

COMMUNITY REINVESTMENT ACT



PUBLIC FILE



The following deposit products or services of Denver Savings Bank are available at all locations from 8am to 6pm CST (unless noted):

Checking Accounts – *Ask an employee or call 319-984-5635 for a current Truth-in-Savings disclosure*

Money Market- *Ask an employee or call 319-984-5635 for a current Truth-in-Savings disclosure*

Savings Account - *Ask an employee or call 319-984-5635 for a current Truth-in-Savings disclosure*

Individual Retirement Accounts (IRAs) - *Ask an employee or call 319-984-5635 for a current Truth-in-Savings disclosure*

Certificates of Deposits (CDs) - *Ask an employee or call 319-984-5635 for a current Truth-in-Savings disclosure*

ATM Cards

VISA Credit Card

Online Banking/Business Online Banking

Mobile Banking

Transfer NOW (A2A) transfers

Night Depository

Bank by Mail

ACH Originations

Wire Transfers

Automatic Funds Transfers

U.S. Savings Bonds Redemption

Notary Services

Foreign Currency Order

Online Account Opening for Deposit Accounts

Account Related Alerts available through Online Banking and Mobile Banking

Trust Services (Main Office only)

ATM Machine (Main Office only)

Debit Cards/Digital Wallet

Merchant Services

Remote Deposit Capture

Bill Pay

E-statements

Safe Deposit Boxes

Overdraft Protection

Direct Deposit

Telephone Banking

Cashier's Checks

Copies/ Fax Services

Card Hub – Debit Card Management

Mobile Deposit (cutoff at 5pm CST)

Online Chat



The following loan products or service Denver Savings Bank are available at all locations (unless noted) from 8am to 4:30pm CST:

- Personal/Consumer
- Auto
- Real Estate
 - Home Equity Line of Credit (HELOC)
 - Construction Loans
 - 1-4 Family Home
 - Multiple Dwelling Buildings (5+ families)
 - Commercial Real Estate
 - Farm Land
 - Home Improvement
- Farm Operating & Machinery
- Commercial Operating & Equipment
- Business Loans
- SBA Guaranteed Loans
- Online Consumer Real Estate Loan Application
- Automatic Loan Payments
- Online Banking



Fee Schedule Effective January 1, 2023

Account Closed within 6 months	\$25.00
ATM/debit card replacement	\$12.00
Blank checks each (maximum 10)	\$0.50
Cashier's checks each	\$5.00
Check cashing (non-customer)	\$10.00
Coin counting (non-customer) 5% of amount or	\$5.00 minimum
Deposited items returned each presentment	\$7.00
Dormant account fee (balance < \$500.00) per month after 12 months of inactivity	\$7.00
Foreign currency ordering actual cost plus	\$10.00
Garnishment/Levy	\$100.00
IRA Transfer Fee	\$25.00
Overdraft Fees per item per presentment (daily maximum \$174)*	\$29.00
Returned Item Fee per item per presentment (daily maximum \$174)*	\$29.00
(Applies to transactions created by check, in-person withdrawal, or electronic means)	
For overdrafts \$5 and under there will be no charge	
Research/Reconcile statement per hour (\$25.00 minimum)	\$25.00
Return Mail per item	\$7.00
Additional Statements (per statement)	\$5.00
Stop payment	\$32.00
Wire transfers (incoming and outgoing)	\$20.00
International Wires (Incoming and Outgoing)	\$50.00
Lock Box Per Year 3X5	\$30.00
3X10	\$40.00
5X10	\$55.00
Lock Box replacement key (s)	Actual Cost
Lock Box drill actual cost plus	\$50.00
Lock Box One Time Late Fee 30 Days Past Due	\$10.00

Fees may be subject to Iowa state and local sales tax

***Be aware that an item may be presented multiple times which may result in multiple Overdraft Fees or Returned Item Fees charged for the same item. We do not monitor the number of times an item is presented for payment.**

Bold indicates clarification or change in fee



COMMUNITY REVINESTMENT ACT

Branch Listing

Denver Savings Bank is located in Census Tract 46.

Main Office

Denver Savings Bank		Phone:	319-984-5635
121 S State St		Fax:	319-984-6123
Denver, IA 50622			
Hours Lobby:		Drive-Up	
Mon – Thu	9:00 A.M. – 6:00 P.M.	Mon – Thu	8:00 A.M. – 6:00 P.M.
Fri	9:00 A.M. – 6:00 P.M.	Fri	8:00 A.M. – 6:00 P.M.
Sat	9:00 A.M. – 12:00 P.M.	Sat	9:00 A.M. – 12:00 P.M.



COMMUNITY REINVESTMENT ACT

Branches Opened & Closes | 2022, 2023, 2024

Branches opened:

None

Branches closed:

Brother's Market Branch – Branch Consolidation on February 17, 2024

1022 Skyler St, Suite A, Denver IA 50622

Census Tract: 46

Branches
Color by Institution
DENVER SAVINGS BANK

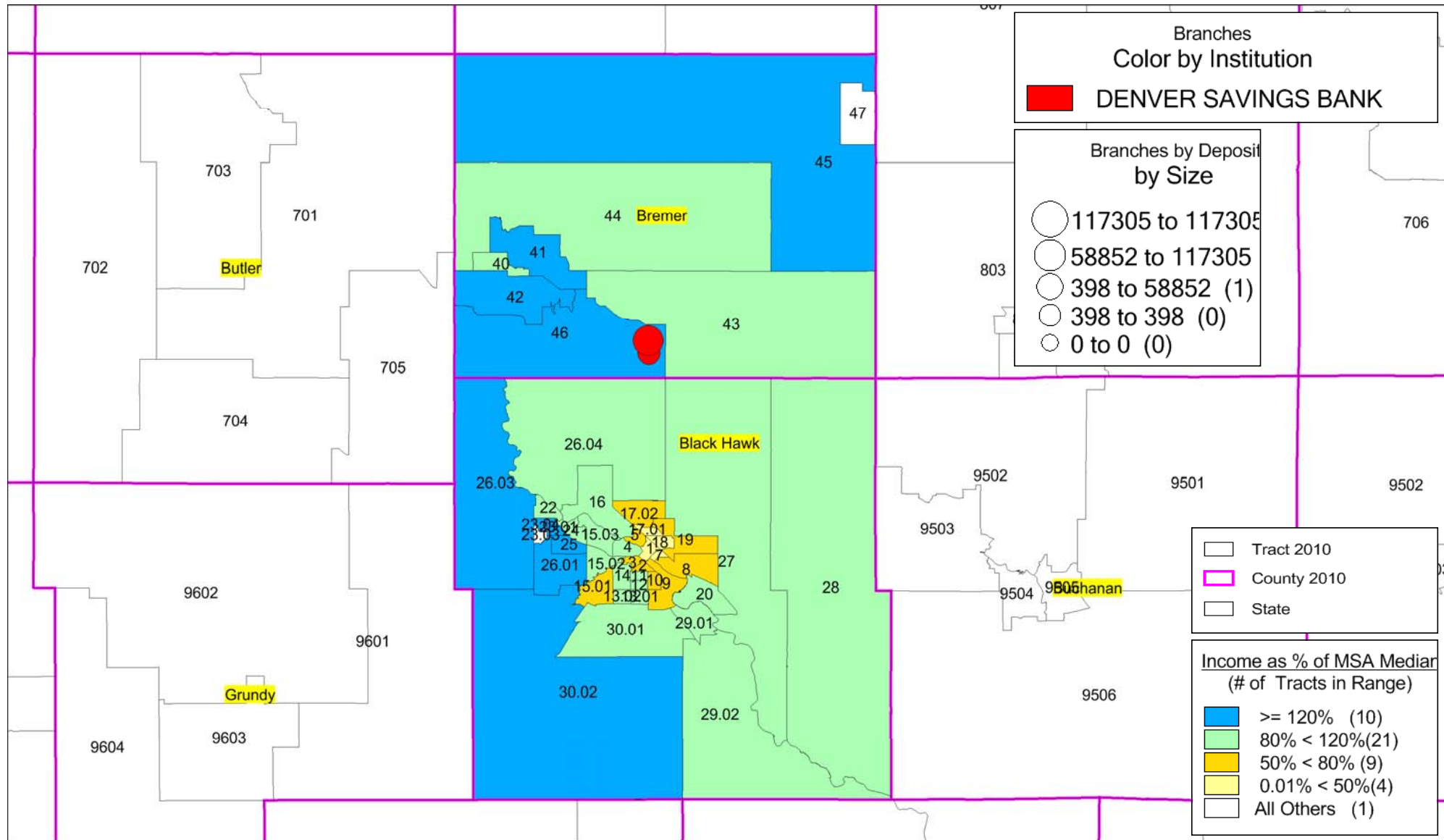
Branches by Deposit by Size

- 117305 to 117305 (1)
- 58852 to 117305 (0)
- 398 to 58852 (1)
- 398 to 398 (0)
- 0 to 0 (0)

Income as % of MSA Median (# of Tracts in Range)

- >= 120% (10)
- 80% < 120% (21)
- 50% < 80% (9)
- 0.01% < 50% (4)
- All Others (1)

Denver Savings Bank, Denver, IA
CRA Assessment Area





COMMUNITY REINVESTMENT ACT

Loan to Deposit Ratios

<u>Date</u>	<u>Ratio</u>
March 31, 2023	88.95%
June 30, 2023	94.52%
September 30, 2023	95.58%
December 31, 2023	97.22%

PUBLIC DISCLOSURE

May 3, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Denver Savings Bank
Certificate Number: 12857

121 S. State Street
Denver, Iowa 50622

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

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

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- DSB made a majority of its small business, small farm, and home mortgage loans in the AA.
- The geographic distribution of loans reflects an overall reasonable dispersion throughout the AA.
- The distribution of borrowers reflects an overall reasonable penetration of lending among businesses and farms of different revenue sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 23, 2012, to the current evaluation. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate DSB's CRA performance.

The following performance criteria were considered under the Lending Test:

- LTD ratio
- AA 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

Loan reviews were conducted to arrive at conclusions in relation to the bank's lending performance. Examiners determined that the bank's major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business strategy, the number and dollar volume of loans originated during the evaluation period, and a review of the bank's Consolidated Reports of Condition and Income (Report of Condition). Examiners did not evaluate consumer loans due to the limited volume and small portion of the loan portfolio these loans represent.

Examiner review of bank records indicated that the lending focus and product mix changed during the evaluation period. Management stated that its primary lending focus throughout the review period has been commercial lending. Management has made a concerted effort to increase commercial lending activity, expand into the Waterloo market, and reach all households and businesses in Denver. When considering loan portfolio percentages, lending activity during the evaluation period, and management's stated business focus, examiners placed greater weight on small business lending, followed by home mortgage and small farm lending when arriving at overall conclusions.

Examiners reviewed a selection of small business and small farm loans originated between January 1, 2017, and December 31, 2017. In addition, regulatory personnel reviewed home mortgage loan activity reported pursuant to Home Mortgage Disclosure Act (HMDA) data collection requirements. All home mortgage loans originated or purchased from January 1, 2016, through December 31, 2017, and recorded on the bank's Loan Application Registers (LAR) were reviewed.

The following table provides loan universe and loan review information.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage-2016	111	20,199	111	20,199
Home Mortgage-2017	78	13,459	78	13,459
Small Business	67	10,687	27	4,742
Small Farm	47	1,690	24	690
Source: Bank Records for small farm and small business loans from 1/1/2017 through 12/31/2017; Bank Records for home mortgage loans from 1/1/2016 through 12/31/2017.				

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

For the Lending Test, examiners reviewed the number and dollar volume of small business, small farm, and home mortgage loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans, which is a better indicator of the number of businesses and individuals served. Examiners utilized 2010 U.S. Census data, 2015 U.S. American Community Survey (ACS) Census data, and 2017 D&B business demographic data for comparison purposes. In addition, for home mortgage loans, examiners used 2016 HMDA Aggregate Lending data for comparison purposes. When arriving at conclusions related to home mortgage loans, examiners primarily focused on the bank's performance in comparison to HMDA Aggregate Lending data.

DESCRIPTION OF INSTITUTION

Background

DSB is headquartered in Denver, Iowa. DSB is wholly owned by PSB Corporation, Wellsburg, Iowa. PSB Corporation also owns Peoples Savings Bank, Wellsburg, Iowa, and First State Bank, Sumner, Iowa. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated May 23, 2012, based on Interagency Small Institution Examination Procedures.

Operations

DSB operates from its main office in Denver, Iowa. The bank also operates one full-service branch in Denver. The branch office opened June 13, 2014, since the prior evaluation. The main office has two full-service automated teller machines (ATM), and the branch office has one cash-dispensing ATM. The bank offers various loan products including commercial, agricultural, home mortgage, and consumer loans. DSB has the ability to originate loans through government-sponsored programs, such as the Small Business Administration (SBA), Federal Home Loan Bank (FHLB), and Iowa Agricultural Development Division. DSB also has the ability to sell long-term home mortgage loans on the secondary market. The bank provides a variety of deposit-related services that include checking, savings, money market accounts, and

certificates of deposit. Alternative banking services include internet and mobile banking. DSB has not closed any offices and has not engaged in any merger or acquisition activities since the prior CRA Evaluation.

Ability and Capacity

Assets totaled approximately \$172 million as of December 31, 2017, representing an increase of 32.6 percent since the March 31, 2012, Report of Condition. Total deposits equaled nearly \$149 million, demonstrating a 40.3 percent increase, and total loans were approximately \$116 million, representing an increase of 141.5 percent during the same period. Analysis of DSB's loan portfolio since the previous CRA Evaluation reveals that the most notable changes occurred in commercial (increased by 470.4 percent), residential real estate (increased by 43.6 percent), and agricultural (increased by 40.8 percent) lending. Management attributed the growth in commercial loans to the change in focus to expand the commercial loan portfolio. Management indicated that there are fewer opportunities for residential and farm lending due to market changes and loan demand. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2017		
Loan Category	\$(000s)	%
Construction and Land Development	6,345	5.5
Secured by Farmland	10,728	9.3
1-4 Family Residential	28,208	24.3
Multi-family (5 or more) Residential	2,919	2.5
Commercial Real Estate	47,276	40.8
Total Real Estate Loans	95,476	82.4
Commercial and Industrial	13,705	11.8
Agricultural	3,995	3.4
Consumer	2,529	2.2
Other	171	0.2
Less: Unearned Income	0	0.0
Total Loans	115,876	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. DSB designated one AA consisting of Black Hawk County in its entirety and portions of Bremer County. The size and composition of the AA changed since the 2012 evaluation. Management expanded the AA to include all of Black Hawk County; the previous AA encompassed only the three northern-most census tracts (CT) in Black Hawk County. Management made no changes in Bremer County. The newly expanded AA includes Bremer County CTs 40-46 and all of Black Hawk County. All CTs are located within the Waterloo-Cedar Falls, IA Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

The AA includes 45 CTs in Bremer and Black Hawk counties. Based on the 2015 U.S. ACS Census, the AA consists of 1 other, 4 low-, 9 moderate-, 21 middle-, and 10 upper-income CTs. Both of DSB's offices are located in Bremer County upper-income CT 46. The CT designated as "other" is comprised of the geographic area that encompasses the University of Northern Iowa.

Geographies experienced change between the 2010 U.S. Census and the 2015 U.S. ACS Census. Based on the 2010 Census, the AA consisted of 3 low-, 10 moderate-, 24 middle-, and 8 upper-income CTs. According to 2015 U.S. ACS Census data, the number of low-income CTs increased by one, and the number of moderate-income CTs decreased by one since the 2010 US Census.

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	45	8.9	20.0	46.7	22.2	2.2
Population by Geography	154,878	4.6	16.3	46.9	28.8	3.4
Housing Units by Geography	65,675	5.1	17.1	48.2	28.8	0.8
Owner-Occupied Units by Geography	42,205	2.6	14.0	53.0	30.3	0.1
Occupied Rental Units by Geography	18,661	9.4	22.3	40.6	25.7	2.0
Vacant Units by Geography	4,809	9.8	24.7	36.5	28.0	1.1
Businesses by Geography	9,366	6.6	15.4	45.2	32.0	0.9
Farms by Geography	825	1.0	2.7	57.7	38.7	0.0
Family Distribution by Income Level	36,834	19.6	18.2	23.2	39.1	0.0
Household Distribution by Income Level	60,866	23.6	17.3	18.3	40.8	0.0
Median Family Income MSA - 47940 Waterloo-Cedar Falls, IA MSA		\$65,749	Median Housing Value			\$138,999
			Median Gross Rent			\$681
			Families Below Poverty Level			8.3%
Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2017 D&B data, there were 9,366 businesses and 825 farms within the AA. Gross annual revenues (GARs) for these businesses and farms are listed below. The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by GAR level.

Businesses

- 79.1 percent reported GARs of \$1,000,000 or less.
- 6.7 percent reported GARs of more than \$1,000,000.
- 14.2 percent have unknown revenues.

Farms

- 98.9 percent reported GARs of \$1,000,000 or less.
- 0.5 percent reported GARs of more \$1,000,000.
- 0.6 percent have unknown revenues.

A comparison of 2007 and 2012 Agricultural Census reports reveals that the number of farms decreased by 1.3 percent, and the average size of farms increased by 13.1 percent in Bremer County. The number of farms decreased by 1.9 percent, and the average size of farms increased

by 7.0 percent in Black Hawk County. During the same period, the State of Iowa reported a 4.5 percent decrease in the number of farms, and a 4.2 percent increase in the average size of farms.

According to 2017 D&B data, service industries represent the largest portion of business and farm operations at 42.2 percent; followed by retail trade at 13.6 percent; finance, insurance, and real estate at 10.0 percent; agriculture, forestry and fishing service industries at 8.1 percent; and construction at 7.0. In addition, 69.7 percent of AA businesses and farms have four or fewer employees, and 85.6 percent operate from a single location.

Home Mortgages

The 2016 and 2017 Federal Financial Institutions Examination Council (FFIEC) median family income (MFI) levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table. These categories are based on the 2016 and 2017 FFIEC MFI for the Waterloo-Cedar Falls, IA MSA of \$ 67,600 and 69,900, respectively.

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)				
2016 (\$67,600)	<\$33,800	\$33,800 to <\$54,080	\$54,080 to <\$81,120	≥\$81,120
2017 (\$69,900)	<\$34,950	\$34,950 to <\$55,920	\$55,920 to <\$83,880	≥\$83,880
<i>Source: FFIEC</i>				

According to 2015 U.S. ACS Census data, there are 65,675 housing units in the AA. Of these, 64.3 percent are owner-occupied, 28.4 percent are occupied rental units, and 7.3 percent are vacant. Based on data reported by Iowa Workforce Development, as of March 2018, the unemployment rates in Bremer and Black Hawk counties were 2.6 and 3.3 percent, respectively. These rates reflect a decreasing trend since March 2017 when Bremer and Black Hawk counties posted unemployment rates of 3.4 and 4.3 percent, respectively. The State of Iowa registered an unemployment rate of 2.8 percent in March 2018, which is a decrease from the 3.3 percent rate reported 12 months prior.

Competition

The AA is considered highly competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2017 reflects 21 FDIC-insured institutions operating from 56 locations within Bremer and Black Hawk counties. These institutions range from small community banks to larger financial institutions operating branch locations in the area. DSB ranks seventh with 5.0 percent of deposit market share.

The AA is also highly competitive for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2016, 157 lenders reported a total of 6,551 home mortgage loans originated or purchased within the AA. DSB ranked 16th out of this group of lenders, with a market share of 1.4 percent. The four most prominent home mortgage lenders accounted for 52.1 percent of the total market share.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit needs and economic conditions of the community. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. Examiners referenced three existing community contacts recently conducted with two different representatives of local community and economic development organizations in the AA.

According to the first representative, current economic conditions are good, and unemployment rates are low. However, there is a shortage of skilled workers. The housing market is strong, and a number of apartment buildings are being constructed. The representative indicated that local businesses are in need of micro-loans to help fund growth to assist businesses through economic downturns. According to the second representative, the local economy is performing well but remains primarily dependent on agriculture. The agricultural sector has experienced a decline in commodity prices and land values after several years of higher markets. The decline in commodity prices has created cash flow problems, increasing the demand for agricultural credit. Referring to the commercial sector, smaller commercial operations are expanding, resulting in local employment opportunities. The contact indicated that one of the largest struggles is acquiring technically skilled workers, such as welders and machinists. Discussing housing, the representative stated that while the housing market is doing very well, there is a shortage of starter homes to meet the needs of first-time homebuyers. Both representatives indicated that local financial institutions work to meet the credit needs of the community.

Considering information from the community contacts, bank management, demographic and economic data, and Reports of Condition filed by area financial institutions, examiners determined that small business, small farm, and home mortgage loans represent primary credit needs of the AA. Opportunity exists for originating such loans in light of small business expansion, the decline in agricultural land and commodity prices, and the need for affordable housing in the area. The high percentage of businesses and farms generating GARs of \$1 million or less and the high percentage of LMI families in the AA support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, DSB demonstrated reasonable performance. The results of the LTD Ratio, AA Concentration, Geographic Distribution, and Borrower Profile analyses support this conclusion. The following is a discussion of each performance criterion and how they support DSB's overall rating.

Loan-to-Deposit Ratio

DSB's average net LTD ratio is reasonable given the institution's size, financial condition, and the credit needs of the AA, demonstrating a willingness to extend credit. The LTD ratio is also reasonable when compared to similarly-situated institutions. DSB's average net LTD ratio was compared to those of six other financial institutions operating in the bank's AA. These financial institutions were considered comparable due to similarities in asset size, lending focus, resources, market conditions, and/or product mix. Information pertaining to this review appears in the following table; selected institutions are listed alphabetically by location of their main office.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2017 \$(000s)	Average Net LTD Ratio (%)
Denver Savings Bank, Denver	172,386	59.5
State Bank, New Hampton	376,725	56.1
Readlyn Savings Bank, Readlyn	72,609	86.8
First State Bank, Sumner	117,610	65.7
Northeast Security Bank, Sumner	158,156	80.1
American Savings Bank, Tripoli	50,162	59.1
Security State Bank, Waverly	81,246	58.3
<i>Source: Reports of Condition and Income 6/30/2012 through 12/31/2017</i>		

As demonstrated above, the bank's average net LTD ratio is 59.5 percent, which compares reasonably to the listed similarly-situated institutions. DSB's average net LTD ratio was 53.2 percent at the May 2012 evaluation. As of December 31, 2017, DSB's LTD ratio was 77.0 percent, the highest ratio since the prior evaluation. Management's efforts to expand the commercial loan portfolio reflect positively on the LTD ratio.

Assessment Area Concentration

DSB made a majority of home mortgage, small business, and small farm loans by number and dollar volume, within its AA. See the following table.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	93	83.8	18	16.2	111	17,278	85.5	2,921	14.5	20,199
2017	61	78.2	17	21.8	78	11,386	84.6	2,073	15.4	13,459
Subtotal	154	81.5	35	18.5	189	28,664	85.2	4,994	14.8	33,658
Small Business	18	66.7	9	33.3	27	2,454	51.8	2,288	48.2	4,742
Small Farm	24	100.0	0	0.0	24	690	100.0	0	0.0	690
Source: 1/1/2016 - 12/31/2017 Bank Data HMDA Evaluation Period: 1/1/2016 - 12/31/2017 Small Business Evaluation Period: 1/1/2017 - 12/31/2017 Small Farm Evaluation Period: 1/1/2017 - 12/31/2017 Due to rounding, totals may not equal 100.0										

Geographic Distribution

The geographic distribution of loans reflects an overall reasonable dispersion throughout the AA. The reasonable performance of small business, small farm, and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in LMI CTs.

Small Business Loans

The geographic distribution of sampled small business loans reflects reasonable dispersion. The following table exhibits that 6.6 percent of businesses in the AA are located in low-income CTs. The sample of small business loans did not include any to small businesses operating in low-income CTs. D&B Data indicates that 15.4 percent of businesses in the AA operate in moderate income CTs. DSB extended 11.1 percent of its small business loans in moderate-income CTs, which is reasonably close to demographic data.

Although the bank's level of lending in LMI CTs is lower than demographic data, performance is considered reasonable for both income categories. Examiner review of the universe of 2017 small business loans revealed three loans (4.5 percent) originated to businesses operating in low-income CTs that were not captured in the sample. In addition, management indicated that LMI CTs are located in Waterloo, which is highly competitive. This assertion is supported by FDIC market share data. Overall, DSB's level of lending to businesses located in LMI geographies is reasonable. See the following table.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.6	0	0.0	0	0.0
Moderate	15.4	2	11.1	898	36.6
Middle	45.2	5	27.8	631	25.7
Upper	32.0	11	61.1	925	37.7
Not Available	0.9	0	0.0	0	0.0
Totals	100.0	18	100.0	2,454	100.0
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0					

Small Farm Loans

The geographic distribution of sampled small farm loans reflects reasonable dispersion. The following table exhibits that 1.0 percent of farms are located in low-income CTs and 2.7 percent of farms are located in moderate-income CTs. The sample of DSB's small farm loans did not include any to small farms operating in LMI CTs. Although the bank's level of lending is less than demographic data, performance is considered reasonable. Examiners confirmed that LMI CTs are located inside the city of Waterloo where few agricultural lending opportunities are available. See the following table.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	1.0	0	0.0	0	0.0
Moderate	2.7	0	0.0	0	0.0
Middle	57.7	13	54.2	311	45.1
Upper	38.7	11	45.8	379	54.9
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	24	100.0	690	100.0
Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects an overall reasonable dispersion. The following table exhibits that DSB originated 7.5 percent of its home mortgage loans to borrowers located in low-income CTs. DSB's performance demonstrates excellent dispersion when compared to 2016 HMDA Aggregate Lending data, which shows that 1.4 percent of reported loans were extended to borrowers located in low-income CTs. 2015 U.S. ACS Census data indicates that 2.6 percent of owner-occupied housing units are located in low-income geographies. In 2017, DSB originated 1.6 percent of its home mortgage loans to borrowers located in low-income CTs, which demonstrates reasonable dispersion.

According to 2016 HMDA Aggregate Lending data, 9.4 percent of loans were extended to borrowers located in moderate-income CTs. DSB originated only 3.2 percent of its home mortgage loans to borrowers located in moderate-income CTs, which demonstrates poor dispersion in 2016. 2015 U.S. ACS Census data indicates that 14.0 percent of owner-occupied housing units are located in moderate-income geographies. In 2017, DSB originated 8.2 percent of its home mortgage loans to borrowers located in moderate-income CTs, which demonstrates reasonable dispersion. See the following table.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	2.6	1.4	7	7.5	2,683	15.5
2017	2.6	--	1	1.6	357	3.1
Moderate						
2016	13.4	9.4	3	3.2	588	3.4
2017	14.0	--	5	8.2	434	3.8
Middle						
2016	59.0	58.3	33	35.5	5,318	30.8
2017	53.0	--	24	39.3	4,128	36.3
Upper						
2016	25.0	30.9	50	53.8	8,689	50.3
2017	30.3	--	31	50.8	6,467	56.8
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.1	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	93	100.0	17,278	100.0
2017	100.0	--	61	100.0	11,386	100.0
Source: 2010 U.S. Census & 2015 ACS Census, 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Borrower Profile

Overall, the penetration of lending to businesses and farms of varying revenues, as well as home mortgage borrowers of differing incomes, is reasonable. The reasonable performance of small business and excellent level of lending to small farm operations with GARs of \$1 million or less supports this conclusion. Examiners focused on the percentage by number of small business and small farm loans to entities with GARs of \$1 million or less. Focus was also placed on the percentage by number of home mortgage loans to LMI borrowers.

Small Business Loans

The review of loan originations to small businesses within the AA reflects reasonable performance, considering the relevant benchmark data. D&B data indicates that 79.1 percent of all businesses in the AA generate GARs of \$1 million or less. DSB's level of lending to commercial entities in this revenue category is slightly lower than demographic data at 72.2 percent.

DSB's level of lending to businesses generating GARs over \$1 million exceeds D&B data. Management discussed the five small business loans to borrowers generating more than \$1 million in GARs. As previously mentioned, the commercial loan portfolio has grown substantially due to management's change in focus and hiring of commercial lenders. The loans were made to long-time customers that have grown over time along with new relationships with established businesses that resulted from the bank's outreach and focus on commercial lending. Management indicated that the bank does not focus on businesses with higher revenues but serves all commercial customers regardless of revenue size.

To serve smaller business needs, DSB offers financing through SBA loan programs and has originated four loans totaling approximately \$4 million since the prior evaluation. The following table exhibits DSB's penetration of lending to commercial entities within the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.1	13	72.2	1,329	54.2
>1,000,000	6.7	5	27.8	1,125	45.8
Revenue Not Available	14.2	0	0.0	0	0.0
Total	100.0	18	100.0	2,454	100.0
<i>Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Small Farm Loans

The distribution of small farm loans reflects excellent penetration of loans to farms with GARs of \$1 million or less. The following table shows that 100.0 percent of the sampled small farms loans were originated to agricultural operations generating GARs of \$1 million or less. This number compares favorably to the percent of farming operations in this revenue category. See the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.9	24	100.0	690	100.0
>1,000,000	0.5	0	0.0	0	0.0
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	24	100.0	690	100.0
Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

Home Mortgage Loans

The distribution of home mortgage loans to applicants of different income levels, including LMI borrowers, is poor. As demonstrated in the following table, lending penetration to low-income home mortgage borrowers at 3.2 percent is significantly lower than 2016 HMDA Aggregate Lending data at 9.3 percent, and exhibits poor performance. However, a review of home mortgage loans originated in 2017 shows a slight increase. Specifically, DSB extended 4.9 percent of home mortgage loans in 2017 to low-income individuals. 2015 U.S. ACS Census data indicates that 19.6 percent of families in the AA are in the low-income category. While there is an increasing trend in 2017, DSB's distribution of loans to low-income individuals in 2016 and 2017 is poor.

DSB's lending to moderate-income borrowers in 2016 was also significantly lower than HMDA Aggregate Lending data and exhibits poor performance. The bank originated 4.3 percent of loans to moderate-income individuals, while Aggregate Lending data indicates that 20.1 percent of loans were originated to borrowers in this income category. A review of DSB's home mortgage originations in 2017 reveals an increasing trend. In 2017, bank performance increased to 11.5 percent of loans in this income category. 2015 U.S. ACS Census data indicates that 18.2 percent of families in the AA are in the moderate-income category. Although the increasing trend is acknowledged, DSB's level of home mortgage lending to moderate-income individuals is significantly below Aggregate Lending and demographic data for both years, and is considered poor.

To assist LMI individuals in the purchase of owner occupied residential real estate property, DSB participates in the FHLB Affordable Housing Program that offers first-time homebuyer grants to help cover required down payment and closing cost expenses. Four loans totaling nearly \$300,000.00 have been originated to LMI individuals under the Affordable Housing Program since the prior CRA Evaluation.

The following table exhibits DSB's poor penetration to home mortgage borrowers within the AA.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	20.9	9.3	3	3.2	208	1.2
2017	19.6	--	3	4.9	311	2.7
Moderate						
2016	18.1	20.1	4	4.3	339	2.0
2017	18.2	--	7	11.5	691	6.1
Middle						
2016	23.4	21.0	11	11.8	1,774	10.3
2017	23.2	--	10	16.4	1,215	10.7
Upper						
2016	37.6	33.4	49	52.7	8,024	46.4
2017	39.1	--	30	49.2	6,056	53.2
Not Available						
2016	0.0	16.2	26	28.0	6,933	40.1
2017	0.0	--	11	18.0	3,113	27.3
Totals						
2016	100.0	100.0	93	100.0	17,278	100.0
2017	100.0	--	61	100.0	11,386	100.0

Source: 2010 U.S. Census & 2015 ACS Census, 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Response to Complaints

As stated previously, the institution has not received any CRA-related complaints since the prior evaluation dated May 23, 2012; therefore, this factor 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 area of review 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 bank under the requirements of the Community Reinvestment Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



HOME MORTGAGE DISCLOSURE ACT NOTICE

HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.



COMMUNITY REINVESTMENT ACT

Written Comments

Written comments received from the public related to the bank's performance in helping to meet community credit needs.



April 19, 2022

Dear Grow Cedar Valley Financial Institution Investor,

The investment and support you make in the work of Grow Cedar Valley is greatly appreciated. As you know, the mission of Grow Cedar Valley is to:

Elevate the economic vitality of our businesses and communities.

Over the past year, Grow Cedar Valley along with our partners and Board of Directors, have developed a five-year Strategic Plan. The Strategic Priority Areas identified in that plan are:

- **Workforce Development & Talent** – Grow and diversify the quality and quantity of the Cedar Valley's workforce.
- **Placemaking/Image** – Elevate the Cedar Valley as a place of choice for individuals and businesses.
- **Diversifying the Cedar Valley Economic Base** – Enhance the diversity of the Cedar Valley economic base.
- **Organizational Structure** – Secure adequate financial and human resources to ensure long-term organizational success.

The Mission and Strategic Priority Areas are very well aligned with our financial institutions, the role you play in our economy, and the potential returns we offer from our success. As you will note in this letter, our work spans from Business Development, Workforce Development, Entrepreneurship, and Special Projects.

The Cedar Valley economy finds its center of gravity in the Waterloo and Cedar Falls communities of the Metro, where most of the commercial activity occurs. At the same time, Waterloo is recognized as the most diverse city, on a per capita basis, in Iowa. It also is the location of the most low-moderate income tracts in the Metro, indeed the BEA defined Economic Area. The Waterloo Community Schools serves a student population that is 53% minority, compared to the Iowa public school average of 24%. Metro cities also benefit from an impressive diversity of student and faculty of the University of Northern Iowa, Wartburg College, and Hawkeye Community College.

Grow Cedar Valley undertakes an aggressive program of work to increase the success and growth of business, which leads to new capital investment and quality jobs. Some of these are directly impacting the areas of higher presence of low-moderate income individuals and families.

BUSINESS DEVELOPMENT

A fundamental part of economic development work is to attract new businesses and support existing businesses to diversify the economy and reduce the region's vulnerability. Grow Cedar Valley (GCV) works very closely with the cities' economic development staff and many other public and private partners with these collaborative efforts.



Recently announced projects that Grow Cedar Valley participated or supported include CPM Roskamp's 140,000/sf expansion of their manufacturing equipment operation that supports animal feed, pet food, ethanol and wood pellet industries.

Recently announced Hydrite Chemical Expansion which represents a \$21M capital investment over the next three years. Grow Cedar Valley worked with Hydrite on making application for state project tax credit and local project advocacy.

GCV regularly stays in contact with both businesses through GCV's business visitation program and became aware of both projects during regular outreach. GCV is currently working with several other companies in the Cedar Valley often these timelines can become years before they are fully announced.

Recently, Grow Cedar Valley were able to celebrate Zuidberg North America's successful expansion of their 30,000/sf distribution and sales office with local and corporate officials. Just eight years ago, we celebrated the successful opening of the company's first 10,000/sf North America warehouse and sales office.

Zuidberg NA, Inc distributes several product lines that are manufactured by Netherlands based parent company Zuidberg Frontline Systems. B.V. Zuidberg was first introduced to the idea of locating to Iowa after meeting with representatives from Iowa Economic Development Authorities' European Office at a 2011 trade show in Germany.

After continued contact, Zuidberg officials traveled to Iowa in 2013 to visit several suitable locations for their North American project including the Cedar Valley, where Grow Cedar Valley officials were involved with the site selection of the project. The Cedar Falls site was selected by the company for its location and speculative building that could meet the company's five-month timeframe.

Grow Cedar Valley also conducts external lead generation to continue to attract a diversified business base. Recent and current outreach includes direct outreach to Netherlands based companies looking at the U.S. for foreign direct investment like the attraction of Zuidberg N.A. and Giant Tobroco Machinery.

Annual Cedar Valley Manufacturers Conference

Grow Cedar Valley participated in the planning on Hawkeye Community College's Annual Manufacturer's Conference with approximately 60 attending. Conference occurred in October 2021.



Cedar Valley TechWorks Campus

- 30-acre redevelopment project adjacent to Waterloo's CBD, in the US 63 corridor, owned and managed by a subsidiary of Grow Cedar Valley.
- A goal of the TechWorks project is to improve the low to moderate income areas of the NE area of Waterloo, particularly along the US 63 corridor from Hwy 218 to the north city limit.
- New uses include:
 - The Advanced Manufacturing Hub assists Iowa and US firms to learn and apply state of the art Additive Manufacturing CAD methods and production (3D printing in the industrial environment) to propel manufacturers into greater global competitiveness.
 - John Deere Waterloo Tractor and Engine Museum (a STEM educational site).
 - Marriott Courtyard hotel, meeting & conference space.
 - Cedar Valley Makers Group has a dual mission of creating a new generation of startup manufacturers and industrial services, and engaging students in STEM and manufacturing activities to encourage advanced manufacturing and design as a career option.
 - In late 2019, Lincoln Savings Bank purchased the top three floors of one of the buildings for an \$18M renovation to turn the space into their LSBX FinTech division and LSB operations. This expansion will add nearly 200 high-paying jobs.
 - The Volunteer Center of the Cedar Valley is the latest new tenant, occupying a built-out space of 1,000 square feet on the 2nd floor bringing four new employees to the building.
 - Hawkeye Community College is planning to expand the IGNITE: Introduction to Advanced Manufacturing Lab to 20,000/sf on the 2nd floor of the Techworks Building. The \$5.12M investment will train future manufacturing workforce in skills that include mechatronic and digital manufacturing systems, advanced materials and designs and data analytics and networking. The program is 8 weeks long and students could earn up to 20 stackable credentials. Program has already been lauded by John Deere, Doerfer Engineering, Iowa Laser and Technology, Kryton Engineering and Viking Pump.

Advocacy

Grow Cedar Valley staff attends Council meetings as needed, will speak on projects relevant to the growth and development of the cities. GCV staff regularly review council, county supervisor and planning & zoning agendas.

Legislative

Grow Cedar Valley keeps the Cedar Valley informed on key issues and ensures our region is top of mind with legislators. Current legislative priorities include Talent Attraction, Retention and Recruitment; Placemaking; and Economic Growth.

<https://www.growcedarvalley.com/business/government-affairs/>

Airport

GCV's advisory committee for the airport initially raised money to retain an airport consultant, Volaire Aviation, to help guide the Airport Director, Airport Board and the city on airport service, industry trends and introductions and conversations with other carriers. The city has now retained the consultant to continue to work on these important items.



Industry 4.0

Grow Cedar Valley is reaching out to Cedar Valley manufacturers to identify the level of factor innovation in place and the need to compete in the global economy. This includes opportunities and threats to supply chain needs. This initiative is based on the State's release of the "Seizing the Manufacturing 4.0 Opportunity: A Strategic Plan for Iowa's Manufacturing Industry" December 2020.

Cedar Valley Manufacturing Association Re-Launch

Manufacturing is the largest industry across the Cedar Valley, employing almost 17,000 people directly. Recognizing the importance of our manufacturing industry's success to our region, GCV began partnering with industry leaders in December '21 to relaunch the Cedar Valley Manufacturing Association.

The industry-led association, with the support of GCV, Hawkeye Community College, University of Northern Iowa, and Iowa State University-CIRAS will be a peer association of industry leaders to prioritize common issues and opportunities within the region's manufacturing community. Key among them is educational support for upcoming workforce, as well as ensuring the demographics of the manufacturing industry workforce match the demography of our community at large.

WORKFORCE DEVELOPMENT

Grow Cedar Valley has been addressing disparity issues in the workforce facing our low-moderate income population as part of our economic development work for many years. We seek to address the workforce needs of our employers and community members through three main areas, including workforce attraction and retention, improving training and alignment with our schools and businesses, and helping to reduce barriers to employment for all people to be active participants in our region's economy.

Specifically, Grow Cedar Valley's economic inclusion strategy focuses on long-term change, which drive the direct actions we take today. Our priorities are committed to economic inclusion for all using strategies that respond to specific barriers to employment and dynamics at work for different groups of people.

Talent Attraction & Retention

Attracting and retaining talent in our community has become one of our top priorities, both in terms of helping employers directly with talent attract efforts as well as looking ahead to the quality of life amenities we're investing in as a community over the next 5 to 10 years. Current programs & resources being developed include:

- New bi-annual newcomer events & summer student socials, the first one to be held May 24, 2022
- New Cedar Valley quality of life publication to use in talent attraction by employers and with newcomers, to be released in Q4 2022
- Enhanced focus on quality of life & placemaking as regional economic development priorities
- Expanded job marketing & career awareness
- Better engagement of young professionals to retain them in the Cedar Valley



Economic Inclusion:

The Cedar Valley's talent shortage and economic inclusion are tied together and require a mix of strategies aimed at individuals (employees) and employers. All of these efforts are intended to result in decreasing the unemployment rate and increasing the median income level. Grow Cedar Valley is addressing this through several priority areas, including:

- Addressing barriers to employment (such as childcare, transportation, etc.). Current priority conversations include childcare and transportation barriers. We are currently in conversations with INRCOG, MET Transit, the City of Waterloo, and our region's nonprofit funds to review both short-term and long-term opportunities to reduce transportation as a barrier for employment.
- Improved inclusion practices in the workplace increase advancement opportunities for diverse populations. We are addressing this through an active network of partner businesses, our annual Economic Diversity & Inclusion Summit, and an Economic Inclusion Toolkit that will be updated this year with new information & resources
- Advocating at the local legislative level for equitable employment opens new doors for minority populations.
- With the increasing needs and opportunities for welcoming newcomers to our community, we're working through discussions with the Iowa DHS, Catherine McAuley Center, and other immigrant & refugee support organizations to identify where we have gaps in support and can better connect newcomers with community resources, support, and long-term needs like employment to help them settle into Iowa as their new home.

Economic Inclusion Conference

The Economic Inclusion Conference is Iowa's premier conference on Diversity, Equity, and Inclusion. This joint conference is between the University of Northern Iowa and Grow Cedar Valley and is made possible with the tremendous collaboration of other area stakeholders and organizations. In October 2021 we returned to an in-person conference, hosting almost 200 attendees at the newly renovated Waterloo Convention Center in downtown Waterloo.

Summit content included a keynote by Sailu Timbo, Vice President for Diversity and Community Relations at Hy-Vee, and a panel discussion of business and workforce program leaders addressing barriers to employment for ex-offenders and mental health and accessibility in the workplace, as well as breakout sessions addressing LGBTQ+ health needs, workforce solutions to getting more diverse candidate pools in manufacturing and addressing implicit bias for employers.

Unemployment Assistance

Unfortunately, when a business does close, those most immediately affected are those in the low-moderate income bracket. From the onset of the imposed shut-downs due to COVID-19, Grow Cedar Valley has aided employers and employees in finding the resources to navigate the unemployment process. Grow Cedar Valley's Business and Retention Program also assists any business that closes or reduces its workforce by connecting the former employees with resources to find new employment or training opportunities here in the Cedar Valley.



IGNITE Quality Pre-Apprentice Program

Grow Cedar Valley is a support partner in implementing and expanding the IGNITE Introduction to Manufacturing program through Hawkeye Community College. The program, currently running cohorts both within Waterloo Schools and a pilot to train & connect ex-offenders with manufacturing employment opportunities. Both programs reach a historically-excluded group of students not typically represented in manufacturing occupations.

The program has graduated and placed over 30 students in employment since its launch in 2020, with current discussions in place to reach a much larger portion of students through a deeper partnership with Waterloo Community Schools.

2021 Cedar Valley Wage & Benefit Survey

Grow Cedar Valley lead a regional collaborative effort to collect wage and benefit data from existing businesses in the six-county region and published the 2021 Cedar Valley Wage and Benefits Survey for the first time in 14 years. The survey was in response to business requests for real time data on wages and benefits to keep them competitive in a market where finding employees is extremely competitive.

ENTREPRENEURSHIP

24/7 Black Leadership Advancement Consortium

Grow Cedar Valley partners with the 24/7 Black Leadership Advancement Consortium and the Minority Businesses and Entrepreneur Accelerator Program. Danny Laudick (staff) serves on the advisory committee for the program, having been one of the founding partners to help fund and launch the program in 2020.

The first cohort graduated 12 minority-owned businesses and is now on the fourth cohort the program coming up on 40 graduates total this next month. This program and has attracted the attention of the State of Iowa as they work to improve the business environment so that minority groups aren't restricted from growing as well as the Kauffman Foundation – having received over \$600,000 in funding from the two combined to expand the program.

Sponsored Businesses

Grow Cedar Valley now offers an opportunity for minority or Veteran-owned businesses to receive a free one-year membership - providing valuable exposure, access to networking and professional development, and business support. Grow Cedar Valley investors at the Innovator level (\$10,000 and above) can "sponsor" a member of their choice. To date, we have 21 sponsored members.

CO.STARTERS

Grow Cedar Valley is this year combining with the previous work of Red Cedar to begin again offering CO.STARTERS, a 10-week business training program for new business startups. The program combines business training from experienced business mentors with a peer-to-peer cohort model. The Spring cohort will launch on Tuesday, April 19th with eight businesses participating, with 7 of 8 of the participating businesses representing minority-owned businesses (either ethnic-minority or female owned).



SPECIAL PROJECTS

Real Estate Trends Luncheon

Grow Cedar Valley's Community Development Council held its first Real Estate Trends Luncheon on September 29, 2021. The panel discussion focused on the conditions facing the commercial and residential real estate industry within the Cedar Valley. There were approximately 140 in attendance.

Adapting to the "New Normal" Retail Luncheon

Continuing on the success of the first panel discussion, the Community Development Council held another luncheon focused on retail on March 30, 2022. The panel consisted of local and regional experts who discussed retail in the 21st century. There were approximately 90 in attendance.

This list should be considered an overview. I'll be glad to provide additional information about any of these and other Grow Cedar Valley initiatives that not only deliver value to you as an employer and a return to you as a financial institution, but also deliver opportunities to participate in activities improving the marketplace in which you operate.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cary Darrah", is positioned above the printed name.

Cary Darrah
CEO
Grow Cedar Valley



August 14, 2023

Dear Grow Cedar Valley Financial Institution Investor,

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Elevate the economic vitality of our businesses and communities.

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- **Workforce Development & Talent** – Grow and diversify the quality and quantity of the Cedar Valley's workforce.
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- **Diversifying the Cedar Valley Economic Base** – Enhance the diversity of the Cedar Valley economic base.
- **Organizational Structure** – Secure adequate financial and human resources to ensure long-term organizational success.

The Mission and Strategic Priority Areas are very well aligned with our financial institutions, the role you play in our economy, and the potential returns we offer from our success. As you will note in this letter, our work spans from Business Development, Workforce Development, Entrepreneurship, and Special Projects.

The Cedar Valley economy finds its center of gravity in the Waterloo and Cedar Falls communities of the Metro, where most of the commercial activity occurs. At the same time, Waterloo is recognized as the most diverse city, on a per capita basis, in Iowa. It also is the location of the most low-moderate income tracts in the Metro, indeed the BEA defined Economic Area. The Waterloo Community Schools serves a student population that is 55% minority, compared to the Iowa public school average of 26%. Metro cities also benefit from an impressive diversity of student and faculty of the University of Northern Iowa, Wartburg College, and Hawkeye Community College.

Grow Cedar Valley undertakes an aggressive program of work to increase the success and growth of business, which leads to new capital investment and quality jobs. Some of these are directly impacting the areas of higher presence of low-moderate income individuals and families.

BUSINESS DEVELOPMENT

A fundamental part of economic development work is to attract new businesses and support existing businesses to diversify the economy and reduce the region's vulnerability. Grow Cedar Valley (GCV) works very closely with the city's economic development staff and many other public and private partners with these collaborative efforts.

GCV regularly stays in contact with both businesses through GCV's business visitation program and became aware of both projects during regular outreach. GCV is currently working with several other companies in the Cedar Valley often these timelines can become years before they are fully announced.

Grow Cedar Valley also conducts external lead generation to continue to attract a diversified business base.



Cedar Valley TechWorks Campus

- 30-acre redevelopment project adjacent to Waterloo's CBD, in the US 63 corridor, owned and managed by a subsidiary of Grow Cedar Valley.
- The goal of the TechWorks project is to improve the low to moderate income areas of the NE area of Waterloo, particularly along the US 63 corridor from Hwy 218 to the north city limit.
- New uses include:
 - The Advanced Manufacturing Hub assists Iowa and US firms to learn and apply state of the art Additive Manufacturing CAD methods and production (3D printing in the industrial environment) to propel manufacturers into greater global competitiveness.
 - John Deere Waterloo Tractor and Engine Museum (a STEM educational site).
 - Marriott Courtyard hotel, meeting/conference space and Starbeck's Smokehouse opened in July.
 - Cedar Valley Makers Group has a dual mission of creating a new generation of startup manufacturers and industrial services, and engaging students in STEM and manufacturing activities to encourage advanced manufacturing and design as a career option.
 - Lincoln Savings Bank purchased the top three floors of one of the buildings for an \$18M renovation to turn the space into their LSBX FinTech division and LSB operations. This expansion will add nearly 200 high-paying jobs.
 - The Volunteer Center of the Cedar Valley is the latest new tenant, occupying a built-out space of 1,000 square feet on the 3rd floor bringing four new employees to the building.
 - Hawkeye Community College has expanded IGNITE opening in September 2023: Introduction to Advanced Manufacturing Lab to 20,000/sf on the 2nd floor of the Techworks Building. The \$5.12M investment will train future manufacturing workforce in skills that include mechatronic and digital manufacturing systems, advanced materials and designs and data analytics and networking. The program is 8 weeks long and students could earn up to 20 stackable credentials. Program has already been lauded by John Deere, Doerfer Engineering, Iowa Laser and Technology, Kryton Engineering and Viking Pump.

Advocacy

Grow Cedar Valley staff attends Council meetings as needed, will speak on projects relevant to the growth and development of the cities. GCV staff regularly review council, county supervisor and planning & zoning agendas.

Legislative

Grow Cedar Valley keeps the Cedar Valley informed on key issues and ensures our region is top of mind with legislators. Current legislative priorities include Talent Attraction, Retention and Recruitment; Placemaking; and Economic Growth.

<https://www.growcedarvalley.com/business/government-affairs/>

Airport

GCV's advisory committee for the airport initially raised money to retain an airport consultant, Volaire Aviation, to help guide the Airport Director, Airport Board and the city on airport service, industry trends and introductions and conversations with other carriers. The city has now retained the consultant to continue to work on these important items.



Industry 4.0

Grow Cedar Valley is reaching out to Cedar Valley manufacturers to identify the level of factor innovation in place and the need to compete in the global economy. This includes opportunities and threats to supply chain needs. This initiative is based on the State's release of the "Seizing the Manufacturing 4.0 Opportunity: A Strategic Plan for Iowa's Manufacturing Industry" January 2021.

Cedar Valley Manufacturing Association

Manufacturing is the largest industry across the Cedar Valley, employing almost 17,000 people directly. Recognizing the importance of our manufacturing industry's success to our region.

The industry-led association, with the support of GCV, Hawkeye Community College, University of Northern Iowa, and Iowa State University-CIRAS will be a peer association of industry leaders to prioritize common issues and opportunities within the region's manufacturing community. Key among them is educational support for upcoming workforce, as well as ensuring the demographics of the manufacturing industry workforce match the demography of our community at large.

WORKFORCE DEVELOPMENT

Grow Cedar Valley has been addressing disparity issues in the workforce facing our low-moderate income population as part of our economic development work for many years. We seek to address the workforce needs of our employers and community members through three main areas, including workforce attraction and retention, improving training and alignment with our schools and businesses, and helping to reduce barriers to employment for all people to be active participants in our region's economy.

Specifically, Grow Cedar Valley's economic inclusion strategy focuses on long-term change, which drives the direct actions we take today. Our priorities are committed to economic inclusion for all using strategies that respond to specific barriers to employment and dynamics at work for different groups of people.

Talent Attraction & Retention

Attracting and retaining talent in our community has become one of our top priorities, both in terms of helping employers directly with talent attract efforts as well as looking ahead to the quality-of-life amenities we're investing in as a community over the next 5 to 10 years. Current programs & resources being developed include:

- New bi-annual newcomer events & summer student socials, the first one to be held May 2024
- New Cedar Valley quality of life publication "Livability" to use in talent attraction by employers and with newcomers. A second publication will be released in October 2023
- Enhanced focus on quality of life & placemaking as regional economic development priorities
- Expanded job marketing & career awareness
- Better engagement of young professionals to retain them in the Cedar Valley

Economic Inclusion:

The Cedar Valley's talent shortage and economic inclusion are tied together and require a mix of strategies aimed at individuals (employees) and employers. All these efforts are intended to result in decreasing the unemployment rate and increasing the median income level. Grow Cedar Valley is addressing this through several priority areas, including:

- Addressing barriers to employment (such as childcare, transportation, etc.). Current priority conversations include childcare and transportation barriers. We are currently in conversations with INRCOG, MET Transit, the



City of Waterloo, and our region's nonprofit funds to review both short-term and long-term opportunities to reduce transportation as a barrier for employment.

- Improved inclusion practices in the workplace increase advancement opportunities for diverse populations. We are addressing this through an active network of partner businesses, our annual Economic Diversity & Inclusion Summit, and an Economic Inclusion Toolkit that will be updated this year with new information & resources
- Advocating at the local legislative level for equitable employment opens new doors for minority populations.
- With the increasing needs and opportunities for welcoming newcomers to our community, we're working through discussions with the Iowa DHS, Catherine McAuley Center, and other immigrant & refugee support organizations to identify where we have gaps in support and can better connect newcomers with community resources, support, and long-term needs like employment to help them settle into Iowa as their new home.

Economic Inclusion Conference

The Economic Inclusion Conference is Iowa's premier conference on Diversity, Equity, and Inclusion. This joint conference is between the University of Northern Iowa and Grow Cedar Valley and is made possible with the tremendous collaboration of other area stakeholders and organizations. In October 2022 we hosted more than 250 attendees at the newly renovated Waterloo Convention Center in downtown Waterloo.

Summit content included a keynote speaker, Kate Hightshoe, Asst. VP, QCR Holdings Inc, Community Bank & Trust (CB&T), a division of Cedar Rapids Bank & Trust (CRB&T). Also presenting was Dr. Kyle Christason, Founder of the Inaugural UnityPoint Health LGBTQ+ Clinic in Cedar Falls.

Unemployment Assistance

Unfortunately, when a business does close, those most immediately affected are those in the low-moderate income bracket. Grow Cedar Valley has aided employers and employees in finding the resources to navigate the unemployment process. Grow Cedar Valley's Business and Retention Program also assists any business that closes or reduces its workforce by connecting the former employees with resources to find new employment or training opportunities here in the Cedar Valley.

IGNITE Quality Pre-Apprentice Program

Grow Cedar Valley is a support partner in implementing and expanding the IGNITE Introduction to Manufacturing program through Hawkeye Community College. The program, currently running cohorts both within Waterloo Schools and a pilot to train & connect ex-offenders with manufacturing employment opportunities. Both programs reach a historically excluded group of students not typically represented in manufacturing occupations.

The program has graduated and placed over 30 students in employment since its launch in 2020, with current discussions in place to reach a much larger portion of students through a deeper partnership with Waterloo Community Schools.

2023 Cedar Valley Wage & Benefit Survey

Grow Cedar Valley led a regional collaborative effort to collect wage and benefit data from existing businesses in the six-county region and published the 2023 Cedar Valley Wage and Benefits Survey. The survey was in response to business requests for real-time data on wages and benefits to keep them competitive in a market where finding employees is extremely competitive.



ENTREPRENEURSHIP

24/7 Black Leadership Advancement Consortium

Grow Cedar Valley partners with the 24/7 Black Leadership Advancement Consortium and the Minority Businesses and Entrepreneur Accelerator Program. Danny Laudick (staff) serves on the advisory committee for the program, having been one of the founding partners to help fund and launch the program in 2020.

The first cohort graduated 12 minority-owned businesses and is now on the fourth cohort the program coming up on 40 graduates total this next month. This program has attracted the attention of the State of Iowa as they work to improve the business environment so that minority groups aren't restricted from growing as well as the Kauffman Foundation – having received over \$600,000 in funding from the two combined to expand the program.

Sponsored Businesses

Grow Cedar Valley now offers an opportunity for minority or Veteran-owned businesses to receive a free one-year membership - providing valuable exposure, access to networking and professional development, and business support. Grow Cedar Valley investors at the Innovator level (\$10,000 and above) can "sponsor" a member of their choice. To date, we have 31 sponsored members.

SPECIAL PROJECTS

Emerging Healthcare Trends

Grow Cedar Valley's Community Development Council held its first lunch and learn regarding healthcare on November 10, 2022. There were 130 in attendance. Healthcare has been significantly impacted over the past few years, resulting in a need for the industry to modify its preexisting idea of how care should be delivered. How are healthcare organizations adapting to the "new normal" care model. The panelists provided information regarding the shift of patient care in the Cedar Valley and beyond. They also discuss the nature and extent of the challenges the healthcare industry has experienced since the pandemic, how the industry is responding to healthcare inequities and emerging trends in design and delivery of care.

Panel Moderator; Mike McMahan, Executive Vice President, Healthcare, Ryan Companies. Panel members included:

- Pamela Delagardelle, President/CEO, UnityPoint Health – Allen Hospital
- Jean Firman, CEO, The Surgery Center
- Gil Irely, CEO, Cedar Valley Medical Specialists
- Ryan Meyer, Chief Operating Officer, MercyOne Northeast Iowa

Culture and Climate: The Keys to Thriving Organizations

Grow Cedar Valley is planning a next lunch and learn with the Robert D. and Billie Ray Center out of Drake University in September 2023.

This list should be considered an overview. I'll be glad to provide additional information about any of these and other Grow Cedar Valley initiatives that not only deliver value to you as an employer and a return to you as a financial institution, but also deliver opportunities to participate in activities improving the marketplace in which you operate.

Sincerely,

A handwritten signature in blue ink that reads "Cary Darrah".

Cary Darrah, CEO, Grow Cedar Valley