
Subtotal	1,815	83.8	351	16.2	2,166	248,927	77.7	71,367	22.3	320,294
Small Farm										
2020	850	74.6	289	25.4	1,139	96,683	76.2	30,214	23.8	126,897
2021	755	72.0	293	28.0	1,048	88,186	72.1	34,041	27.9	122,227
2022	720	74.5	247	25.5	967	105,134	75.3	34,517	24.7	139,651
Subtotal	2,325	73.7	829	26.3	3,154	290,003	74.6	98,772	25.4	388,775
Home Mortgage										
2020	295	81.5	67	18.5	362	60,120	86.0	9,794	14.0	69,914
2021	248	79.0	66	21.0	314	59,756	75.3	19,631	24.7	79,387
2022	279	74.8	94	25.2	373	69,382	53.2	60,915	46.8	130,297
Subtotal	822	78.4	227	21.6	1,049	189,258	67.7	90,340	32.3	279,598
Total	4,962	77.9	1,407	22.1	6,369	728,188	73.7	260,479	26.3	988,667
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion, indicating the bank’s willingness to extend small business, small farm, and home mortgage loans throughout all of the assessment areas. Supporting this conclusion is reasonable performance in all assessment areas with the exception of the Sioux City Assessment Area, which reflects excellent performance. Examiners focus on the percentage by number of loans in low- and moderate-income geographies within the assessment areas. Refer to comments specific to each assessment area later in this evaluation for further details.

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans overall, indicating a willingness to extend loans to businesses and farms of different revenue sizes, and individuals of different income levels. Reasonable performance in all of the assessment areas supports this conclusion. Examiners focused on the percentage of small business and farm loans to operations with gross annual revenues of \$1 million or less, and the percentage of home mortgage loans to low- and moderate-income borrowers. Refer to comments specific to each assessment area later in this evaluation for more information.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Availa Bank's performance under the Community Development Test is 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 when drawing this conclusion. Because the bank was responsive to the community development needs of its assessment areas, community development activities benefitting the broader statewide and regional area were included in the analysis.

Examiners used information from CRA performance evaluations of five intermediate small banks conducted during the evaluation period for comparative purposes to assess Availa Bank's overall performance under the Community Development Test. Availa Bank's overall community development performance was comparable to these institutions when considering available community development opportunities in the assessment areas.

Community Development Loans

The bank originated 1,414 community development loans totaling \$106.8 million during the evaluation period, which represented 6.9 percent of total assets and 10.6 percent of net loans. Examiners compared the bank's level of community development lending to the referenced comparable intermediate small institutions. The similarly-situated institutions' community development loans ranged from 7.5 percent to 14.3 percent of total assets, and from 10.8 percent to 25.4 percent of net loans. The bank's level of community development loans is slightly below the performance band of similarly-situated institutions. However, the bank increased the number and dollar volume of community development loans made since the previous evaluation.

The bank's community development loans supported affordable housing; provided community services to low- and moderate-income individuals; promoted economic development by supporting permanent job creation, retention, and/or improvement for low- and moderate-income persons; and aided revitalization or stabilization efforts. The bank participated in the SBA's Paycheck Protection Program (PPP) in 2020 and 2021 during the COVID-19 pandemic. The PPP loans assisted businesses and farms adversely affected by the pandemic in retaining employees, and lessened the negative economic impact from a rapid increase in unemployment levels. Availa Bank originated

1,351 PPP loans totaling \$44.5 million during the review period. The following tables reflect the number and dollar volume of community development lending in each category by assessment area and activity year.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Carroll	5	2,031	1	100	759	18,048	18	14,474	783	34,653
Ames	4	6,332	0	0	155	8,579	4	12,783	163	27,694
Council Bluffs	4	1,163	0	0	88	6,304	6	5,473	98	12,940
Ankeny	0	0	0	0	52	4,493	4	6,770	56	11,263
Sioux City	0	0	2	513	27	3,201	3	1,372	32	5,086
Statewide Activities	4	3,906	0	0	242	6,811	0	0	246	10,717
Regional Activities	2	1,213	0	0	34	3,188	0	0	36	4,401
Total	19	14,645	3	613	1,357	50,624	35	40,872	1,414	106,754
<i>Source: Bank Data</i>										

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
May-December 2020	6	4,486	0	0	50	948	8	15,276	64	20,710
2021	4	3,274	1	263	1,306	48,821	21	17,248	1,332	69,606
2022	9	6,885	2	350	1	855	6	8,348	18	16,438
Year-to-Date 2023	0	0	0	0	0	0	0	0	0	0
Total	19	14,645	3	613	1,357	50,624	35	40,872	1,414	106,754
<i>Source: Bank Data</i>										

Qualified Investments

Availa Bank purchased, retained, or made 149 qualified investments, including grants and donations, totaling \$14.0 million during the evaluation period. This activity represents 0.9 percent of total assets, and 3.0 percent of total securities. Comparable institutions reported qualified investments to total asset ratios ranging from 0.5 percent to 2.2 percent, and qualified investments to total securities ratios ranging from 2.4 percent to 9.7 percent. The bank’s level of qualified investments is comparable to the performance of the similarly-situated institutions. Additionally, the bank increased the number and dollar volume of qualified investments since the previous evaluation. The following tables illustrate the number and dollar volume of community development investments in each category by assessment area and activity year.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Carroll	5	14	46	2,281	7	38	17	6,787	75	9,120
Ames	2	7	4	4	5	50	0	0	11	61
Council Bluffs	4	259	21	67	3	8	5	820	33	1,154
Ankeny	1	850	7	160	1	1,235	3	1,435	12	3,680
Sioux City	2	3	16	22	0	0	0	0	18	25
Total	14	1,133	94	2,534	16	1,331	25	9,042	149	14,040
<i>Source: Bank Data</i>										

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	1	140	0	0	3	2,230	4	2,370
May-December 2020	0	0	0	0	0	0	1	800	1	800
2021	1	850	0	0	1	1,235	4	1,855	6	3,940
2022	1	250	0	0	0	0	7	4,025	8	4,275
Year-to-Date 2023	0	0	1	2,000	0	0	0	0	1	2,000
Subtotal	2	1,100	2	2,140	1	1,235	15	8,910	20	13,385
Qualified Grants & Donations	12	33	92	394	15	96	10	132	129	655
Total	14	1,133	94	2,534	16	1,331	25	9,042	149	14,040
<i>Source: Bank Data</i>										

Community Development Services

Availa Bank received consideration for a total of 112 community development services. These services totaled 5,786 hours during the evaluation period. Availa Bank personnel provided technical or financial expertise to these organizations in many ways, all related to their employment with the institution. Employees dedicated their time and resources to 49 different organizations over the evaluation period. These organizations provide resources related to affordable housing; community services targeted to low- and moderate-income individuals and families; economic development activities that help to provide employment to low- to moderate-income individuals and develop small businesses; and the revitalization and stabilization of low- and moderate-income areas. Most notably, in a majority of these entities, bank employees served in a Board member or officer capacity.

Comparable institutions provided between 28 and 110 services; Availa Banks's level of community development services compares reasonably to these institutions. The following tables illustrate the bank's community development services in each category by assessment area and activity year. All community development services were provided inside the assessment areas.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Carroll	2	12	25	0	39
Ames	6	2	8	0	16
Council Bluffs	1	19	5	6	31
Ankeny	0	10	0	3	13
Sioux City	5	8	0	0	13
Total	14	51	38	9	112
<i>Source: Bank Data</i>					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
May-December 2020	5	17	9	4	35
2021	4	20	14	3	41
2022	5	14	15	2	36
Year-to-Date 2023	0	0	0	0	0
Total	14	51	38	9	112
<i>Source: Bank Data</i>					

In addition to community development services, Availa Bank offers retail-banking services that are readily accessible to assessment area residents, including low- and moderate- income individuals. These services include no fee checking accounts; telephone, internet, and mobile banking; ATMs; and interactive teller machines. Availa Bank provides retail banking services in moderate-income areas through two full-service branches and interactive teller machines located in Ames and Denison, and a cash-dispensing machine in the Council Bluffs area. Additionally, the bank serves two low-income areas through its Sioux City and Downtown Council Bluffs branches. Lastly, Availa Bank operates offices, ATM's, and interactive teller machines in or near areas designated as distressed or underserved, including locations in Arcadia, Carroll, Coon Rapids, Holstein, and the Pocahontas Woods Supermarket location.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

CARROLL ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CARROLL ASSESSMENT AREA

The Carroll Assessment Area consists of all census tracts (CTs) in nonmetropolitan Calhoun, Carroll, Crawford, Hamilton, Ida, Pocahontas, Sac, and Webster counties, located generally in western Iowa.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area contains 44 CTs comprised of 3 moderate-, 37 middle-, and 4 upper-income CTs. A comparison of 2015 ACS data and 2020 U.S. Census data reflects changes in income designations, and the addition of 4 new CTs. Specifically, the new CTs consist of 1 moderate-income CT, 1 middle-income CT, and 2 upper-income CTs. Changes in income categories include 4 middle-income CTs that were previously moderate income; 2 middle-income CTs that were previously upper income; and 2 upper-income CTs that were previously middle income. The following table illustrates select demographic characteristics of the Carroll Assessment Area.

Demographic Information of the Assessment Area – Carroll Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	0.0	6.8	84.1	9.1	0.0
Population by Geography	123,147	0.0	9.7	76.1	14.2	0.0
Housing Units by Geography	58,455	0.0	7.2	80.4	12.4	0.0
Owner-Occupied Units by Geography	37,559	0.0	6.8	78.8	14.4	0.0
Occupied Rental Units by Geography	13,753	0.0	10.3	79.1	10.6	0.0
Vacant Units by Geography	7,143	0.0	3.9	91.1	5.0	0.0
Businesses by Geography	14,182	0.0	7.3	82.4	10.3	0.0
Farms by Geography	2,432	0.0	1.9	88.9	9.3	0.0
Family Distribution by Income Level	32,002	20.8	17.8	22.6	38.9	0.0
Household Distribution by Income Level	51,312	24.4	16.8	18.3	40.6	0.0
Median Family Income - Nonmetropolitan Iowa	\$71,763		Median Housing Value			\$108,304
			Median Gross Rent			\$642
			Families Below Poverty Level			8.7%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

According to 2022 D&B data, services industries represent the largest portion of commercial and agricultural operations in the assessment area at 27.5 percent by number; non-classifiable establishments at 18.9 percent; and agriculture, forestry, fishing at 14.6 percent. Additionally, 66.2 percent of assessment area businesses and farms have four or fewer employees and 90.2 percent operate from a single location.

The low-, moderate-, middle-, and upper-income median family income categories for the Carroll Assessment Area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Nonmetropolitan Iowa Median Family Income				
2020 (\$69,200)	<\$34,600	\$34,600 to <\$55,360	\$55,360 to <\$83,040	≥\$83,040
2021 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
<i>Source: FFIEC</i>				

Competition

The Carroll Assessment Area is highly competitive with regard to financial services. According to FDIC June 30, 2022 Deposit Market Share data, 31 financial institutions operate 95 offices inside the assessment area. Management indicated that the bank competes with these institutions, as well as credit unions and Farm Credit Services. Aggregate HMDA lending data for 2021, the most recent data available, reflects 181 lenders reporting 3,263 home mortgage loans in the assessment area. Of these, Availa Bank ranked 9th with a mortgage market share of 3.1 percent.

Community Contacts

Examiners interviewed a representative from a community-based educational organization that serves the assessment area. The representative is primarily involved in agriculture and indicated that the economy is stable. The combination of rising commodity prices and government assistance from economic stimulus and relief funds have allowed farmers to pay down debts and have limited borrowing needs. Land costing over \$12 thousand an acre is out of reach for many small farmers. Only the larger farm operations can afford these prices. Small farms are decreasing in number and it is very difficult for beginning farmers who do not have capital for land, equipment, and input costs. The contact said that there are opportunities for institutions to partner with Farm Service Agency to offer beginning farmer loans and that these are available and being used. The individual is not an expert in the housing market, but said that there is significant need for affordable housing and housing stock. Homes in good condition sell very quickly. While the contact believes that community development and credit needs are actively being met, opportunities exist for more banks to partner with Farm Service Agency and to support affordable housing initiatives.

Credit and Community Development Needs and Opportunities

Considering information from the community representative, bank management, and demographic and economic data, examiners determined that small farm and home mortgage loans are primary credit needs in the Carroll Assessment Area. There are opportunities for community development activities that include affordable housing, community services, economic development, and revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CARROLL ASSESSMENT AREA

LENDING TEST

Availa Bank demonstrated reasonable performance in the Carroll Assessment Area. Reasonable performance in both Geographic Distribution and Borrower Profile supports this conclusion.

Geographic Distribution

Availa Bank’s geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable performance in small business and small farm lending primarily supports this conclusion.

Small Business

The distribution of small business loans reflects reasonable dispersion. As shown in the following table, lending in moderate-income CTs is in line with demographic data. The moderate-income areas are located within the City of Fort Dodge.

Geographic Distribution of Small Business Loans – Carroll Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	7.3	17	5.6	3,030	8.9
Middle	82.4	266	86.9	27,250	80.4
Upper	10.3	23	7.5	3,599	10.6
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	306	100.0	33,879	100.0
<small>Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%</small>					

Small Farm

The distribution of small farm loans reflects reasonable dispersion. The bank originated one small farm loan totaling \$175,000 (0.2 percent by number and dollar volume) in a moderate-income geography during 2022. D&B data shows 1.9 percent of farms are in the moderate-income CTs. The moderate-income areas are located in the City of Fort Dodge where there is not a lot of farming opportunity. As such, the bank’s lending performance is in line with the D&B data.

Home Mortgage

The distribution of home mortgage loans reflects excellent dispersion. As shown in the next table, the bank’s lending performance in the moderate-income CTs exceeds comparable data.

Geographic Distribution of Home Mortgage Loans – Carroll Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	8.9	12.4	22	21.4	1,565	13.5
Middle	80.5	67.4	57	55.3	7,359	63.5
Upper	10.5	20.3	24	23.3	2,669	23.0
Totals	100.0	100.0	103	100.0	11,593	100.0

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

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and borrowers of different incomes. Reasonable lending performance in all three loan products reviewed supports this conclusion.

Small Business

The bank’s lending performance to small businesses is reasonable when considering additional factors. As shown in the following table, the bank’s lending to businesses with revenues of \$1 million or less lags D&B data. Management indicated that there has been more loan demand from the larger businesses and new loan officers have brought a substantial volume of new business in the over \$1 million category. The bank strives to originate small business loans and offers SBA loans.

Distribution of Small Business Loans by Gross Annual Revenue Category – Carroll Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.8	226	73.9	16,582	48.9
>\$1,000,000	3.9	66	21.6	16,594	49.0
Revenue Not Available	11.3	14	4.6	703	2.1
Total	100.0	306	100.0	33,879	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Farm

The bank’s lending performance to small farms is reasonable when considering additional factors. As shown in the following table, the bank’s lending to farms with revenues of \$1 million or less is below the demographic data. Agricultural census data from 2017 reveals that 50.6 percent of farmers report a primary income outside of farming; 49.0 percent pay no interest expense; and 25.5 percent of famers are considered hobby farms. All of these factors suggest limited borrowing needs for many of the assessment area farmers. Bank management said that many famers have more cash on hand because of increasing commodity prices. Further, many famers in the lower revenue category have grown and exceeded \$1 million in gross annual sales in the last few years. The bank also offers Farm Service Agency beginning farmer loans. The community contact indicated that there is a continued rise in hobby farming and that these individuals have little borrowing needs or

use credit cards or equity loans for smaller amounts of funding. The representative also said having access to pandemic relief funds has limited farm credit demand.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Carroll Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.4	381	73.8	57,261	68.4
>\$1,000,000	0.9	127	24.6	25,712	30.7
Revenue Not Available	0.7	8	1.6	769	0.9
Total	100.0	516	100.0	83,742	100.0
<i>Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage

The bank’s lending performance to low- and moderate-income home mortgage borrowers is reasonable. As shown in the following table, the bank’s lending to low- and moderate-income individuals is similar to aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level – Carroll Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.9	9.8	8	7.8	607	5.2
Moderate	18.6	21.4	23	22.3	2,352	20.3
Middle	22.8	20.2	13	12.6	1,445	12.5
Upper	37.7	30.1	20	19.4	3,737	32.2
Not Available	0.0	18.4	39	37.9	3,452	29.8
Totals	100.0	100.0	103	100.0	11,593	100.0
<i>Source: 2015 ACS Data; 2021 HMDA Aggregate Data; 2021 HMDA Data. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Availa Bank’s community development performance demonstrates adequate responsiveness to community development needs in the Carroll Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

Availa Bank issued 783 community development loans in the Carroll Assessment Area totaling approximately \$34.7 million. Community development loans were granted with a focus on providing affordable housing; providing community services; supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons; and revitalizing and stabilizing the assessment area. This represents an increase in the number of loans, but a decrease in the dollar volume of loans, compared to the prior evaluation, when there were 208 community development loans totaling approximately \$56.6 million.

Qualified Investments

Availa Bank reports 75 qualified investments totaling approximately \$9.1 million for the Carroll Assessment Area. This includes 63 donations totaling approximately \$445,000 during the review period. Notable examples of the types of organizations or projects located in this assessment area that the bank contributed to during the review period include:

- Investment to revitalize and stabilize moderate-income areas through improvements and renovations to local government buildings, including city hall, the public library, fire station, and local parks.
- Investment to support community services in the area by expanding and renovating a local hospital to provide additional medical services in a distressed and underserved middle-income CT.

Community Development Services

During the evaluation period, bank members provided 39 qualifying services in the Carroll Assessment Area. A majority of this activity was supporting economic development. Notable examples of the types of community development services provided by the bank in this assessment area are detailed as follows:

- Serving as a Board member for a local economic development organization that aims to recruit new business operations and industries to an underserved middle-income geography.
- Serving as a Board member of a local foundation that provides medical services to low- and moderate-income individuals with disabilities in an underserved middle-income geography.

AMES ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN AMES ASSESSMENT AREA

The Ames Assessment Area includes all of Story County, located in central Iowa. Story County is part of the Ames, Iowa Metropolitan Statistical Area (MSA)

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area contains 27 CTs comprised of 1 low-, 2 moderate-, 13 middle-, and 9 upper-income CTs. Two CTs do not have income classifications. A comparison of 2015 ACS data and 2020 U.S. Census data reflects the transition between income categories and 11 new CTs. Specifically, the new CTs are comprised of 1 moderate income, 1 middle income, 8 upper income, and 1 with no income classification. In addition, 1 moderate-income CT was previously low income. The following table illustrates select demographic characteristics of the Ames Assessment Area.

Demographic Information of the Assessment Area – Ames Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	3.7	7.4	48.1	33.3	7.4
Population by Geography	98,537	3.8	11.0	48.5	26.5	10.2
Housing Units by Geography	40,663	2.1	14.0	56.0	25.7	2.3
Owner-Occupied Units by Geography	20,703	0.0	5.3	64.6	30.1	0.0
Occupied Rental Units by Geography	17,294	4.5	22.3	48.1	21.4	3.8
Vacant Units by Geography	2,666	3.3	27.5	40.2	19.1	9.8
Businesses by Geography	10,339	0.2	12.4	54.3	30.2	2.9
Farms by Geography	766	0.0	4.0	66.4	29.1	0.4
Family Distribution by Income Level	18,911	18.0	19.0	21.8	41.2	0.0
Household Distribution by Income Level	37,997	27.8	14.2	17.8	40.2	0.0
Median Family Income - Ames, Iowa MSA		\$90,464	Median Housing Value			\$184,293
			Median Gross Rent			\$917
			Families Below Poverty Level			4.8%

Source: 2020 U.S. Census and 2022 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%

According to 2022 D&B data, services industries represent the largest portion of commercial and agricultural operations in the assessment area at 34.2 percent by number; followed by non-classifiable establishments at 25.5 percent; and finance, insurance, and real estate at 10.7 percent. Additionally, 60.3 percent of assessment area businesses and farms have four or fewer employees and 91.3 percent operate from a single location.

The low-, moderate-, middle-, and upper-income median family income categories for the Ames Assessment Area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Ames, Iowa MSA Median Family Income				
2020 (\$84,700)	<\$42,350	\$42,350 to <\$67,760	\$67,760 to <\$101,640	≥\$101,640
2021 (\$84,700)	<\$42,350	\$42,350 to <\$67,760	\$67,760 to <\$101,640	≥\$101,640
2022 (\$102,400)	<\$51,200	\$51,200 to <\$81,920	\$81,920 to <\$122,880	≥\$122,880

Source: FFIEC

Competition

The Ames Assessment Area is very competitive with regard to financial services. According to FDIC June 30, 2022 Deposit Market Share data, 20 financial institutions operate 39 offices inside the assessment area. Management indicated that the bank competes with these institutions, as well as credit unions and Farm Credit Services. Aggregate HMDA lending data for 2021, the most

recent data available, reflects 202 lenders reporting 4,005 home mortgage loans in the assessment area. Of these, Availa Bank ranked 31st with a mortgage market share of 0.7 percent.

Community Contacts

Examiners interviewed a representative in conjunction with this evaluation from an economic development organization familiar with the assessment area. Examiners also referenced a previously conducted interview from a community-based educational organization that serves the assessment area.

The representative interviewed said that the economy is stable but higher interest rates are increasing costs for businesses and slowing some demand. Many businesses are struggling to find qualified workers, which has slowed some business expansions. While relief funds were available through SBA PPP loans, the contact indicated that businesses sought any additional relief funds offered at the State or local levels, and there continues to be demand for capital to open new or grow existing businesses. Although not an expert in the housing market, the representative said the housing market is tight even with rising interest rates and homes sell very quickly. While the contact believes that community development and credit needs are actively being met, opportunities exist for more institutions to provide small business education and to offer SBA loans.

The previously conducted interview that was referenced was with a representative involved with agriculture. The contact stated that farmers had an excellent year in 2021, partly due to economic stimulus payments and other government assistance. As a result, farmers borrowed less in 2022. However, recent interest rate hikes and increased crop input costs are negatively impacting farm income. The contact stated that, in addition to farm operating credit, loans for the purchase of farmland is another primary credit need. Land prices are very high and the revenue from crop sales alone will not cash flow. Because of the inflated land prices, banks are unable to lend 100 percent of the purchase price of farm ground. The current land prices make it very difficult for beginning farmers because the operation will not cash flow. There is also a shortage of used, reasonably priced farm equipment. The contact indicated that local banks are actively working to meet credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community representatives, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans are primary credit needs in the Ames Assessment Area. There are opportunities for community development activities that include affordable housing, community services, economic development, and revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN AMES ASSESSMENT AREA

LENDING TEST

Availa Bank demonstrated reasonable performance in the Ames Assessment Area. Reasonable performance in both Geographic Distribution and Borrower Profile supports this conclusion.

Geographic Distribution

Availa Bank’s geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable performance in all three lending products reviewed supports this conclusion.

Small Business

The distribution of small business loans reflects reasonable dispersion. As shown in the next table, the lending in low- and moderate-income geographies is similar to demographic data.

Geographic Distribution of Small Business Loans – Ames Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.2	0	0.0	0	0.0
Moderate	12.4	16	16.8	5,069	26.2
Middle	54.3	50	52.6	8,718	45.1
Upper	30.2	29	30.5	5,534	28.6
Not Available	2.9	0	0.0	0	0.0
Totals	100.0	95	100.0	19,321	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Farm

The distribution of small farm loans reflects reasonable dispersion. The bank did not originate any small farm loans in low- or moderate-income geographies during 2022. D&B data shows no small farms in the low-income CTs and only 4.0 percent in moderate-income CTs. The low- and moderate-income areas are located in the City of Ames where there is not a lot of farming opportunity. As such, the bank’s lending performance is in line with the D&B data.

Home Mortgage

The distribution of home mortgage is reasonable. As shown in the next table, the bank’s lending performance is similar to comparable data.

Geographic Distribution of Home Mortgage Loans – Ames Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	3.0	1.7	1	3.4	214	1.9
Moderate	0.0	0.0	0	0.0	0	0.0
Middle	76.4	75.6	17	58.6	6,499	57.2
Upper	20.6	22.6	11	37.9	4,652	40.9
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	29	100.0	11,365	100.0

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

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and borrowers of different incomes. Reasonable lending performance in all three loan products reviewed supports this conclusion.

Small Business

The bank’s lending performance to small businesses is reasonable when considering additional factors. As shown in the following table, the bank’s lending to businesses with revenues of \$1 million falls below D&B data. Management indicated that they are still building brand awareness since the merger, nearly three years ago. There is a lot of competition in this market and they have experienced more loan demand from the larger businesses. New loan officers have brought a substantial volume of new business in the over \$1 million category. There are also several borrowers in the over \$1 million revenue category that have multiple loans, which skews results. The bank strives to originate small business loans and offers SBA loans. The community contact in this market indicated that there is some small business loan demand and these needs are being met.

Distribution of Small Business Loans by Gross Annual Revenue Category – Ames Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.6	51	53.7	8,740	45.2
>\$1,000,000	3.1	44	46.3	10,581	54.8
Revenue Not Available	9.3	0	0.0	0	0.0
Total	100.0	95	100.0	19,321	100.0
<i>Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm

The bank’s lending performance to small farms is reasonable when considering additional factors. As shown in the following table, the bank’s lending to farms with revenues of \$1 million or less is below the D&B data. Agricultural census data from 2017 reveals that 61.7 percent of farmers report a primary income other than farming; 56.1 percent pay no interest expense; and 31.6 percent of famers are considered hobby farms. All of these factors suggest limited borrowing needs for many of the assessment area farmers. Bank management said that many famers have more cash on hand because of increasing commodity prices. Further, many famers in the lower revenue category have grown and exceeded \$1 million in gross annual sales in the last few years. The bank also offers Farm Service Agency beginning farmer loans. The community contact indicated that rising commodities and access to pandemic relief funds has limited farm credit demand.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Ames Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.0	59	85.5	7,779	84.2
>\$1,000,000	1.2	9	13.0	1,454	15.7
Revenue Not Available	0.8	1	1.4	11	0.1
Total	100.0	69	100.0	9,244	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The bank’s lending performance to low- and moderate-income home mortgage borrowers is reasonable when considering additional factors. As shown in the following table, the bank’s lending falls below comparable data. Bank management indicated that they primarily sell owner-occupied home loans to the secondary market. This includes income-based programs and grants from U.S. Department of Agriculture, Iowa Finance Authority, and Home Ready, which are not reported on the bank’s HMDA Loan Application Register. Management also launched an in-house ARM loan product mid-2022 as a competitive measure as interest rates have increased. The table below shows a higher amount of lending in the “Not Available” category than the comparable data. This represents non-owner occupied rental housing, which is a primary lending focus in this market. Lastly, there is strong competition for home loans from other banks, credit unions, and online lenders.

Distribution of Home Mortgage Loans by Borrower Income Level – Ames Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	18.6	6.6	1	3.4	200	1.8
Moderate	17.7	18.2	3	10.3	1,029	9.1
Middle	24.9	22.6	2	6.9	296	2.6
Upper	38.8	34.5	9	31.0	2,908	25.6
Not Available	0.0	18.1	14	48.3	6,932	61.0
Totals	100.0	100.0	29	100.0	11,365	100.0

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

COMMUNITY DEVELOPMENT TEST

Availa Bank’s community development performance demonstrates adequate responsiveness to community development needs in the Ames Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

Availa Bank issued 163 community development loans in the Ames Assessment Area totaling approximately \$27.7 million. Community development loans were granted with a focus on

providing affordable housing; supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons; and revitalizing and stabilizing the assessment area. This represents an increase in both number of loans and dollar volume compared to the prior evaluation, when there were 64 community development loans totaling approximately \$13.4 million benefiting this assessment area.

Qualified Investments

Availa Bank reported 11 qualified investments totaling approximately \$61,000 for the Ames Assessment Area, all of which were donations. Community development investments focused on providing affordable housing; providing community services to low- and moderate-income individuals; and supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons.

Community Development Services

During the evaluation period, bank members provided 16 qualifying services in the Ames Assessment Area. These services related to providing affordable housing; providing community services to low- and moderate-income individuals; and supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons. This represents an increase in services compared to the previous evaluation, when there were three services benefiting the Ames Assessment Area. Notable examples of the types of community development services provided by the bank in this assessment area are detailed as follows:

- Serving as a Board member for an economic development organization that serves low- and moderate-income CTs focused on creating jobs and enhancing the development potential of the downtown area.
- Serving as a Board member and Treasurer for an organization that provides affordable housing in a low-income CT to low- and moderate-income individuals.

COUNCIL BLUFFS ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN COUNCIL BLUFFS ASSESSMENT AREA

The Council Bluffs Assessment Area includes all of Pottawattamie County, located in southwest Iowa. Pottawattamie County is part of the Omaha-Council Bluffs, Nebraska-Iowa MSA.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area contains 30 CTs comprised of 1 low-, 14 moderate-, 14 middle-, and 1 upper-income CTs. A comparison of 2015 ACS data and 2020 U.S. Census data reflects the transition between income categories. These changes include 4 moderate-income CTs, of which, 1 was previously low income and 3 were middle income. Other changes include 2 middle-income CTs that were previously upper income. The following table illustrates select demographic characteristics of the Council Bluffs Assessment Area.

Demographic Information of the Assessment Area – Council Bluffs Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	3.3	46.7	46.7	3.3	0.0
Population by Geography	93,667	1.5	47.5	45.4	5.6	0.0
Housing Units by Geography	40,032	2.7	48.7	43.7	4.8	0.0
Owner-Occupied Units by Geography	25,369	0.5	45.0	48.4	6.2	0.0
Occupied Rental Units by Geography	11,506	7.2	56.5	33.6	2.8	0.0
Vacant Units by Geography	3,157	4.4	50.8	43.4	1.4	0.0
Businesses by Geography	8,715	9.1	34.0	52.2	4.8	0.0
Farms by Geography	779	1.8	9.5	83.4	5.3	0.0
Family Distribution by Income Level	23,655	24.7	22.2	23.8	29.3	0.0
Household Distribution by Income Level	36,875	29.1	17.3	19.7	33.9	0.0
Median Family Income - Omaha-Council Bluffs, Nebraska-Iowa MSA		\$87,733	Median Housing Value			\$151,449
			Median Gross Rent			\$857
			Families Below Poverty Level			7.2%

Source: 2020 U.S. Census and 2022 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%

According to 2022 D&B data, services industries represent the largest portion of commercial and agricultural operations in the assessment area at 30.7 percent by number, followed by non-classifiable establishments at 23.2 percent, and retail trade at 10.2 percent. Additionally, 63.2 percent of assessment area businesses and farms have four or fewer employees and 91.1 percent operate from a single location.

The low-, moderate-, middle-, and upper-income median family income categories for the Council Bluffs Assessment Area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Omaha-Council Bluffs, Nebraska-Iowa MSA Median Family Income				
2020 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
2021 (\$87,700)	<\$43,850	\$43,850 to <\$70,160	\$70,160 to <\$105,240	≥\$105,240
2022 (\$95,100)	<\$47,550	\$47,550 to <\$76,080	\$76,080 to <\$114,120	≥\$114,120

Source: FFIEC

Competition

The Council Bluffs Assessment Area is highly competitive with regard to financial services. According to FDIC June 30, 2022 Deposit Market Share data, 12 financial institutions operate 32 offices inside the assessment area. Management indicated that the bank competes with these institutions, as well as several credit unions in the Council Bluffs and Omaha markets. Aggregate HMDA lending data for 2021, the most recent data available, reflects 203 lenders reporting 4,750

home mortgage loans in the assessment area. Of these, Availa Bank ranked 23rd with a mortgage market share of 1.0 percent.

Community Contacts

Examiners interviewed a representative from a community-based educational organization that serves the assessment area. The representative indicated that the economy is stable. Much of the population commutes in the Council Bluffs and Omaha metro areas. The commercial sector continues to rebound from the pandemic but is faced with a shortage of qualified workers. The local housing market is tight, with a lack of affordable housing and rising interest rates making it difficult to purchase homes. While there are some new housing developments in Council Bluffs, there are very few in the rural areas. The individual believes that all credit needs are actively being met.

Credit and Community Development Needs and Opportunities

Considering information from the community representative, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans are primary credit needs in the Council Bluffs Assessment Area. There are opportunities for community development activities that include affordable housing, community services, economic development, and revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN COUNCIL BLUFFS ASSESSMENT AREA

LENDING TEST

Availa Bank demonstrated reasonable performance in the Council Bluffs Assessment Area. Reasonable performance in Borrower Profile primarily supports this conclusion.

Geographic Distribution

Availa Bank's geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance in small business lending primarily supports this conclusion.

Small Business

The distribution of small business loans reflects excellent dispersion. As shown in the following table, the bank's lending in low- and moderate-income geographies exceeds D&B data.

Geographic Distribution of Small Business Loans – Council Bluffs Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.1	18	20.9	1,617	13.3
Moderate	34.0	38	44.2	5,587	45.8
Middle	52.2	28	32.6	4,472	36.7
Upper	4.8	2	2.3	520	4.3
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	86	100.0	12,196	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The distribution of home mortgage loans reflects reasonable dispersion. As shown in the next table, the bank’s lending performance in low- and moderate-income geographies is in line with comparable data.

Geographic Distribution of Home Mortgage Loans – Council Bluffs Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.0	2.3	0	0.0	0	0.0
Moderate	30.2	28.7	15	30.6	1,027	17.0
Middle	54.9	53.6	31	63.3	4,527	74.8
Upper	12.9	15.5	3	6.1	500	8.3
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	49	100.0	6,054	100.0

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

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among businesses of different sizes and borrowers of different incomes. Reasonable small business and home mortgage lending performance supports this conclusion.

Small Business

The bank’s lending performance to small businesses is reasonable when considering additional factors. As shown in the following table, the bank’s lending to businesses with revenues of \$1 million falls below D&B data. Management indicated that there is heavy competition in the Council Bluffs and Omaha markets. They have experienced more loan demand from the larger businesses and new loan officers have brought a substantial volume of new business in the over \$1 million category. There are also several borrowers in the over \$1 million revenue category that have multiple loans, which skews results. The bank strives to originate small business loans and offers SBA loans. The community contact this market indicated that there is small business loan demand and these needs are being met.

Distribution of Small Business Loans by Gross Annual Revenue Category – Council Bluffs Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.6	60	69.8	6,492	53.2
>\$1,000,000	2.9	26	30.2	5,704	46.8
Revenue Not Available	9.5	0	0.0	0	0.0
Total	100.0	86	100.0	12,196	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The bank’s lending performance to low- and moderate-income home mortgage borrowers is reasonable when considering additional factors. As shown in the following table, the bank’s lending falls below comparable data. Bank management indicated that they primarily sell owner-occupied home loans to the secondary market. This includes income-based programs and grants from U.S. Department of Agriculture, Iowa Finance Authority, and Home Ready, which are not reported on the bank’s HMDA Loan Application Register. Management also launched an in-house ARM loan product mid-2022 as a competitive measure as interest rates have increased. The table below shows a higher amount of lending in the “Not Available” category than the comparable data. This represents non-owner occupied rental housing, which is a primary lending focus in this market. Lastly, there is strong competition for home loans from other banks, credit unions, and online lenders.

Distribution of Home Mortgage Loans by Borrower Income Level – Council Bluffs Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.7	13.2	2	4.1	77	1.3
Moderate	20.0	22.6	5	10.2	908	15.0
Middle	23.9	19.7	6	12.2	681	11.3
Upper	32.4	21.7	11	22.4	2,155	35.6
Not Available	0.0	22.8	25	51.0	2,233	36.9
Totals	100.0	100.0	49	100.0	6,054	100.0

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

COMMUNITY DEVELOPMENT TEST

Availa Bank’s community development performance demonstrates adequate responsiveness to community development needs in the Council Bluffs Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

Availa Bank issued 98 community development loans in the Council Bluffs Assessment Area totaling approximately \$12.9 million. Community development loans were granted with a focus on

providing affordable housing; supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons; and revitalizing and stabilizing the assessment area. This represents an increase in the number of loans, but a small decrease in the dollar volume of loans, compared to the prior evaluation, when there were 82 community development loans totaling approximately \$17.7 million.

Qualified Investments

Availa Bank reports 33 qualified investments totaling approximately \$1.2 million for the Council Bluffs Assessment Area. Community development investments focused on providing affordable housing; providing community services targeted to low- and moderate-income individuals; supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons; and revitalizing and stabilizing the assessment area. Notable examples of the types of organizations and projects located in this assessment area that the bank contributed to during the review period include:

- Investment to renovate, remodel, and expand a local school in a moderate-income CT that will revitalize and stabilize the area through additional facility jobs and opportunities for education.
- Investment in a loan pool with funds used for the creation of short- and long-term affordable housing opportunities for low- and moderate-income individuals through the construction of new properties and rehabilitation of existing properties.

Community Development Services

During the evaluation period, bank members provided 31 qualifying services in the Council Bluffs Assessment Area. A majority of this activity was related to community services targeting low- or moderate-income individuals. Notable examples of the types of community development services provided by the bank in this assessment area are detailed as follows:

- Serving as a Board member for an economic development organization that serves low- and moderate-income CTs by providing programs and services to new and existing businesses in the area.
- Serving as a Board member for a community organization that provides medical services, employment programs, and residence assistance for low- and moderate-income individuals in the community.

ANKENY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ANKENY ASSESSMENT AREA

The Ankeny Assessment Area consists of all of Polk County, located in central Iowa. Polk County is part of the Des Moines-West Des Moines, Iowa MSA.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area contains 112 CTs comprised of 7 low-, 30 moderate-, 50 middle-, and 23 upper-income CTs. Two CTs have no income classification. A

comparison of 2015 ACS data and 2020 U.S. Census data reflects changes in income designations, and the addition of 24 new CTs. The new CTs are comprised of 1 moderate income, 15 middle income, and 8 upper income. Changes in income categories include 3 low-income CTs that were previously moderate income; of 9 moderate-income CTs, 5 were previously low income and 4 were middle income; of 12 middle-income CTs, 4 were previously moderate income and 8 were upper income; and 5 upper-income CTs were previously middle income. Lastly, there was one CT with no income classification that was previously middle income. The following table illustrates select demographic characteristics of the Ankeny Assessment Area.

Demographic Information of the Assessment Area – Ankeny Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	112	6.3	26.8	44.6	20.5	1.8
Population by Geography	492,401	5.7	23.0	47.7	22.7	0.8
Housing Units by Geography	204,110	5.1	24.0	47.6	22.1	1.2
Owner-Occupied Units by Geography	128,152	3.4	20.7	51.0	24.5	0.5
Occupied Rental Units by Geography	62,973	8.0	28.4	42.7	18.4	2.5
Vacant Units by Geography	12,985	8.7	34.6	38.6	16.1	1.9
Businesses by Geography	70,676	4.1	17.2	41.3	34.1	3.3
Farms by Geography	1,959	2.8	13.8	43.5	38.9	1.0
Family Distribution by Income Level	117,120	21.3	18.4	22.1	38.2	0.0
Household Distribution by Income Level	191,125	23.2	17.6	19.2	39.9	0.0
Median Family Income - Des Moines-West Des Moines, Iowa MSA		\$89,538	Median Housing Value			\$195,447
			Median Gross Rent			\$946
			Families Below Poverty Level			7.3%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

According to 2022 D&B data, services industries represent the largest portion of commercial and agricultural operations in the assessment area at 31.6 percent by number; followed by non-classifiable establishments at 29.9 percent; and finance, insurance, and real estate at 11.8 percent. Additionally, 57.4 percent of assessment area businesses and farms have four or fewer employees and 92.7 percent operate from a single location.

The low-, moderate-, middle-, and upper-income median family income categories for the Ankeny Assessment Area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Des Moines-West Des Moines, Iowa MSA Median Family Income				
2020 (\$84,800)	<\$42,400	\$42,400 to <\$67,840	\$67,840 to <\$101,760	≥\$101,760
2021 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2022 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
<i>Source: FFIEC</i>				

Competition

The Ankeny Assessment Area is highly competitive with regard to financial services. According to FDIC June 30, 2022 Deposit Market Share data, 41 financial institutions operate 138 offices inside the assessment area. Management indicated that the bank also competes with credit unions. Aggregate HMDA lending data for 2021, the most recent data available, reflects 388 lenders reporting 33,775 home mortgage loans in the assessment area. Of these, Availa Bank ranked 81st with a mortgage market share of 0.2 percent.

Community Contacts

Examiners interviewed a representative from an economic development organization that serves the assessment area. The representative said that the economy is stable but higher interest rates is increasing costs for businesses and slowing some demand. Many businesses are struggling to find qualified workers, which has slowed some business expansions. While relief funds were available through SBA PPP loans, the contact indicated that businesses sought any additional relief funds offered at the State or local levels, and there continues to be demand for capital to open new or grow existing businesses. Although not an expert in the housing market, the individual said the housing market is tight even with rising interest rates, and homes sell very quickly. While the contact believes that community development and credit needs are being met, opportunities exist for more institutions to provide small business education and to offer SBA loans.

Credit and Community Development Needs and Opportunities

Considering information from the community representative, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans are primary credit needs in the Ankeny Assessment Area. There are opportunities for community development activities that include affordable housing, community services, economic development, and revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ANKENY ASSESSMENT AREA

LENDING TEST

Availa Bank demonstrated reasonable performance in the Ankeny Assessment Area. Reasonable performance in Geographic Distribution and Borrower Profile supports this conclusion.

Geographic Distribution

Availa Bank’s geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable performance in small business lending primarily supports this conclusion.

Small Business

The distribution of small business loans reflects overall reasonable dispersion. As shown in the following table, the bank’s did not originate any small business loans in low-income areas; however, the percentage of businesses in that tract is only 4.1 percent, thus limiting opportunities. Conversely, performance in the moderate-income geographies significantly exceeds D&B data.

Geographic Distribution of Small Business Loans – Ankeny Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.1	0	0.0	0	0.0
Moderate	17.2	12	32.4	1,520	16.0
Middle	41.3	12	32.4	5,400	56.7
Upper	34.1	13	35.1	2,604	27.3
Not Available	3.3	0	0.0	0	0.0
Totals	100.0	37	100.0	9,524	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The distribution of home mortgage loans reflects excellent dispersion. As shown in the next table, the bank’s lending performance, by number of loans, in low- and moderate-income areas exceeds comparable data.

Geographic Distribution of Home Mortgage Loans – Ankeny Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	3.3	2.1	6	11.8	688	2.5
Moderate	20.6	15.7	16	31.4	1,720	6.3
Middle	41.5	40.4	21	41.2	5,199	19.1
Upper	34.6	41.8	8	15.7	19,565	72.0
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	51	100.0	27,172	100.0

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

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among businesses of different sizes and borrowers of different incomes. Reasonable small business and home mortgage lending performance supports this conclusion.

Small Business

The bank's lending performance to small businesses is reasonable when considering additional factors. As shown in the following table, the bank's lending to businesses with revenues of \$1 million falls below D&B data. Bank management indicated that they are still building brand awareness since the merger, nearly three years ago. There is a lot of competition in this market and they have experienced more loan demand from the larger businesses. New loan officers have brought a substantial volume of new business in the over \$1 million category. Loan officers strive to originate small business loans and SBA loans are offered. The community contact for this market said that there is some small business loan demand and these needs are being met.

Distribution of Small Business Loans by Gross Annual Revenue Category – Ankeny Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.7	19	51.4	5,820	61.1
>\$1,000,000	3.1	18	48.6	3,704	38.9
Revenue Not Available	7.1	0	0.0	0	0.0
Total	100.0	37	100.0	9,524	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The bank's lending performance to low- and moderate-income home mortgage borrowers is reasonable when considering additional factors. As shown in the following table, the bank's lending falls below comparable data. Bank management indicated that they primarily sell owner-occupied home loans to the secondary market. This includes income-based programs and grants from U.S. Department of Agriculture, Iowa Finance Authority, and Home Ready, which are not reported on the bank's HMDA Loan Application Register. Management also launched an in-house ARM loan product mid-2022 as a competitive measure as interest rates have increased. The table below shows a higher amount of lending in the "Not Available" category than the comparable data. This represents non-owner occupied rental housing, which is a primary lending focus in this market. Lastly, there is strong competition for home loans from other banks, credit unions, and online lenders.

Distribution of Home Mortgage Loans by Borrower Income Level – Ankeny Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.0	9.1	3	5.9	400	1.5
Moderate	17.8	20.0	4	7.8	626	2.3
Middle	21.4	20.9	2	3.9	611	2.3
Upper	38.8	29.3	6	11.8	2,966	10.9
Not Available	0.0	20.6	36	70.6	22,569	83.1
Totals	100.0	100.0	51	100.0	27,172	100.0

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

COMMUNITY DEVELOPMENT TEST

Availa Bank’s community development performance demonstrates adequate responsiveness to community development needs in the Ankeny Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

Availa Bank issued 56 community development loans in the Ankeny Assessment Area totaling approximately \$11.3 million. Community development loans were granted with a focus on supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons, as well as revitalizing and stabilizing the assessment area. This represents an increase in both number of loans and dollar volume compared to the prior evaluation, when there were 22 community development loans totaling approximately \$2.3 million benefiting this assessment area.

Qualified Investments

Availa Bank reports 12 qualified investments totaling approximately \$3.7 million for the Ankeny Assessment Area. Community development investments focused on providing affordable housing; providing community services; supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons; and revitalizing and stabilizing the assessment area. Notable examples of the types of organizations and projects located in this assessment area that the bank contributed to during the review period include:

- Investment in a local organization that provides lending programs to revitalize and stabilize low- and moderate-income CTs through attracting new businesses and generating affordable housing.
- Investment in an affordable housing project providing low- and moderate-income seniors living in a moderate-income CT with housing.

Community Development Services

During the evaluation period, bank members provided 13 qualifying services in the Ankeny Assessment Area. A majority of this activity was related to community services targeting low- or moderate-income individuals. This represents an increase in services compared to the previous evaluation, when there were three services benefiting the Ankeny Assessment Area. Examples of the types of community development services provided by the bank in this assessment area are detailed as follows:

- Serving as a Board member for a revitalization organization that provides funding to various programs aiming to revitalize targeted neighborhoods in Polk County and offer down payment assistance programs benefiting low- and moderate-income individuals.
- Serving as a Board member for a community organization that provides housing services, employment assistance, and educational opportunities for low- and moderate-income individuals with disabilities.

SIoux CITY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SIOUX CITY ASSESSMENT AREA

The Sioux City Assessment Area contains all of Woodbury County, located in western Iowa. Woodbury County is part of the Sioux City, Iowa-Nebraska-South Dakota MSA.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area contains 29 CTs comprised of 2 low-, 8 moderate-, 12 middle-, and 6 upper-income CTs. One CT does not have an income designation. A comparison of 2015 ACS data and 2020 U.S. Census data reflects changes in income designations and the addition of 6 new CTs. The new CTs are comprised of 1 moderate income, 2 middle income, and 3 upper income. Changes in income categories include 1 low-income CT that was previously moderate income; 1 moderate-income CT was previously low income; and 4 middle-income CTs were previously upper income. The following table illustrates select demographic characteristics of the Sioux City Assessment Area.

Demographic Information of the Assessment Area – Sioux City Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	6.9	27.6	41.4	20.7	3.4
Population by Geography	105,941	3.6	27.7	47.9	20.8	0.0
Housing Units by Geography	42,455	3.7	27.4	48.5	20.4	0.0
Owner-Occupied Units by Geography	26,638	1.4	19.8	52.3	26.6	0.0
Occupied Rental Units by Geography	12,885	7.4	42.8	41.8	8.0	0.0
Vacant Units by Geography	2,932	8.3	29.7	43.5	18.6	0.0
Businesses by Geography	10,926	3.8	39.4	37.5	19.3	0.0
Farms by Geography	576	1.0	10.8	54.0	34.2	0.0
Family Distribution by Income Level	25,810	22.4	18.1	20.8	38.7	0.0
Household Distribution by Income Level	39,523	25.4	15.0	18.2	41.4	0.0
Median Family Income - Sioux City, Iowa-Nebraska-South Dakota MSA		\$74,387	Median Housing Value			\$137,982
			Median Gross Rent			\$777
			Families Below Poverty Level			9.4%

Source: 2020 U.S. Census and 2022 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%

According to 2022 D&B data, services industries represent the largest portion of commercial and agricultural operations in the assessment area at 29.9 percent by number, followed by non-classifiable establishments at 21.0 percent, and retail trade at 11.1 percent. Additionally, 62.1 percent of assessment area businesses and farms have four or fewer employees and 89.9 percent operate from a single location.

The low-, moderate-, middle-, and upper-income median family income categories for the Sioux City Assessment Area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sioux City, Iowa-Nebraska-South Dakota MSA Median Family Income				
2020 (\$67,400)	<\$33,700	\$33,700 to <\$53,920	\$53,920 to <\$80,880	≥\$80,880
2021 (\$70,300)	<\$35,150	\$35,150 to <\$56,240	\$56,240 to <\$84,360	≥\$84,360
2022 (\$86,100)	<\$43,050	\$43,050 to <\$68,880	\$68,880 to <\$103,320	≥\$103,320

Source: FFIEC

Competition

The Sioux City Assessment Area is somewhat competitive with regard to financial services. According to FDIC June 30, 2022 Deposit Market Share data, 21 financial institutions operate 47 offices inside the assessment area. Management indicated that the bank also competes with credit unions. Aggregate HMDA lending data for 2021, the most recent data available, reflects 165

lenders reporting 3,492 home mortgage loans in the assessment area. Of these, Availa Bank ranked 36th with a mortgage market share of 0.5 percent.

Community Contacts

Examiners interviewed a representative from economic development organization that serves the assessment area. The representative said the economy is doing well and is heavily based on food processing plants and manufacturing. There is a lack of qualified workers and as a result, companies have increased wages. There is a shortage of housing stock, including affordable housing and the market is tight with very few homes for sale. Employers are experiencing higher costs in materials and labor. The shortage in workforce has hindered small business expansions. Farm commodity prices have improved, especially for ethanol producers; however, costs for corn, materials, and equipment are increasing. Only the large farm operations can afford to expand because of the increasing cost of farmland. The representative said that while credit needs are actively being met, there are opportunities for more institutions to support minority-owned business startups and expansions.

Credit and Community Development Needs and Opportunities

Considering information from the community representative, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans are primary credit needs in the Sioux City Assessment Area. There are opportunities for community development in community services, affordable housing, economic development, and revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX CITY ASSESSMENT AREA

LENDING TEST

Availa Bank demonstrated reasonable performance in the Sioux City Assessment Area. Reasonable Borrower Profile performance primarily supports this conclusion.

Geographic Distribution

Availa Bank's geographic distribution of loans reflects overall excellent dispersion throughout the assessment area. The bank's excellent performance in small business and home mortgage lending primarily supports this conclusion.

Small Business

The distribution of small business loans reflects excellent dispersion. As shown in the next table, the bank's lending in low-income geographies significantly exceeds D&B data and lending in the moderate-income geographies is in line with D&B data.

Geographic Distribution of Small Business Loans – Sioux City Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.8	5	31.3	747	37.4
Moderate	39.4	7	43.8	829	41.5
Middle	37.5	3	18.8	419	21.0
Upper	19.3	1	6.3	2	0.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	16	100.0	1,997	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Farm

The distribution of small farm loans reflects reasonable dispersion. The bank did not originate any small farm loans in low- or moderate-income geographies during 2022. D&B data shows only 1.0 percent of small farms are located in the low-income CTs and 10.8 percent are located in moderate-income CTs. The low- and moderate-income areas are located within and near the City of Sioux City where there is not a lot of farming opportunity. Further, bank management indicated that they face heavy competition from other lenders, including Farm Credit Services.

Home Mortgage

The distribution of home mortgage loans reflects excellent dispersion. As shown in the next table, the bank’s lending performance in low- and moderate- income geographies significantly exceeds comparable data.

Geographic Distribution of Home Mortgage Loans – Sioux City Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.6	1.7	3	18.8	233	6.5
Moderate	17.8	12.4	4	25.0	327	9.2
Middle	33.8	34.5	7	43.8	2,733	76.5
Upper	46.8	51.4	2	12.5	281	7.9
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	16	100.0	3,574	100.0

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

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and borrowers of different incomes. Reasonable lending performance in all three lending products reviewed supports this conclusion.

Small Business

The bank's lending performance to small businesses is reasonable when considering additional factors. As shown in the following table, the bank's lending to businesses with revenues of \$1 million falls below D&B data. Management indicated that they are still building brand awareness since the merger, nearly three years ago. There is a lot of competition in this market and they have experienced more loan demand from the larger businesses. New loan officers have brought a substantial volume of new business in the over \$1 million category. There are also several borrowers in the over \$1 million revenue category that have multiple loans, which skews results. The bank strives to originate all qualified small business loans and offers SBA loans. The community contact in this market indicated that there is some small business loan demand and these needs are being met.

Distribution of Small Business Loans by Gross Annual Revenue Category – Sioux City Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.1	11	68.8	1,269	63.5
>\$1,000,000	4.0	5	31.3	728	36.5
Revenue Not Available	9.9	0	0.0	0	0.0
Total	100.0	16	100.0	1,997	100.0

*Source: 2022 D&B Data; 2022 Bank Data.
Due to rounding, totals may not equal 100.0%*

Small Farm

The bank's lending performance to small farms is reasonable when considering additional factors. As shown in the following table, the bank's lending to farms with revenues of \$1 million or less is well below the D&B data for the review period. It should be noted that in 2022, lending to borrowers with gross annual revenues over \$1 million is made up of only 4 unique borrowers, which significantly skewed the analysis. Specifically, within the 85 loans, 2 related farm operations had 35 loans and 43 loans, respectively, making up a significant majority of the lending activity. This is due to the structuring of smaller individual notes for each borrowing request rather than one large operating line of credit. This pattern was similar in 2020 and 2021, with only 5 unique borrowers with gross annual revenues over \$1 million in 2020, and 4 unique borrowers in 2021. Other considerations included Agricultural census data from 2017, which revealed 57.3 percent of farmers report a primary income other than farming; 51.2 percent pay no interest expense; and 35.6 percent of famers are considered hobby farms. All of these factors suggest limited borrowing needs for many of the assessment area farmers. Bank management said that many famers have more cash on hand because of increasing commodity prices. The community contact also said that rising commodities and access to pandemic relief funds has limited farm credit demand, that more credit demand is coming from the larger farm operators that are expanding and consolidating, and that all credit needs are being met. Bank management is willing to originate all qualified small farm loans and offers Farm Service Agency beginning farmer loans. Given these factors, the bank's lending performance among farms of different sizes is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Sioux City Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2020	97.0	68	63.6	3,785	55.0
2021	96.8	27	32.5	1,888	38.1
2022	98.1	31	26.7	3,575	38.9
>\$1,000,000					
2020	1.7	39	36.4	3,098	45.0
2021	1.9	56	67.5	3,064	61.9
2022	1.2	85	73.3	5,616	61.1
Revenue Not Available					
2020	1.3	0	0.0	0	0.0
2021	1.3	0	0.0	0	0.0
2022	0.7	0	0.0	0	0.0
Totals					
2020	100.0	107	100.0	6,883	100.0
2021	100.0	83	100.0	4,952	100.0
2022	100.0	116	100.0	9,191	100.0
<i>Source: 2020, 2021 & 2022 D&B and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage

The bank’s lending performance to low- and moderate-income home mortgage borrowers is reasonable when considering additional factors. As shown in the following table, the bank’s lending falls below comparable data. Bank management indicated that they primarily sell owner-occupied home loans to the secondary market. This includes income-based programs and grants from U.S. Department of Agriculture, Iowa Finance Authority, and Home Ready, which are not reported on the bank’s HMDA Loan Application Register. Management also launched an in-house ARM loan product mid-2022 as a competitive measure as interest rates have increased. The table below shows a higher amount of lending in the “Not Available” category than the comparable data. This represents non-owner occupied rental housing, which is a primary lending focus in this market. Lastly, there is strong competition for home loans from other banks, credit unions, and online lenders.

Distribution of Home Mortgage Loans by Borrower Income Level – Sioux City Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.1	7.8	0	0.0	0	0.0
Moderate	18.7	23.5	2	12.5	153	4.3
Middle	22.7	23.6	1	6.3	86	2.4
Upper	36.6	29.3	2	12.5	210	5.9
Not Available	0.0	15.8	11	68.8	3,125	87.4
Totals	100.0	100.0	16	100.0	3,574	100.0

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

COMMUNITY DEVELOPMENT TEST

Availa Bank’s community development performance demonstrates adequate responsiveness to community development needs in the Sioux City Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

Availa Bank issued 32 community development loans in the Sioux City Assessment Area totaling approximately \$5.1 million. Community development loans were granted with a focus on providing community services for low- and moderate-income individuals; supporting economic development by creating, retaining, or improving jobs for low- and moderate-income persons; and revitalizing and stabilizing the assessment area. This represents an increase in both number of loans and dollar volume compared to the prior evaluation, when there were 24 community development loans totaling approximately \$4.4 million benefiting this assessment area.

Qualified Investments

Availa Bank reports 18 qualified investments totaling approximately \$25,000 for the Sioux City Assessment Area. All 18 qualified investments were donations, which focused on providing affordable housing and providing community services to low- and moderate-income individuals. Notable examples of the types of organizations and projects located in this assessment area that the bank contributed to during the review period include:

- Multi-year donation to a local food pantry located in a moderate-income CT to provide food assistance to low- and moderate-income individuals.
- Multi-year donation to a local housing trust fund located in a low-income CT focusing on the preservation and development of additional affordable housing opportunities in the assessment area.

Community Development Services

During the evaluation period, bank members provided 13 qualifying services in the Sioux City Assessment Area. These activities focused on providing affordable housing and providing community services targeting low- or moderate-income individuals. This represents an increase in services compared to the previous evaluation, when there was one service benefiting the Sioux City Assessment Area. Notable examples of the types of community development services provided by the bank in this assessment area are detailed as follows:

- Serving as a Board member for an affordable housing organization in a low-income CT that provides homeownership opportunities and financial education to low- and moderate-income individuals.
- Serving as a Finance Committee member for a community organization in a moderate-income CT that provides educational opportunities for low- and moderate-income individuals.

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.