



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

October 16, 2023

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Clinton National Bank  
Charter Number 994

235 Sixth Avenue South  
Clinton, IA 52732

Office of the Comptroller of the Currency

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Omaha, NE 68154

NOTE: 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, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

**The lending test is rated: Satisfactory**

**The community development test is rated: Outstanding**

The major factors that support this rating include:

- The Clinton National Bank's (CNB) loan-to-deposit ratio (LTD) is reasonable when considering the bank's size, financial condition, and the credit needs of its assessment area (AA).
- A substantial majority of CNB's originated and purchased loans are inside the bank's AA.
- CNB's distribution of loans to businesses of different sizes and borrowers of different incomes is reasonable.
- CNB's geographic distribution of loans to census tracts (CTs) of different income levels is reasonable.
- There were no complaints regarding CNB's performance in meeting the credit needs of its AA.
- CNB's community development (CD) activities represent excellent responsiveness to the AA's needs and opportunities.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and the credit needs of the AA, CNB's LTD ratio is reasonable. CNB's average LTD ratio was 55.4 percent for the twelve quarters from January 1, 2020 to December 31, 2022. The average ratio ranged from a quarterly low of 47.5 percent to a quarterly high of 65.8 percent.

CNB's average LTD ratio is below the average LTD ratios of other community banks operating in the bank's AA. The average quarterly LTD ratio for competitor banks was 67.6 percent during the evaluation period. The average ratio ranged from a quarterly low of 53.6 percent to a quarterly high of 86.2 percent.

While CNB's LTD ratio is lower than that of similarly situated banks, management advised that deposits were inflated during the evaluation period due to government funded pandemic relief programs such as the Paycheck Protection Program, Economic Injury Disaster Loan Program, and the Restaurant Revitalization Program. Additionally, CNB sells a significant volume of home mortgage loans on the secondary market. During the evaluation period, CNB sold home mortgage loans totaling \$23 million. Given this performance context, CNB's average LTD ratio is considered reasonable.

## Lending in Assessment Area

A substantial majority of CNB's loans are inside its AA.

CNB originated or purchased 76.3 percent by number and 94.6 percent by dollar of its loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	35	71.4	14	28.6	49	14,495	94.7	813	5.3	15,308
Consumer	26	83.9	5	16.1	31	660	93.6	45	6.4	705
<b>Total</b>	<b>61</b>	<b>76.3</b>	<b>19</b>	<b>23.7</b>	<b>80</b>	<b>15,155</b>	<b>94.6</b>	<b>858</b>	<b>5.4</b>	<b>16,013</b>

Source: Bank loan origination data from 1/1/2020 – 12/31/2022

## Description of Institution

CNB is a nationally chartered community bank headquartered in Clinton, Iowa. CNB operates as a single-state financial institution in the state of Iowa and is a wholly owned subsidiary of W.J. Young and Co. As of December 31, 2022, CNB had total assets of \$413.5 million and tier 1 capital of \$53.2 million. W.J. Young and Co. is a one-bank holding company headquartered in Clinton, Iowa. As of December 31, 2022, W.J. Young and Co. reported total assets of \$27.4 million.

CNB operates nine branches in Clinton and Jackson Counties in Iowa. CNB has three branches in Jackson County with one branch each in Miles, Preston, and Sabula. CNB has six branches in Clinton County with one branch each in Andover, Camanche, and Delmar, and three branches, a trust and real estate building, and an auto bank office in the city of Clinton. All branches are equipped with drive-up facilities and ATMs. CNB has 22 ATMs located throughout the AA: 13 in Clinton, two each in Andover, Miles, and Preston, and one each in Camanche, Delmar, and Sabula. The bank did not open or close any branches during the evaluation period, nor did any merger or acquisition activity occur.

CNB's primary business focus is consistent with the traditional community bank model. CNB offers a full range of credit and deposit services to its customers. Credit products include commercial, agricultural, home mortgage, and consumer loans. As of December 31, 2022, total loans were \$210.6 million and represented 51 percent of total assets. The December 31, 2022 call report identifies \$108 million in commercial loans, \$52 million in agricultural loans, \$42 million in 1-4 family residential real estate loans, \$6 million in consumer loans, and \$2 million in other loans. In addition to lending, deposit products include free checking and savings accounts, and online banking and bill payment.

There are no legal, financial, or other impediments limiting CNB's ability to meet the credit needs of its AA. CNB received an outstanding rating in the previous Performance Evaluation dated August 31, 2020.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) evaluated CNB under the Intermediate Small Bank examination procedures which includes a Lending Test and a CD Test for the State of Iowa. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The CD Test evaluates the bank's record of responding to the CD needs of its AA through CD lending and providing qualified investments, donations, and services.

The evaluation period used for both the Lending Test and the CD Test includes CNB's performance from January 1, 2020 through December 31, 2022 and encompasses two census periods. The OCC used the 2015 American Community Survey (ACS) data to analyze CNB's performance for years 2020 and 2021. The OCC used the 2020 U.S. Census data to analyze CNB's performance data for the year 2022. The Lending Test evaluated business and consumer loans originated during the evaluation period, as these loan types were determined to be the primary loan products originated by CNB.

The following table summarizes the percentage of loan originations by loan type over the evaluation period.

Loan Type	Number of Originations	% by Number	Dollar Amount of Originations (000)	% by Dollar
Business	1,048	31.4%	\$215,818	51.9%
Agricultural	526	15.8%	\$126,442	30.4%
Consumer	1,370	41.1%	\$23,485	5.7%
Home Mortgage	389	11.7%	\$50,048	12.0%
<b>Total</b>	<b>3,333</b>	<b>100%</b>	<b>\$415,793</b>	<b>100%</b>

Source: Bank provided loan origination reports 2020-2022.

Examiners selected a random sample of business and consumer loans originated and purchased during the evaluation period to evaluate CNB's lending performance. Examiners sampled 20 business and 20 consumer loans from originations in 2020 and 2021, and 20 business and 20 consumer loans from originations in 2022. The bank's internal loan origination reports capture CT data, and examiners relied upon these reports when completing the geographic distribution analysis of small business loans. The OCC verified the accuracy of CNB's internal reports and found the reports to be accurate and reliable for use in assessing the bank's CRA performance.

For the CD Test, examiners reviewed all CD loans, investments, donations, and services during the evaluation period, as submitted by CNB management, to ensure they met the regulatory

definition of CD. The OCC excluded some submissions for consideration as they did not meet the definitions or purpose of CD.

### **Selection of Areas for Full-Scope Review**

In each state where CNB has an office, one or more of AAs within that state were selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multi-state metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

The OCC completed a full-scope review of CNB’s single Non-MSA Iowa AA, comprised of 11 CTs in Clinton County and 1 CT in Jackson County.

### **Ratings**

CNB’s overall rating is a blend of the state ratings, and where applicable, multi-state ratings.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state and the MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

### **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution’s lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Iowa

#### CRA rating for the State of Iowa: Outstanding

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Outstanding**

The major factors that support this rating include:

- The distribution of loans to businesses of different sizes and borrowers of different incomes reflects reasonable distribution.
- The distribution of loans to CTs of different income levels reflects reasonable distribution.
- CD activities represent excellent responsiveness to AA needs and opportunities.

### Description of Institution's Operations in Iowa

CNB operates all branches and ATMs within the state of Iowa. The bank was evaluated using its one AA; the Non-MSA Iowa AA. The Non-MSA Iowa AA includes 11 CTs in Clinton County and one CT in Jackson County, Iowa.

#### 2020-2021 Period

The Non-MSA Iowa AA was comprised of 12 CTs; three moderate-income, seven middle-income, and two upper-income. There are no low-income CTs in the AA. The 2015 ACS reported the population to be 48 thousand people, which included 13 thousand families and 20 thousand households. In the AA, 21 percent of families are low-income, 17 percent are moderate-income, 20 percent are middle-income, and 42 percent are upper-income. The median family income is \$61,681 and 11.4 percent of families live below the poverty level.

As of June 30, 2021, CNB reported \$374 million in deposits in the AA. According to the FDIC market share information as of June 30, 2021, CNB ranked first in deposit market share in the AA with a market share of 19.3 percent. There were 12 financial institutions operating 36 branches in the AA at that time. Of the 12 financial institutions operating in the AA, only two were large financial institutions and they represented less than 10 percent of the deposit market share. CNB had nine branches in the AA, whereas the most any other financial institution had was four branches.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Iowa Non-MSA 2020-2021</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	12	0.0	25.0	58.3	16.7	0.0
Population by Geography	47,931	0.0	20.9	57.6	21.5	0.0
Housing Units by Geography	21,806	0.0	22.5	56.9	20.6	0.0
Owner-Occupied Units by Geography	14,661	0.0	17.6	60.0	22.4	0.0
Occupied Rental Units by Geography	5,435	0.0	31.8	50.6	17.6	0.0
Vacant Units by Geography	1,710	0.0	35.3	50.6	14.1	0.0
Businesses by Geography	3,743	0.0	17.3	51.1	31.6	0.0
Farms by Geography	469	0.0	3.2	79.7	17.1	0.0
Family Distribution by Income Level	12,841	20.4	17.3	20.2	42.2	0.0
Household Distribution by Income Level	20,096	25.3	15.2	17.0	42.5	0.0
Median Family Income Non-MSAs - IA		\$61,681	Median Housing Value			\$111,774
			Median Gross Rent			\$612
			Families Below Poverty Level			11.4%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

## 2022 Period

The Non-MSA Iowa AA was comprised of 12 CTs; two moderate-income, seven middle-income, two upper-income, and one unknown income CT. There are no low-income CTs in the AA. The 2015 ACS reported the population to be 46 thousand people, which included 12 thousand families and 19 thousand households. In the AA, 21 percent of families are low-income, 19 percent are moderate-income, 22 percent are middle-income, and 38 percent are upper-income. The median family income is \$71,763 and 9.1 percent of families live below the poverty level.

As of June 30, 2022, CNB reported \$374 million in deposits in the AA. According to the FDIC market share information as of June 30, 2022, CNB ranked first in deposit market share in the AA with a market share of 18.6 percent. There were 12 financial institutions operating 36 branches in the AA at that time. Of the 12 financial institutions operating in the AA, only two were large financial institutions and they represented less than 9 percent of the deposit market share. CNB had nine branches in the AA, whereas the most any other financial institution had was four branches.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Iowa Non-MSA 2022</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	12	0.0	16.7	58.3	16.7	8.3
Population by Geography	45,833	0.0	13.8	64.0	16.4	5.8
Housing Units by Geography	22,019	0.0	15.7	60.4	16.0	7.9
Owner-Occupied Units by Geography	14,292	0.0	13.0	66.9	17.0	3.0
Occupied Rental Units by Geography	4,999	0.0	18.8	51.4	13.5	16.4
Vacant Units by Geography	2,728	0.0	23.7	43.1	15.0	18.2
Businesses by Geography	4,393	0.0	6.6	65.9	16.6	10.9
Farms by Geography	489	0.0	2.0	89.6	7.2	1.2
Family Distribution by Income Level	12,059	20.7	19.6	21.9	37.9	0.0
Household Distribution by Income Level	19,291	25.2	17.7	19.3	37.8	0.0
Median Family Income Non-MSAs - IA		\$71,763	Median Housing Value			\$121,657
			Median Gross Rent			\$682
			Families Below Poverty Level			9.1%
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The OCC relied on a community representative to gain additional insight of the AA to conduct the examination. The community contact was a representative from a local non-profit economic development organization. The contact described the local economy as stable post-COVID, with minimal closures or staff reductions among local businesses. The main sources of employment in the area are the school systems, local hospitals, and large factories. Approximately one-fifth of the population is 65 years old or older, and the poverty rate for Clinton and Jackson Counties is higher than average. The contact identified a shortage of workers and affordable housing as issues in both counties. Opportunities for financial institutions identified by the contact were micro-, start-up, and entrepreneurship loans and affordable housing. The community representative stated overall, competition was strong among financial institutions in the area and financial institutions are willing to lend and participate in CD needs.

## Scope of Evaluation in Iowa

CNB operates one AA in the State of Iowa. The rating for the state of Iowa is based on a full-scope review of the Non-MSA Iowa AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA**

### **LENDING TEST**

CNB's performance under the Lending Test in Iowa is rated Satisfactory.

#### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, CNB's lending performance in the Non-MSA Iowa AA is reasonable.

#### **Distribution of Loans by Income Level of the Geography**

CNB exhibits reasonable geographic distribution of business and consumer loans in Iowa.

##### ***Small Loans to Businesses***

CNB reflects reasonable geographic distribution of business loans to CTs of different income levels.

##### **2020-2021 Period**

CNB originated 5 percent of its business loans to borrowers in moderate-income CTs, compared to 17.3 percent of businesses located in moderate-income CTs and 17.6 percent aggregate market data.

##### **2022 Period**

In the OCC's sample of 20 business loans from the 2022 period, CNB did not originate any loans in a moderate-income CT. The demographic data indicates 6.6 percent of businesses are located in a moderate-income CT. Aggregate market data for 2022 was not yet available at the time the examination was conducted.

The OCC's sample of 20 business loans from each census period resulted in only one loan extended to a business in a moderate-income CT in 2020-2021 and zero loans in 2022. Due to the low number of loans in the OCC's sample originated in moderate-income CTs, examiners reviewed CNB's origination reports for 2020, 2021, and 2022. These reports indicated the bank originated approximately 15 percent of their business loans during the 2020-2021 period and 3 percent during 2022 to borrowers in moderate-income CTs. Utilizing the origination reports, CNB's performance aligns with demographic data and reflects reasonable distribution.

Refer to Table Q in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

### ***Consumer Loans***

CNB reflects reasonable geographic distribution of consumer loans to CTs of different income levels.

#### **2020-2021 Period**

CNB originated 15 percent of its consumer loans to borrowers in moderate-income CTs, compared to 21.4 percent of households located in moderate-income CTs.

#### **2022 Period**

CNB originated 20 percent of its consumer loans to borrowers in moderate-income CTs, compared to 14.5 percent of households located in moderate-income CTs.

CNB's consumer loan originations in moderate-income CTs were lower than the percentage of households in moderate-income CTs during 2020-2021; however, the bank's performance exceeded the demographic census data during 2022. Some factors that may have contributed to the poor performance in 2020-2021 were the closure of all branch lobbies during the COVID pandemic for approximately 15 months and lower volumes of consumer loan originations. Overall, CNB's performance reflects reasonable geographic distribution of consumer loans during the evaluation period.

Refer to Table U in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

### **Distribution of Loans by Income Level of the Borrower**

The bank reflects reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

#### ***Small Loans to Businesses***

CNB's distribution of loans to businesses of different sizes is reasonable.

#### **2020-2021 Period**

CNB originated 70 percent of its commercial loans to businesses with gross revenues of \$1 million dollars or less. The demographic data shows 84.1 percent of businesses in the AA report gross revenues of \$1 million dollars or less. Aggregate market data shows 50.8 percent of loans were originated to small businesses as reported by other financial institutions operating in the AA.

#### **2022 Period**

CNB originated 80 percent of its commercial loans to businesses with gross revenues of \$1 million dollars or less. The demographic data shows 86.5 percent of businesses in the AA report

gross revenues of \$1 million dollars or less. Aggregate market data was not yet available for year 2022 at the time of this examination.

While CNB's lending to small businesses was lower than the percentage of small businesses in the AA, the performance significantly exceeds the performance of other institutions operating in the AA during the 2020-2021 period and is reasonable relative to the demographic data for the 2022 period. CNB originated a substantial majority of the bank's commercial loans to businesses with gross revenues less than or equal to \$1 million dollars in all years and reflects reasonable distribution of small loans to businesses.

Refer to Table R in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

### ***Consumer Loans***

CNB's distribution of loans to borrowers of different incomes is excellent.

#### **2020-2021 Period**

CNB originated 25 percent of its consumer loans to low-income borrowers. The demographic data shows 25.3 percent of households in the AA are low-income.

CNB originated 25 percent of its consumer loans to moderate-income borrowers. The demographic data shows 15.2 percent of households in the AA are moderate-income.

#### **2022 Period**

CNB originated 33 percent of its consumer loans to low-income borrowers. The demographic data shows 25.2 percent of households in the AA are low-income.

CNB originated 14 percent of its consumer loans to moderate-income borrowers. The demographic data shows 17.7 percent of households in the AA are moderate-income.

CNB's performance for both census periods meets or exceeds the demographic data for low-income borrowers. CNB's performance for the 2020-2021 period significantly exceeds demographic data for moderate income borrowers and compares to the demographic data for the 2022 period.

Refer to Table V in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

### **Responses to Complaints**

There were no complaints related to CNB's CRA performance in the State of Iowa during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

CNB's performance under the CD Test in the state of Iowa is rated outstanding.

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, CNB exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

### Number and Amount of Community Development Loans

CNB exhibits excellent responsiveness to CD lending needs in Iowa. The CD Loans Table below, sets forth the information and data used to evaluate CNB's level of CD lending. The table includes all CD loans, including multifamily loans that qualify as CD loans.

CNB's CD loans during the evaluation period totaled \$13.6 million.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Non-MSA Iowa	358	100	13,608	100

CNB originated 358 CD loans totaling \$13.6 million to the Non-MSA AA during the evaluation period. This represents 25.6 percent of tier 1 capital as of December 31, 2022. Most of the CD loans provided support as disaster recovery by economic revitalization/stabilization through the Small Business Administration's (SBA) Paycheck Protection Program. The remainder of CNB's CD loans are spread evenly between economic development and community services.

Noteworthy examples of CD lending include:

- Numerous economic development loans to retain small businesses located in low- and moderate-income CTs.
- Purchase of building for nonprofit organization that provides services to low- and moderate-income individuals with disabilities.
- Economic development loans to nonprofit organization leading the revitalization and redevelopment of Downtown Clinton.

## Number and Amount of Qualified Investments

CNB exhibits poor responsiveness to CD investment needs in Iowa.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Non-MSA Iowa	-	--	31	\$52	31	100	\$52	100	--	--

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

CNB had no portfolio investments during the evaluation period and made 31 qualified donations to 14 different organizations. Donations totaled \$52 thousand in the Non-MSA AA, representing 0.1 percent of tier 1 capital as of December 31, 2022. Donations provided financial support to organizations that provide technical assistance and support to small businesses to obtain financing, as well as organizations that provide community services such as programs for individuals with disabilities, homeless shelters and food banks, youth programs, and more.

## Extent to Which the Bank Provides Community Development Services

CNB exhibits excellent responsiveness to CD services in Iowa. CNB had 22 employees provide 1,279 service hours to 20 different organizations inside the Non-MSA AA. The bank's employees also provided 106 hours of CD services to five organizations that benefit the greater state and regional area.

Examples of service hours provided by bank employees include the following:

- Serving on the board of an organization that provides food, emergency financial assistance, and prescription medication assistance to low- and moderate-income individuals.
- Assisting Federal Home Loan Bank low- and moderate-income clients obtain \$112 thousand in Affordable Housing Program grants for down payment assistance and closing cost needs.
- Serving as treasurer on the board of directors for a 330 Grant funded health care clinic.
- Serving on the Finance Committee of a non-profit organization that provides community services for displaced women and children who are victims of domestic violence.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2020 – 12/31/2022	
<b>Bank Products Reviewed:</b>	Small business and consumer loans Community development loans, qualified investments, and community development services	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Iowa</b>		
Non-MSA Iowa	Full-scope	

## Appendix B: Summary of MMSA and State Ratings

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<b>Clinton National Bank RATINGS</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State/ Multi-state Rating</b>
Clinton National Bank	Satisfactory	Outstanding	Outstanding
<b>State:</b>			
Iowa	Satisfactory	Outstanding	Outstanding

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/AA.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, CTs ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet SBA Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

**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, which 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).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A CT 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 conduct business or have banking offices in a MSA 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A CT with a median family income that is less than 50 percent.

**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 state/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council

(FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

**Multifamily:** Refers to a residential structure that contains five or more units.

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

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose CD.

**Rating Area:** A rated area is a state or MMSA. 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 MMSA, the institution will receive a rating for the MMSA.

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

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All MMSAs, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/AA.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>2020-21</b>		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Non-MSA IA	20	8,135	100.0	443	0.0	0.0	0.0	17.3	5.0	17.6	51.1	80.0	48.8	31.6	15.0	33.6	0.0	0.0	0.0		
<b>Total</b>	<b>20</b>	<b>8,135</b>	<b>100.0</b>	<b>443</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>17.3</b>	<b>5.0</b>	<b>17.6</b>	<b>51.1</b>	<b>80.0</b>	<b>48.8</b>	<b>31.6</b>	<b>15.0</b>	<b>33.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		

*Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>2022</b>		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Non-MSA IA	20	7,884	100.0	-	0.0	0.0	-	6.6	0.0	-	65.9	85.0	-	16.6	15.0	-	10.9	0.0	-		
<b>Total</b>	<b>20</b>	<b>7,884</b>	<b>100.0</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>6.6</b>	<b>0.0</b>	<b>-</b>	<b>65.9</b>	<b>85.0</b>	<b>-</b>	<b>16.6</b>	<b>15.0</b>	<b>-</b>	<b>10.9</b>	<b>0.0</b>	<b>-</b>		

*Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2020-21</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Iowa Non-MSA	20	8,135	100.0	443	84.1	70.0	50.8	4.2	30.0	11.7	0.0	
<b>Total</b>	<b>20</b>	<b>8,135</b>	<b>100.0</b>	<b>443</b>	<b>84.1</b>	<b>70.0</b>	<b>50.8</b>	<b>4.2</b>	<b>30.0</b>	<b>11.7</b>	<b>0.0</b>	

*Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2022</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Iowa Non-MSA	20	7,884	100.0	--	86.5	80.0	--	3.4	15.0	10.2	5.0	
<b>Total</b>	<b>20</b>	<b>7,884</b>	<b>100.0</b>	<b>--</b>	<b>86.5</b>	<b>80.0</b>	<b>--</b>	<b>3.4</b>	<b>15.0</b>	<b>10.2</b>	<b>5.0</b>	

*Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; "--" data not available.  
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>													<b>2020-21</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Iowa Non-MSA	20	384	100.00	0.0	0.0	21.4	15.0	57.5	80.0	21.1	5.0	0.0	0.0	
<b>Total</b>	<b>20</b>	<b>384</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>21.4</b>	<b>15.0</b>	<b>57.5</b>	<b>80.0</b>	<b>21.1</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data.  
Due to rounding, totals may not equal 100.0%*

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>													<b>2022</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Iowa Non-MSA	20	391	100.0	0.0	0.0	14.5	20.0	62.9	65.0	16.1	15.0	6.5	0.0	
<b>Totals</b>	<b>20</b>	<b>391</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>14.5</b>	<b>20.0</b>	<b>62.9</b>	<b>65.0</b>	<b>16.1</b>	<b>15.0</b>	<b>6.5</b>	<b>0.0</b>	

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data.  
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

**Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower 2020-21**

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Iowa Non-MSA	20	384	100.0	25.3	25.0	15.2	25.0	17.0	25.0	42.5	25.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>384</b>	<b>100.0</b>	<b>25.3</b>	<b>25.0</b>	<b>15.2</b>	<b>25.0</b>	<b>17.0</b>	<b>25.0</b>	<b>42.5</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data.  
 Due to rounding, totals may not equal 100.0%

**Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower 2022**

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Iowa Non-MSA	20	402	100.0	25.2	33.0	17.7	14.0	19.3	38.0	37.8	14.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>402</b>	<b>100.0</b>	<b>25.2</b>	<b>33.0</b>	<b>17.7</b>	<b>14.0</b>	<b>19.3</b>	<b>38.0</b>	<b>37.8</b>	<b>14.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data.  
 Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.