

First Security State Bank

Public CRA File



There are no Public Comments at this time.

Hometown Friends You Can Count On!

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PUBLIC DISCLOSURE

May 31, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Security State Institution
Certificate Number: 18508

3600 Lafayette Road
Evansdale, Iowa 50707

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 COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

First Security State Bank's (FSSB) satisfactory CRA performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the institution's performance:

- The Loan-to-Deposit ratio is more than reasonable, given the institution's size, financial condition, and assessment area credit needs.
- The institution originated a majority of its loans in the defined assessment area.
- The geographic distribution of loans reflects an overall reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects an overall reasonable penetration of loans among small businesses of different sizes and individuals of varying incomes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 6, 2013, to the current evaluation dated May 31, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate FSSB's CRA performance.

These procedures include a Lending Test that considered the institution's performance according to the following criteria.

- Loan-to-Deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Each criterion is discussed in separate sections of this performance evaluation. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Commercial lending makes up the largest loan category, representing 46.9 percent of total loans according to the March 31, 2019, Consolidated Reports of Condition and Income (Call Report). Consumer loans are the institution's second largest loan category, representing 38.1 percent of total loans. The third most significant category consists of residential real estate loans (including multi-family properties), representing 12.0 percent of total loans. Agricultural loans are limited to loans for farmland, representing 0.4 percent of total loans. Construction loans comprise the remaining 2.6 percent of the portfolio.

Based on Call Report information, the number and dollar volume of loans originated during the evaluation period, and the institution's business strategy, examiners determined that the major product lines are small business and consumer loans. Examiners reviewed all small business and consumer loans originated from January 1, 2018, through December 31, 2018. Specifically, the institution originated 307 small business loans totaling approximately \$21.2 million, and originated 816 consumer loans totaling approximately \$16.9 million. For the Assessment Area Concentration criterion, examiners analyzed the entire universe of small business and consumer loans originated. For the Geographic Distribution performance criterion, the universe of small business and consumer loans located within the assessment area was reviewed. For the Borrower Profile performance criteria, examiners analyzed a random sample of 51 small business loans in the assessment area totaling approximately \$2.3 million, as well as a random sample of 60 consumer loans in the assessment area totaling approximately \$1.3 million. The sample was considered representative of the institution's performance during the evaluation period.

Management stated its primary lending focus is in commercial and consumer lending. When considering loan portfolio percentages, lending activity during the evaluation period, and business

focus, both loan types received equal weight when drawing conclusions. The remaining loan categories that comprise the loan portfolio were not reviewed because they are not product lines of focus for the institution. A review of home mortgage loans reported for 2017 and 2018 revealed a low volume of loans originated. Specifically, only 11 home mortgage loans totaling approximately \$631,000 were originated in 2017, and only seven home mortgage loans totaling approximately \$399,000 were originated in 2018. Also, a review of agricultural loans showed only one loan originated in 2018 for a total of \$80,000. Given the limited loan volume, meaningful conclusions could not be reached; therefore, home mortgage and agricultural loans were not reviewed further.

2018 D&B data provided a standard of comparison for small business lending conclusions. The 2015 U.S. Census Bureau's American Community Survey data was used as a benchmark for conclusions regarding consumer lending.

Examiners reviewed the number and dollar volume of small business and consumer loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the small business and consumers served.

DESCRIPTION OF INSTITUTION

Background

FSSB is wholly owned by Evans Bancshares, Incorporated, a one-bank holding company located in Evansdale, Iowa. There are no other affiliates or subsidiaries related to the institution. FSSB received a Satisfactory rating at its previous Federal Deposit Insurance Corporation CRA Performance Evaluation dated May 6, 2013, based on Interagency Small Institution Examination Procedures.

Operations

FSSB operates from its main office in Evansdale, Iowa, as well as a branch office in Cedar Falls, Iowa. Each location houses a full-service automated teller machine. There have been no branch openings or closings, mergers, or acquisitions since the prior CRA evaluation. The institution offers commercial, consumer, home mortgage, and very limited agricultural products, with the focus being concentrated in commercial and consumer lending. The great preponderance of the consumer portfolio is in vehicle lending, much of it indirect lending through a network of automobile dealers inside and outside the assessment area. FSSB has the ability to originate Small Business Administration loans, as well as originate and sell longer-termed home mortgage loans to the secondary market. The institution provides a variety of deposit-related products, including savings, checking, money market, and certificate of deposit accounts. Alternative banking services include the aforementioned automated teller machines, debit and credit cards, direct deposit, online and mobile banking, bill payment services, and night deposit facilities.

Ability and Capacity

Assets of the institution totaled approximately \$103.3 million as of March 31, 2019. This represents an increase of 30.5 percent from the March 31, 2013, Call Report. Total deposits were approximately \$84.6 million, an increase of 16.5 percent; total loans were approximately \$87.6 million, an increase of 30.5 percent over the review period. As a percentage of the total loan portfolio, residential real estate declined 7.4 percent, consumer lending increased by 3.1 percent, and commercial lending increased by 4.7 percent. Management attributed the decline of home mortgage lending and the rise in commercial and consumer lending to the business focus of the institution and organic growth of the loan portfolio. FSSB's loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2019		
Loan Category	\$(000s)	%
Construction and Land Development	2,292	2.6
Secured by Farmland	340	0.4
1-4 Family Residential	7,779	8.9
Multi-family (5 or more) Residential	2,683	3.1
Commercial Real Estate	7,820	8.9
Total Real Estate Loans	20,914	23.9
Commercial and Industrial	33,278	38.0
Agricultural	0	0.0
Consumer	33,375	38.1
Other	2	0.0
Less: Unearned Income	0	0.0
Total Loans	87,569	100.0
<i>Source: Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. At the prior CRA evaluation, FSSB's assessment area was defined as Black Hawk County, Iowa. Since that time, the Board of Directors has redefined FSSB's assessment area to more accurately reflect the lending area that the institution serves. The redefined assessment area includes the entirety of Black Hawk, Bremer, and Grundy counties, as well as Butler County census tracts 704 and 705; Buchanan County census tracts 9502 and 9503; Chickasaw County census tracts 702 and 703; and Tama County census tracts 2901 and 2902. Black Hawk, Bremer, and Grundy counties constitute the Waterloo – Cedar Falls, Iowa, Metropolitan Statistical Area (MSA); the other counties and census tracts are adjacent and nonmetropolitan in nature.

Economic and Demographic Data

The assessment area is comprised of one geographical area that is home to the University of Northern Iowa campus and is designated “not applicable” with regard to income classification, four low-, nine moderate-, 34 middle-, and 10 upper-income census tracts. The institution’s main branch is located in Black Hawk County census tract 20 (middle income), and the Cedar Falls branch is located in Black Hawk County census tract 25 (middle income). The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	58	6.9	15.5	58.6	17.2	1.7
Population by Geography	194,476	3.7	13.0	57.7	22.9	2.7
Housing Units by Geography	83,293	4.0	13.5	59.2	22.7	0.6
Owner-Occupied Units by Geography	55,521	2.0	10.6	64.2	23.0	0.1
Occupied Rental Units by Geography	21,716	8.1	19.2	49.0	22.1	1.8
Vacant Units by Geography	6,056	7.8	19.6	49.6	22.2	0.9
Businesses by Geography	12,030	5.0	12.0	57.2	25.2	0.7
Farms by Geography	1,439	0.6	1.7	77.3	20.4	0.0
Family Distribution by Income Level	48,223	18.6	18.2	23.3	39.8	0.0
Household Distribution by Income Level	77,237	22.9	16.7	18.5	42.0	0.0
Median Family Income MSA - 47940 Waterloo-Cedar Falls, IA MSA		\$65,749	Median Housing Value			\$135,143
Median Family Income Nonmetropolitan - IA		\$61,934	Median Gross Rent			\$667
			Families Below Poverty Level			7.6%

Source: 2015 American Community Survey Census and 2018 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

According to 2018 D&B data, the largest portions of businesses in the assessment area consist of service industries (39.0 percent), followed by retail trade (12.7 percent), then agriculture, forestry, and fishing (10.7 percent). Additionally, 69.8 percent of businesses and farms in the assessment area have 4 or fewer employees, and 86.4 percent operate from a single location. The Federal Financial Institutions Examination Council provides updated median family income levels that are used, in part, to analyze consumer loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Waterloo – Cedar Falls, Iowa, MSA and the Iowa nonmetropolitan areas for 2018 are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Waterloo-Cedar Falls, IA MSA Median Family Income (47940)				
2018 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800
Nonmetropolitan IA Median Family Income (99999)				
2018 (\$67,800)	<\$33,900	\$33,900 to <\$54,240	\$54,240 to <\$81,360	≥\$81,360
<i>Source: Federal Financial Institutions Examination Council Due to rounding, totals may not equal 100.0</i>				

The assessment area's unemployment rate is low, reflecting a stable economy. According to unemployment rates published by Iowa Workforce Development for April 2019, the following changes have occurred in the assessment area and the State of Iowa over the previous 12-month period:

Unemployment by County of the Assessment Area			
County	April 2019 %	April 2018 %	Change %
Black Hawk	2.4	2.8	-0.4
Bremer	1.7	2.2	-0.5
Buchanan	2.2	2.8	-0.6
Butler	2.8	3.1	-0.3
Chickasaw	2.3	3.3	-1.0
Grundy	2.1	2.5	-0.4
Tama	2.2	3.0	-0.8
State of Iowa	2.4	2.6	-0.2
<i>Source: Iowa Workforce Development</i>			

Competition

The assessment area is considered highly competitive in the market for financial services. Deposit market share reporting indicates that there are 41 financial institutions (including credit unions) operating from 87 locations in the assessment area. These institutions range from small community banks and credit unions to larger institutions operating branch locations in the assessment area. FSSB ranks 15th with 1.0 percent of the deposit market share.

Community Contact

As part of the evaluation process, third parties who are knowledgeable regarding the credit needs of the assessment area are contacted. These confidential interviews are conducted to gain context regarding the responsiveness of financial institutions to those credit needs. A community contact interview was conducted with a representative of a community development organization comprised of local governments that service the institution's assessment area.

The contact stated that the local economy is stable and unemployment is very low. The local economy remains dependent upon the agricultural sector, which is experiencing stress due to

declining land values and commodity prices. The area has recovered from layoffs at the larger manufacturing entities. Industrial jobs are available, due to the low unemployment rate. These are skilled trades that require training; the local community college has adjusted its programs to provide training in industrial applications. Small businesses continue to open and expand. A few of the larger retail stores in the MSA have closed, but some of the spaces have been occupied by other large and small businesses. The contact stated that funding for small businesses is a credit need of the assessment area. Though new residential real estate construction in the MSA has increased over the past few years, there is still a need for quality, affordable housing. The contact noted that many of the governmental entities in and around the assessment area have performed housing needs assessments and found that there is a general need for affordable housing construction and rehabilitation, especially with the rise of absentee landlords and the poor condition of some affordable housing stock. The contact had no information or opinion regarding consumer-purpose lending in the assessment area. The contact stated that financial institution competition is high, and that small community banks and credit unions continue to expand in the area. The contact also stated that financial institutions in the area are actively addressing the credit needs of the community.

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that the primary credit needs of the assessment area are affordable housing construction and rehabilitation, as well as small business funding for start-up and expansion. The number of low-and moderate-income families, as well as the percentage of small businesses in the assessment area support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSSB demonstrated overall reasonable performance under the Lending Test. The performance under the Loan-to-Deposit ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria supports this conclusion.

Loan-to-Deposit Ratio

FSSB's loan-to-deposit ratio is more than reasonable when compared to other similarly-situated institutions, and taking into consideration FSSB's size, financial condition, and the credit needs of the assessment area. The institution's loan-to-deposit ratio demonstrates its strong willingness to extend credit. FSSB's loan-to-deposit ratio was compared to three other institutions in or near the assessment area with similar business focus, resources, and/or product mix. The results of this review are listed in the following table. Comparative institutions are listed alphabetically by the location of their main office.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2019 \$(000s)	Average Net LTD Ratio (%)
First Security State Bank, Evansdale, IA	103,336	102.4
Chelsea Savings Bank, Belle Plaine, IA	116,314	47.3
Denver Savings Bank, Denver, IA	179,406	66.4
Community Bank of Oelwein, Oelwein, IA	109,876	41.0
<i>Source: Reports of Condition and Income 6/30/13 through 3/31/19</i>		

FSSB's average net loan-to-deposit ratio is 102.4 percent, which is significantly higher than the similarly-situated institutions. The 24 quarters of Call Reports from June 30, 2013, to March 31, 2019, indicate a slow, but generally steady rise in loans and deposits over the period with few fluctuations. The institution's quarterly reported net loan-to-deposit ratio was at its low point of 89.4 percent in the September 30, 2013, Call Report, and reached its high point of 107.2 percent in the December 31, 2018, Call Report. Discussions with FSSB management indicated that a business decision was made to maximize income via interest from loan credits, leading to the high net loan-to-deposit ratio.

Assessment Area Concentration

Overall, a majority of loans are located in FSSB's assessment area. Results of this review are in the following table, and demonstrate FSSB's willingness to lend within the local area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	196	63.8	111	36.2	307	10,876	51.3	10,322	48.7	21,198
Consumer	437	53.6	379	46.4	816	8,989	53.1	7,942	46.9	16,931
Total	633	56.4	490	43.6	1,123	19,865	52.1	18,264	47.9	38,129
<i>Source: Evaluation Period: 1/1/2018 - 12/31/2018 Bank Data Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

Overall, FSSB's geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The institution's reasonable performance in small business and consumer lending support this conclusion. Examiners focused on the percentage of loans by number in low- and moderate-income census tracts within the designated assessment area.

Small Business Loans

The geographic distribution of small business loans reflects an overall reasonable dispersion throughout the assessment area, including low-and moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	5.0	4	2.0	169	1.6
Moderate	12.0	40	20.4	1,996	18.4
Middle	57.2	116	59.2	6,965	64.0
Upper	25.2	36	18.4	1,746	16.1
Not Available	0.7	0	0.0	0	0.0
Totals	100.0	196	100.0	10,876	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0*

As indicated above, FSSB's performance in the low-income areas of the assessment area is less than the percentage of businesses in those areas, as reported by D&B data. All of the low-income areas are located in the downtown area of Waterloo, Iowa. FSSB does not have a physical location in or near those areas, and there are nine other institutions located and operating in those specific low-income census tracts. Considering the relatively small physical area of the assessment area that is comprised of low-income census tracts, as well as the strong competition in those areas, FSSB's performance in the low-income census tracts is reasonable.

FSSB's performance in the moderate-income areas of the assessment area is excellent when compared to benchmark data. Specifically, the institution made 20.4 percent of all small business loans within the assessment area within moderate-income census tracts, compared to 12.0 percent of small businesses being located in those areas. A majority of loans in moderate-income census tracts are in Black Hawk County census tracts 9 and 10, which are adjacent to the institution's Evansdale office.

Overall, FSSB's geographic distribution of small business lending throughout the assessment area is reasonable.

Consumer Loans

The geographic distribution of consumer loans reflects an overall reasonable dispersion throughout the assessment area, including low-and moderate-income census tracts. See the following table.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	3.7	6	1.4	157	1.7
Moderate	13.0	51	11.7	991	11.0
Middle	60.0	266	60.9	5,728	63.7
Upper	22.7	112	25.6	2,096	23.3
Not Available	0.6	2	0.5	17	0.2
Totals	100.0	437	100.0	8,989	100.0
<i>Source: 2015 American Community Survey Census; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Though FSSB's level of performance in low- and moderate-income census tracts within the assessment area is slightly lower than the percentage of households in those areas, the margin is small and considered reasonable. As previously noted, the overwhelming majority of consumer loans originated by the institution are vehicle-secured. FSSB participates in a network of vehicle dealers that supplies opportunities for financial institutions to acquire indirect auto loans. This arrangement accounted for 84.7 percent of all FSSB consumer lending in 2018. Overall, the dispersion of consumer lending throughout the assessment area is reasonable.

Borrower Profile

The distribution of borrowers reflects an overall reasonable dispersion of loans among small businesses of differing revenue sizes and individuals of differing income levels within the assessment area. FSSB's reasonable performance in small business and consumer lending primarily support this conclusion. Examiners focused on the percentage of loans by number to small businesses with gross annual revenues under \$1 million, as well as the percentage of loans by number to low- and moderate-income households.

Small Business Lending

The distribution of small business lending to entities generating less than \$1 million in gross annual revenues within the assessment area shows reasonable penetration. A sample of 51 small business loans was randomly chosen from within the assessment area for review. See the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.6	36	70.6	1,640	72.5
>1,000,000	6.2	15	29.4	621	27.5
Revenue Not Available	14.2	0	0.0	0	0.0
Total	100.0	51	100.0	2,261	100.0
<i>Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

FSSB's percentage of sampled loans to small businesses with gross annual revenues of \$1 million or less is lower than the D&B data. Discussions with management noted several factors contributing to the number of loans categorized within the greater than \$1 million gross annual revenue classification. Specifically, 10 of the 15 loans were made to three of the same entities. Additionally, nine of the entities within this income category have grown with FSSB over the years from smaller businesses. Overall, FSSB's performance is similar to the comparable demographic data and is considered reasonable.

Consumer Lending

The distribution of consumer loans to low-income households is reasonable, while the distribution of consumer loans to moderate-income households is excellent, demonstrating an overall reasonable distribution of consumer lending to households of all income types. A sample of 60 originated consumer loans was randomly chosen from within the assessment area and were reviewed. See the following table.

Distribution of Consumer Loans by Borrower Income Category					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	22.9	9	15.0	94	7.5
Moderate	16.7	15	25.0	254	20.3
Middle	18.5	15	25.0	238	19.0
Upper	42.0	21	35.0	668	53.3
Totals	100.0	60	100.0	1,254	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

FSSB's percentage of sampled consumer loans originated for low-income households in the assessment area is below the demographic data. Management stated that underwriting criteria are the same for all applicants, and that the ability of low-income borrowers to meet those requirements and service payments for loan applications over \$2500 (the minimum loan amount for vehicle lending) may be a factor related to the lower incidence of lending to this group. Overall, the institution's performance with regard to consumer lending to low-income households is reasonable.

Alternatively, FSSB's lending to moderate-income households is above demographic data, and is considered excellent. Management opined these applicants are better able to meet underwriting and minimum loan amount requirements; therefore, the percentage of loans to moderate-income applicants is higher than to low-income borrowers.

Overall, FSSB's performance in consumer lending is reasonable.

Response to Complaints

The institution did not receive any CRA-related complaints during the review period; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

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

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

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

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have institutioning offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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

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

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

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

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

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

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

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

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

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

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

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

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

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



03/01/2024

Branch Locations and Hours of Operation

Evansdale Office

3600 Lafayette Rd.
Evansdale, IA 50707
Phone: (319) 235-6731
Fax: (319) 235-0336

Hours

Mon-Thurs: Lobby open 9 a.m. to 4 p.m., Drive-Up open 8:30 a.m. to 5 p.m.
Friday: Lobby open 9 a.m. to 5 p.m., Drive-Up open 8:30 a.m. to 5 p.m.
Saturday: Lobby CLOSED, Drive-Up open 9 a.m. to Noon

Cedar Falls Office

3229 Greenhill Circle
Cedar Falls, IA 50613
Phone: (319) 266-0474
Fax: (319) 266-0496

Hours

Mon-Thurs: Lobby open 9 a.m. to 5 p.m., Drive-Up open 8:30 a.m. to 5 p.m.
Friday: Lobby open 9 a.m. to 5 p.m., Drive-Up open 8:30 a.m. to 5 p.m.
Saturday: Lobby CLOSED, Drive-Up open 9 a.m. to Noon

Hometown Friends You Can Count On!

Evansdale
3600 Lafayette Road
Evansdale, Iowa 50707
(319) 235-6731

Cedar Falls
3229 Greenhill Circle
Cedar Falls, Iowa 50613
(319) 266-0474

9.1

First Security State Bank has a holding company, Evans Bancshares Inc. No merger and acquisition activity since the previous CRA evaluation. Primary competitors are Farmers Savings Bank, Lincoln Savings Bank, Veridian Credit Union, University of Iowa Credit Union.

Loan Product Listing

<u>Loan Type</u>	<u>Transaction Fees</u>
Commercial	
- Operating: Line of Credit, Term, and Single Pay	
- Real Estate	1 - 2 % Origination + Costs
- Land Development (18-month max.)	1 - 2 % Origination + Costs
- Dealer Floorplan	
- Equipment Financing: New and Used	
- Semi-Truck/Trailer Financing: New and Used	
- Construction	
- Contractor Financing	
- Government Programs	
- SBA Low Documentation	Only SBA Required Amounts + Costs
- SBA Guaranteed	Only SBA Required Amounts + Costs
- SBA 504 Loans	Only SBA Required Amounts + Costs
- Business Acquisition	
- Loans Secured by Stocks or Bonds	
- Letters of Credit	1% (Minimum \$50)
- Aircraft Loans	
- Unsecured	
- Credit Cards	
Real Estate - Residential	
- Term: In-house	1 - 2% Origination Fees + Costs
- Purchase - Owner Occupied (30-year max.)	
- Refinance - Owner Occupied (25-year max.)	
- Non-owner Occupied (1-4 family) (20 year max.)	
- Fully Improved Lots (6-year max.)	
- Vacation/Second Home (20 year max.)	
- Condominium: Purchase/Refinance (20 to 25 year max.)	
- Term: Secondary Market (15 or 30 year amortization)	
- Interim (270-day max., (2) 90-day extensions, AI/mo. Only)	
- Construction	
- Home Equity: (Maximum 15-year amortization)	
- Closed-end (Maximum 7-year balloon)	
- Open-end	
Consumer	
- Vehicle: New and Used	
- Recreational vehicles and equipment - New and Used	
- Unsecured	
- Credit cards	
- Safety Check (overdraft line of credit)	

First Security State Bank
Evansdale, IA

<u>Deposit Type</u>	<u>Transaction Fees</u>
Business	
- Business Checking	
- Business Checking with Interest	
- Checking /with Interest (Sole proprietorship/non-profit only)	
- Value Business Checking	
- Platinum Business Checking	
- Savings	
- Money Market	
- Platinum Money Market	
- Certificates of Deposit (Regular/Jumbo)	
- Merchant MasterCard/Visa	
Consumer	
- Security Plus/Estate/Trust Checking	
- First Free Checking	
- First Choice Checking	
- First Choice Plus (Checking)	
- First Choice Gold (Checking)	
- Savings	
- Regular Money Market	
- Platinum Money Market	
- Christmas Club Savings	
- Certificates of Deposit (Regular/IRA/Jumbo)	
- Shazam Check Card	
- Debit cards	
- First Pay	
- Auto Transfer Overdraft Protection	
General	
- Safe Deposit Boxes	
- TeleBank (telephone banking)	
- Internet Banking	
- Bill Pay	
- Notary Service	
- Bank Drafts/Money Orders	
- Traveler's Checks	
- Wire Transfers	
- Automatic Teller Machine	
- Identity Theft Program	

IMPORTANT ACCOUNT INFORMATION FOR OUR CUSTOMERS

from

First Security State Bank
3600 Lafayette Rd
Evansdale, IA 50707
(319)235-6731

As of July 1, 2023

COMMON FEATURES

Limits and fees - The following fees may be assessed against your account and the following transaction limitations, if any, apply to your account:

Account Escheatment Fee	*\$50.00
Account Printout	\$2.00 each
Account Reconciliation \$15.00 minimum	\$25.00 per hour
Address Research Fee for failure to provide bank with an address change	*\$10.00 per statement cycle
ATM Card Replacement	\$10.00 each card
ATM Card Transaction limitations	\$200.00 daily limit
Bank Bag Coin Purses	\$2.57 plus Sales Tax
Bank Bags Locking	*\$25.00 plus Sales Tax
Bank Bag Zipper	\$5.00 plus Sales Tax
Bank Draft (Cashier Check)	\$5.00 each
Collection Item Incoming / Outgoing	\$20.00 each
Counter Checks	*\$1.00 each
Debit Card Raise Limit Fee	\$5.00 per request
Debit Card Replacement	\$10.00 per card
Debit Card Transaction limitations Point of Sale limit \$1,000.00 Total Daily limit of combined transactions (ATM/POS) \$1,000.00	\$200.00 ATM daily limit
Dormant Charge with balance < \$1,000 and inactivity of 12 months or more	*\$10.00 per statement cycle
Early Closing Fee for all accounts closed prior to 6 months after account opening	\$25.00 each
Expedited Service Fee Plus 2.5% Fee when paid by credit card (Telephone Loan Payment)	\$15.00 each
Fax Incoming Fax Outgoing additional \$ 1.00 per page	\$1.00 each page \$3.00 first page
Foreign Item Processing Fee	*\$15.00 each
Gift Cards	*\$3.00 per card
ID Theft Programs \$1 .50 per month auto debit from on us account	\$18.00 per year

June 3, 2019

First Security State Bank's new assessment area includes the MSA counties of Black Hawk, Bremer and Grundy Center plus the following census tract areas in the counties.

Census Tract 2901 and 2902 in Tama County

Census Tract 704 and 705 in Butler County

Census Tract 702 and 703 in Chickasaw County

Census Tract 9502 and 9503 in Buchanan County

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FFIEC INTERAGENCY CRA RATING SEARCH

Row #	ID	Agency	Exam Date	Bank Name	City	State	CRA Rating	Asset Size (x 1,000)	Exam Method
1	18508	FDIC	01/01/1992	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$24,000	Not Reported
2	18508	FDIC	09/01/1993	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$27,000	Not Reported
3	18508	FDIC	06/01/1995	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$30,513	Not Reported
4	18508	FDIC	10/01/1998	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$45,320	Small bank
5	18508	FDIC	10/01/2003	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$71,341	Small bank
6	18508	FDIC	08/01/2008	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$89,458	Small bank
7	18508	FDIC	10/01/2013	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$81,293	Small bank
8	18508	FDIC	10/01/2019	FIRST SECURITY STATE BANK	EVANSDALE	IA	Satisfactory	\$103,336	Small bank

1

Search notes:

The ID #, if entered, overrides all other search criteria.
 Partial entries are allowed for the Bank Name and City fields.
 The City/State Criteria only selects those institutions whose physical headquarters are in the the selected City or State.
 To select the fields to be included in the results display, hold the Ctrl key down & click on desired display fields.

Please select search criteria and click Submit Query:

Display Fields:

CRA Rating:	All ▼	ID #:		ID Agency Exam Date Bank Name City State CRA Rating Asset Size Exam Method Row Numbers
Bank Name:	First Security State Bank	Agency:	FDIC ▼	
City:	Evansdale	Exam Method:	All ▼	
State:	IA ▼	Exam Period:	All ▼	
Sort by:	Bank Name ▼ Ascending ▼	Asset Range (Thousands)	All ▼	
Submit	Clear			

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Community Reinvestment Act Notice

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

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

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Manager, Division of Compliance and Consumer Affairs, FDIC, 1100 Walnut Street, Suite 2100, Kansas City, Missouri 64106.

You may send written comments about our performance in helping to meet community credit needs to:

**MELODY NEVENHOVEN
FIRST SECURITY STATE BANK
3600 LAFAYETTE ROAD
EVANSDALE, IOWA 50707-0008**

and to the FDIC Regional Manager. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Manager. You may also request from the FDIC Regional Manager an announcement of our applications covered by the CRA filed with the FDIC.

We are an affiliate of Evans Bancshares, Inc., a bank holding company. You may request from the Officer in Charge of Supervision, Federal Reserve Bank of Chicago, 230 South LaSalle, Chicago, Illinois 60690, an announcement of applications covered by the CRA filed by bank holding companies



First Security State Bank

Loan to Deposit Ratio, 2023

March, 2023	82.14%
June, 2023	81.56%
September, 2023	80.28%
December, 2023	83.16%

2024 CRA PUBLIC FILE CHECKLIST

The Community Reinvestment Act Public File requirements are found in 12 CFR 345.43 (FDIC), 228.43 (Federal Reserve) or 12 CFR 25.43 (OCC).

BANKS OF ALL SIZES: Verify by April 1 each year, the Bank's Public File has been updated to include all of the following:	
N/A	All written comments received from the public, updated on a quarterly basis ¹ , for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law.
✓	A copy of the public section of the bank's most recent CRA Performance Evaluation (must be added to Public File within 30 business days of receipt).
✓	A list of the bank's branches, their street addresses, and census tracts.
✓	A list of branches opened or closed by the bank, updated on a quarterly basis ¹ , during the current year and each of the prior two calendar years, their street addresses, and census tracts.
✓	A list of retail banking services (including hours of operation, available loan and deposit products, and transaction fees) generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any. At its option, a bank may include information regarding the availability of alternative systems for delivering retail banking services (e.g., mobile or online banking, loan production offices, and bank-at-work or mobile branch programs.)
✓	A map of each facility-based assessment area showing the boundaries of the area and identifying the census tracts contained in the area, either on the map or in a separate list.
	Any other information the bank chooses.
BANKS SUBJECT TO CRA REPORTING: Also include: (within three business days after receiving notification from the FFIEC of the availability of disclosure statement(s)).	
	A written notice that the CRA Disclosure Statement pertaining to the bank, its operations or operating subsidiaries, and other affiliates, if applicable, may be obtained on the FFIEC's website: https://www.ffiec.gov .
BANKS SUBJECT TO HMDA REPORTING: Also include: (within three business days after receiving notification from the FFIEC of the availability of disclosure statement(s))	
N/A	A written notice that the institution's HMDA Disclosure Statement may be obtained on the CFPB's website at https://www.consumerfinance.gov/hmda
N/A	If the bank's regulator considered the home mortgage lending of the bank's operations subsidiaries or operating subsidiaries or other affiliates, include the names of those operations subsidiaries or operating subsidiaries or other affiliates, and a written notice that their HMDA Disclosure Statements may be obtained on the CFPB's website.

¹ Updated for the prior quarter by March 31, June 30, September 30, and December 31.

2024 CRA PUBLIC FILE CHECKLIST

N/A	If the bank elects to have the mortgage lending of an affiliate considered, include the name of the affiliate and a written notice that the affiliate's HMDA Disclosure Statement may be obtained at the CFPB's website.
SMALL BANKS AND A BANK CONSIDERED A SMALL BANK DURING PRIOR CALENDAR YEAR²: Also include:	
✓	Bank's loan-to-deposit ratio for each quarter of the prior calendar year and, at its option, additional data on its loan-to-deposit ratio.
BANKS APPROVED TO BE EVALUATED UNDER A STRATEGIC PLAN: Also include:	
N/A	A copy of the strategic plan while it is in effect. Bank need not include information submitted to the regulator on a confidential basis in conjunction with the plan.
BANKS WITH LESS THAN SATISFACTORY CRA RATING: Also include:	
N/A	A description of its current efforts to improve its performance in helping to meet the credit needs of its entire community, updated quarterly ¹ .
LOCATION OF PUBLIC FILE: Public File must be available for public inspection upon request and at no cost:	
✓	For banks that maintain a website: All information required in public file must be maintained on the bank's website.
N/A	For banks that do not maintain a website: <ul style="list-style-type: none"> <input type="checkbox"/> <i>Main Office:</i> All information required in public file. <input type="checkbox"/> <i>Interstate Branch:</i> All information required in public file at one interstate branch in each state. <input type="checkbox"/> <i>Each Branch:</i> Copy of the public section of the bank's most recent CRA Performance Evaluation and a list of services provided by the branch. NOTE: Within 5 calendar days of the request, bank must provide all the information in the public file relating to the facility-based assessment area in which the branch is located.
✓	COPIES: Copies must be made available upon request (either on paper or digital form acceptable to the person making the request). Bank may charge a reasonable fee not to exceed the cost of copies and mailing (if not provided in digital form).

² Small bank is a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.564 billion (2024 threshold). Includes both very small banks and intermediate small banks. Asset thresholds subject to adjustment annually.