

PUBLIC DISCLOSURE

August 26, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bankers Trust Company
Certificate Number: 953

453 7th Street
Des Moines, Iowa 50309

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 **Outstanding**. An institution in this group has an outstanding record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Bankers Trust Company’s (BTC) Community Reinvestment Act (CRA) performance under the Lending Test, Investment Test, and Service Test supports the overall rating. Examiners did not identify any discriminatory or other illegal credit practices. The following table indicates the performance level with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The following points summarize the bank’s Lending Test, Investment Test, and Service Test performance.

The Lending Test is rated High Satisfactory.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A high percentage of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes and retail customers of different income levels.
- The institution is a leader in making community development loans.

- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 20, 2016, to the current evaluation dated August 26, 2019. Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate BTC's CRA performance. These procedures include three tests: Lending Test, Investment Test, and Service Test.

The Lending Test considered the institution's performance according to the following criteria.

- Lending Activity
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Innovative or Flexible Lending Practices
- Community Development Lending

The Investment Test considered the following factors.

- Investment Activity
- Responsiveness to Credit and Community Development Needs
- Innovativeness or Complexity of Qualified Investments

The Service Test considered the following factors.

- Accessibility of Delivery Systems
- Changes in Branch Locations
- Reasonableness of Business Hours and Services
- Community Development Services

Banks must achieve at least a "Low Satisfactory" rating under the Lending Test to obtain an overall rating of "Satisfactory." This evaluation does not include any lending, investment, or service activities performed by affiliates. Regulatory personnel found no evidence of any CRA-related complaints since the previous evaluation.

BTC has defined the following three assessment areas in Iowa and Arizona, which are discussed in detail within the related sections of the evaluation.

- Des Moines-Ames Assessment Area
- Cedar Rapids Assessment Area
- Phoenix Assessment Area

Examiners conducted full-scope reviews for each assessment area. The Des Moines and Ames markets are contiguous, but are considered two separate metropolitan statistical areas (MSAs). However, since demographics and lending performance were similar in both areas, conclusions were combined for presentation in this evaluation. Performance in the Des Moines-Ames Assessment Area is given significantly greater weight in arriving at overall conclusions and ratings, given the substantial lending, deposit, and branch presence in this assessment area.

The following table shows the distribution of the bank’s loans, deposits, and branches among the assessment areas.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Cedar Rapids	365,192	11.3	294,933	8.0	3	11.1
Des Moines-Ames	2,204,191	68.3	3,062,935	82.7	20	74.1
Phoenix	657,893	20.4	343,819	9.3	4	14.8
Total	3,227,276	100.0	3,701,687	100.0	27	100.0

Source: Bank Records as of 7/15/2019; Summary of Deposits as of 6/30/2019

Loan Products Reviewed

Examiners determined that the bank’s major product lines are commercial and residential real estate lending, although its primary emphasis remains on commercial lending. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. Based on the June 30, 2019, Consolidated Reports of Condition and Income (Call Report), commercial loans represented 70.4 percent and residential loans represented 17.3 percent of the loan portfolio based on dollar volume. In addition, the bank has sold a significant volume of residential secondary market loans since the prior evaluation, which are not reflected in the Call Report. Considering this information and discussions with bank management, examiners placed slightly more weight on small business lending when arriving at overall conclusions. Examiners did not evaluate small farm loans and consumer loans due to the limited volume and small portion of the loan portfolio these products represent.

Examiners reviewed the bank's reported small business loan data, as well as reported HMDA data for originated and purchased home mortgage loans. The review included reported lending data for 2016, 2017, and 2018 for all three assessment areas. Since there were no differences in the lending data for 2016, 2017, and 2018 that materially affected Borrower Profile and Geographic Distribution conclusions, 2016 small business and HMDA data are not presented. The following table shows the overall lending volume reviewed.

Loan Products Reviewed						
Loan Category	2016		2017		2018	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Business	286	83,647	440	124,819	348	112,315
Home Mortgage	1,784	419,092	1,383	346,630	1,539	369,361

Source: 2016, 2017, and 2018 Reported Small Business and Home Mortgage Data

Examiners relied on records provided by the institution, publicly available financial and loan information, demographic and economic information from D&B and the 2015 American Community Survey (ACS) data, and other information gathered as part of the examination process, including community contacts and the bank’s CRA self-assessments. Examiners compared 2017 small business and HMDA data to aggregate lending data for 2017, which is the most recent year available at the time of this evaluation. Examiners also compared the bank’s 2017 and 2018 performance to D&B and 2015 ACS demographic data. However, when arriving

at conclusions, examiners primarily focused on the bank's performance in comparison to aggregate lending data.

For the Lending Test, examiners reviewed the number and dollar volume of small business and HMDA loans. While the number and dollar volume of loans are presented in the evaluation, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

Examiners also reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices from the prior evaluation date to the current evaluation date.

DESCRIPTION OF INSTITUTION

Background

BTC is a commercial bank headquartered in Des Moines, Iowa. BTC Financial Corporation, Des Moines, Iowa, owns BTC. Through common ownership, BTC is also affiliated with non-bank entities involved in the areas of investment, trust services, and real estate. BTC received an "Outstanding" rating at its July 20, 2016, FDIC Performance Evaluation based on Interagency Large Institution Examination Procedures.

Operations

BTC operates its main office, as well as 16 full-service and ten limited-service branches throughout the assessment areas. In addition, the bank operates a loan production office in Omaha, Nebraska that conducts mostly commercial loan activities. The limited-service branches, also known as mobile or messenger branches, are based at full-service locations, and go to nursing care and other facilities to enhance delivery of banking services for those with limited mobility. BTC relocated a full-service and mobile branch in Cedar Rapids, Iowa in November of 2016, and relocated a full-service branch in Ankeny, Iowa, in March of 2019. Further, two messenger branches in the Phoenix Assessment Area were re-categorized during the evaluation period as full-service branches. These changes did not adversely impact any low- or moderate-income geographies. There was no merger or acquisition activity during the evaluation period.

BTC offers a wide range of loan products for commercial, residential real estate, agricultural, and consumer purposes, and various types of retail and commercial deposit products. BTC continues to maintain its focus in commercial and home mortgage lending. Commercial loan products include lines of credit and various loan products. In addition, BTC is a Preferred Lender with the Small Business Administration (SBA), and was recognized as the top SBA lender in Iowa in 2017. Mortgage loan products include conventional mortgages, secondary market products, home equity lines of credit, and various government loan programs. During the evaluation period, BTC began requiring all first-time homebuyers to participate in a homebuyer education class prior to obtaining a home mortgage loan. BTC pays for the class as a benefit to the borrower.

Deposit products include checking and savings accounts, individual retirement accounts, and

certificates of deposit. BTC also offers insurance, investment, trust, and wealth management services. In addition, the bank offers free services such as online banking, mobile banking, mobile deposit, text banking, and e-statements. Alternative banking services include bill pay, wire transfers, and telephone banking. The bank operates automated teller machines (ATMs) at its banking locations and other locations, such as casinos, retirement communities, and private businesses throughout its assessment areas. Bank customers also have access to a nationwide network of surcharge-free ATMs.

Ability and Capacity

Assets totaled \$4.7 billion as of June 30, 2019, and included total loans of \$3.9 billion. The following table displays the loan portfolio.

Loan Portfolio Distribution as of June 30, 2019		
Loan Category	\$(000s)	%
Construction and Land Development	172,839	4.5
Secured by Farmland	5,506	0.1
Secured by 1-4 Family Residential Properties	496,970	13.0
Secured by Multifamily (5 or more) Residential Properties	165,144	4.3
Secured by Nonfarm Nonresidential Properties	1,656,087	43.0
Total Real Estate Loans	2,496,546	64.9
Commercial and Industrial Loans	1,056,874	27.4
Agricultural Loans	20	0.0
Consumer Loans	16,492	0.4
Other Loans	282,115	7.3
Less: Unearned Income	(0)	(0.0)
Total Loans	3,852,047	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 assessment area credit or community development needs.

DESCRIPTION OF ASSESSMENT AREAS

BTC has designated three assessment areas: the Des Moines-Ames Assessment Area (Polk and Story counties in Iowa), the Cedar Rapids Assessment Area (Linn County, Iowa), and the Phoenix Assessment Area (Maricopa County, Arizona). There have been no changes to assessment area delineations since the prior evaluation. An analysis of these three assessment areas during the review period resulted in state ratings for Iowa and Arizona and an overall rating for the bank. Refer to the rated areas and separate assessment area sections for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA (OVERALL)

LENDING TEST

BTC demonstrated high satisfactory performance under the Lending Test. Conclusions regarding the bank's overall lending performance are consistent with the conclusions for the State of Iowa and the State of Arizona rated areas.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. The bank continues to be an active lender by originating a high volume of loans in its assessment areas. BTC maintains high rankings among all CRA reporters for loan activity within its primary assessment area. The most recent year of aggregate data for small business loans indicates that the bank ranked 13th in lending activity volume among all CRA reporters for the Des Moines-Ames Assessment Area, 9th in the Cedar Rapids Assessment Area, and 65th in the Phoenix Assessment Area. For home mortgage lending, the bank ranked 5th in the Des Moines-Ames Assessment Area, 10th in the Cedar Rapids Assessment Area, and 200th in the Phoenix Assessment Area. BTC ranks lower in the Phoenix Assessment Area due to heavy competition. The aggregate data is tabulated by county and the most recent data available is based on lending activity in 2017.

In addition to reported activity, the bank originated 526 home mortgage secondary market loans totaling \$116 million during the review period. These loans are not reflected in the bank's rankings since these loans are sold. Further, the small business lending data does not include the bank's business credit cards, as BTC does not report credit card activity. During the review period, the bank opened 1,786 business credit cards within its assessment areas, which further demonstrates its responsiveness to meeting small business credit needs.

Assessment Area Concentration

The bank made a high percentage of its small business and home mortgage loans inside its assessment areas, as shown in following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2016	231	80.8	55	19.2	286	66,170	79.1	17,477	20.9	83,647
2017	373	84.8	67	15.2	440	101,377	81.2	23,442	18.8	124,819
2018	286	82.2	62	17.8	348	88,949	79.2	23,366	20.8	112,315
Subtotal	890	82.9	184	17.1	1,074	256,496	80.0	64,285	20.0	320,781
Home Mortgage										
2016	1,369	76.7	415	23.3	1,784	325,391	77.6	93,701	22.4	419,092
2017	1,098	79.4	285	20.6	1,383	274,610	79.2	72,020	20.8	346,630
2018	1,198	77.8	341	22.2	1,539	262,544	71.1	106,817	28.9	369,361
Subtotal	3,665	77.9	1,041	22.1	4,706	862,545	76.0	272,538	24.0	1,135,083
<i>Source: Bank Records</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the institution's assessment areas. Conclusions regarding the bank's overall lending performance are consistent with the overall conclusions throughout both rated areas. Emphasis under geographic distribution is placed on the bank's record of lending in low- and moderate-income census tracts. As previously noted, primary focus is placed on the bank's performance relative to aggregate lending data when arriving at conclusions. Examiners reviewed only those loans extended with the assessment area to perform this analysis. A complete discussion of the bank's geographic distribution lending performance can be found in the separate assessment area sections of this evaluation.

Borrower Profile

Overall, the distribution of borrowers reflects adequate penetration among business customers of different sizes and retail customers of different income levels. Conclusions regarding the bank's overall borrower profile lending performance are consistent with the overall conclusions throughout the two rated areas. Examiners focused on the percentage by number of small business loans to businesses with gross annual revenues of \$1 million or less, and number of home mortgage loans to low- and moderate-income borrowers. Primary focus is again placed on the bank's performance relative to aggregate lending data when arriving at conclusions. Examiners reviewed only those loans extended with the assessment area to perform this analysis. A complete discussion of the bank's borrower profile lending performance can be found in the separate assessment area sections of this evaluation.

Innovative or Flexible Lending Practices

The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs. These practices include flexible lending programs that benefit small businesses and low- and moderate-income borrowers and/or geographies. Several of the loan programs involve government guaranteed loans and sponsored affordable housing program loans offered through various agencies/organizations, including Iowa Finance Authority

First Time Home Buyer Program; SBA; Federal Housing Administration (FHA); Veterans Administration (VA); Federal Home Loan Bank (FHLB); United States Department of Agriculture (USDA) Rural Development; and Trellis (a community development financial institution in Arizona). BTC reports originating 800 loans totaling \$137 million under innovative and/or flexible programs since the prior evaluation. The following table contains details on the number and dollar volume of loans originated under each program during the evaluation period.

Innovative or Flexible Lending Programs										
Type of Program	2016*		2017		2018		2019**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
BTC Community Lending Programs	11	1,400	50	6,300	35	4,700	7	964	103	13,364
FHA	36	6,314	101	18,000	55	10,100	28	5,900	220	40,314
FHLB	0	0	34	250	61	305	6	45	101	600
Iowa Finance Authority***	4	543	10	1,200	10	1,400	2	248	26	3,391
Neighborhood LIFT	0	0	0	0	1	15	1	15	2	30
Project Reinvest***	0	0	34	357	84	882	11	156	129	1,395
SBA	14	17,900	36	25,700	16	1,725	3	452	69	45,777
Trellis****	3	30	4	105	3	45	0	0	10	180
VA	15	3,200	43	11,500	39	10,400	11	3,000	108	28,100
USDA Rural Development	3	489	10	1,700	8	1,200	1	151	22	3,540
Down Payment Assistance Programs – Arizona****	3	30	4	105	3	45	0	0	10	180
Totals	89	29,906	326	65,217	315	30,817	70	10,931	800	136,871

*Source: Bank Records *August 1, 2016, through December 31, 2016; **January 1, 2019, through June 30, 2019; ***Only available in State of Iowa; ****Only available in State of Arizona*

The bank offers several programs to provide flexibility in obtaining home mortgage loans, consumer credit, or small business loans. Details of these programs are provided as follows.

- Since the prior evaluation, BTC began participating in two new down payment assistance programs in Iowa: Project Reinvest and Neighborhood LIFT. These programs help provide down payment assistance for eligible borrowers. BTC also participates in six different down payment assistance programs in Arizona.
- In 2019, BTC started offering a new credit builder credit card program for applicants who lack credit history and/or scores.
- In 2017, the bank launched a new loan program for businesses in the Southwest 9th Corridor in Des Moines, Iowa. This program provides discounted interest rates for qualified businesses and is similar to the 6th Avenue program, which the bank continues to offer. During the evaluation period, BTC originated three loans totaling \$155,000.
- BTC continues to offer four different in-house lending programs to assist low- or moderate-income borrowers with qualifying for mortgage loans. These innovative programs offer use of alternative credit histories to qualify for a loan, flexible loan-to-value requirements, and no requirement of private mortgage insurance. Versions of these programs are available in all three assessment areas.

In addition to these programs, the bank committed \$3 million to the Neighborhood Finance Corporation during the evaluation period. The Neighborhood Finance Corporation is a community development financial institution in Iowa that provides mortgage loans to revitalize specific areas, down-payment assistance for eligible borrowers, and homebuyer education. BTC also offers a loan modification program to assist borrowers facing economic hardship to help to avoid delinquency or foreclosure. Eligible borrowers receive a temporary interest rate reduction for up to a year and a payment schedule to reduce payments based on a percentage of the borrower's gross monthly income.

Community Development Lending

BTC is a leader in making community development loans. Conclusions regarding the bank's overall community development lending performance are consistent with the conclusions throughout the rated areas. During the review period, BTC originated or renewed 123 community development loans totaling \$264 million. Community development lending has increased since the previous evaluation when the bank originated or renewed 67 community development loans totaling \$214 million.

BTC's community development loans represent 6.9 percent of the bank's net loans and 5.6 percent of total assets, as of June 30, 2019. BTC's ratios exceed the ratios of two other large institutions operating in Iowa that had CRA evaluations during the review period. The community development loans to net loans and community development loans to total assets ratios for those banks ranged from 3.8 percent to 6.3 percent and from 3.1 percent to 4.5 percent, respectively.

The following tables detail community development lending by assessment area and by activity year. The majority of community development loans were originated in the Des Moines-Ames Assessment Area. In addition, two community development loans totaling \$3.7 million are included that were originated to entities that serve a broader regional or statewide area that includes the bank's assessment areas. Although these loans did not directly benefit the assessment areas, they received consideration because the bank has been responsive to the community development needs of its assessment areas. Further details regarding community development loans are provided in the discussion of performance in each assessment area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Cedar Rapids	8	12,667	10	16,292	5	4,458	7	2,452	30	35,869
Des Moines-Ames	16	2,996	43	66,532	13	85,207	14	16,686	86	171,421
Phoenix	0	0	0	0	3	46,600	2	6,350	5	52,950
Broader Regional-Statewide	0	0	0	0	2	3,700	0	0	2	3,700
Total	24	15,663	53	82,824	23	139,965	23	25,488	123	263,940
<i>Source: Bank Records</i>										

Community Development Lending by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016 (partial)	9	1,401	9	12,651	1	50	4	481	23	14,583
2017	6	9,072	16	27,470	12	61,381	7	5,925	41	103,848
2018	9	5,190	20	26,853	7	74,610	10	12,582	46	119,235
2019 Year-to-Date	0	0	8	15,850	3	3,924	2	6,500	13	26,274
Total	24	15,663	53	82,824	23	139,965	23	25,488	123	263,940

Source: Bank Records

INVESTMENT TEST

BTC demonstrated outstanding performance under the Investment Test. Conclusions regarding the bank’s overall investment performance are consistent primarily with the conclusions for the State of Iowa rated area; the more heavily weighted area.

Investment Activity

The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, BTC received credit for \$27 million of qualified investment and grant activity. Investment activity has increased significantly compared to the prior evaluation when the bank received credit for \$17 million in investment and grant activity. New investments since the prior evaluation include funding affordable housing, SBA lending, and mortgage-backed securities. The bank also maintains \$7 million in prior period qualified investments.

BTC’s qualified investments represented 5.1 percent of the bank’s total securities and .6 percent of total assets, as of June 30, 2019. BTC’s ratios are below the ratios of the two other large institutions, whose qualified investments to total securities and qualified investments to total assets ratios ranged from 11.2 percent to 12.3 percent and from 1.2 percent to 2.2 percent, respectively. However, BTC’s ratios have increased since the prior evaluation when qualified investments and donations represented 3.8 percent of total securities and .4 percent of total assets, as of March 31, 2016.

The following tables detail the bank’s qualified investments by assessment area and by activity year. The majority of investment activity benefitted the Des Moines-Ames Assessment Area. In addition, one qualified investment totaling \$1 million was made to an entity that serves a broader regional or statewide area that includes the bank’s assessment areas. Although this investment did not directly benefit the assessment areas, it received consideration because the bank has been responsive to the community development needs of its assessment areas. Further details regarding qualified investments are provided in the discussion of performance in each assessment area.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Cedar Rapids	12	2,078	56	125	12	89	10	1,523	90	3,815
Des Moines-Ames	50	14,252	137	873	20	210	13	961	220	16,296
Phoenix	11	3,770	16	97	1	2,100	0	0	28	5,967
Broader Regional-Statewide	1	1,000	0	0	0	0	0	0	1	1,000
Total	74	21,100	209	1,095	33	2,399	23	2,484	339	27,078

Source: Bank Records

Qualified Investments by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	18	5,612	0	0	0	0	3	1,499	21	7,111
2016 (partial)	0	0	0	0	0	0	0	0	0	0
2017	8	5,078	0	0	0	0	0	0	8	5,078
2018	2	3,077	0	0	1	2,100	0	0	3	5,177
Year-to-Date 2019	5	7,058	0	0	0	0	1	900	6	7,958
Subtotal	33	20,825	0	0	1	2,100	4	2,399	38	25,324
Qualified Grants & Donations	41	275	209	1,095	32	299	19	85	301	1,754
Total	74	21,100	209	1,095	33	2,399	23	2,484	339	27,078

Source: Bank Records

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and community economic development needs. This is evidenced by the bank's investments in affordable housing initiatives, which is a primary need throughout the assessment areas.

Innovativeness or Complexity of Qualified Investments

BTC makes significant use of innovative and/or complex investments to support community development initiatives. For example, the bank participates in the purchase of multiple workforce housing tax credit certificates and new market tax credits, which helps to attract and retain residents in areas targeted by the local government.

SERVICE TEST

BTC demonstrated outstanding performance under the Service Test. Conclusions regarding the bank's overall service performance are consistent with the conclusions for the State of Iowa; the more heavily weighted area.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of the assessment areas. BTC operates 27 offices (17 full-service and ten limited-service) and 30 ATMs throughout its assessment areas. Four of the bank's offices and two of the 30 ATMs are located in moderate-income census tracts. The bank's branching network offers a variety of retail services, and customers are able to conduct business at any of these locations. BTC also provides customers with access to a network of surcharge-free ATMs. This additional benefit was added during the evaluation period and improves the accessibility of delivery systems.

In addition to its physical branches and ATMs, the bank offers electronic delivery systems including mobile (application and text messaging) and internet banking. BTC's website has general information on the bank's products and services, and provides customers access to online banking services, including accessing account information, making transfers, and making loan and bill payments. Since the prior evaluation, the bank developed an education center as an extension of its website. The education center provides consumers with helpful information regarding personal finances, homeownership, saving for retirement, as well as other financial matters. The education center website serves as a valuable resource for customers, and further demonstrates the bank's dedication to helping its customers.

Changes in Branch Locations

During this evaluation period, the bank's record of opening and closing branches has not adversely affected accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Specific details regarding changes in branch locations are provided in the discussion of performance in each assessment area.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment areas, including low- and moderate-income areas. Branch hours and services are considered convenient and comparable to other local financial institutions. Bank branches offer extended drive-up hours, and several locations are open on Saturdays. BTC offers a wide variety of deposit, loan, and investment products, as well as other services, at all full-service office locations. These services meet the needs of the bank's various market areas.

Community Development Services

BTC is a leader in providing community development services. All of the organizations involved provide services that meet the definition of community development under the CRA, and all of the services provided by bank staff relate to the provision of financial services as required by the regulation for consideration under the CRA. Since the previous evaluation, the largest portion of qualified community development services involve community services targeted to low- and moderate-income individuals. The vast majority of qualifying community development services involves various bank officers and employees using their financial expertise in key positions (e.g., board members or finance committee members).

The bank received consideration for 257 community development services totaling approximately 7,000 hours, indicating the bank's strong commitment to helping the communities in which it serves. At the previous evaluation, the bank received consideration for 200

community development services. BTC’s community development services compares to two other large institutions, which reported providing technical or financial services between 137 and 342 times during recent evaluation periods.

The following tables detail the bank’s qualified community development services by assessment area and activity year. A majority of the community development services were provided in the Des Moines-Ames Assessment Area. Further details regarding qualified community development services are provided in the discussion of performance in each assessment area.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Cedar Rapids	4	24	14	0	42
Des Moines-Ames	19	124	47	6	196
Phoenix	6	13	0	0	19
Total	29	161	61	6	257
<i>Source: Bank Records</i>					

Community Development Services by Activity Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2016 (partial)	7	40	15	1	63
2017	9	46	19	2	76
2018	9	43	16	2	70
Year-to-Date 2019	4	32	11	1	48
Total	29	161	61	6	257
<i>Source: Bank Records</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation.

STATE OF IOWA

CRA RATING FOR IOWA: OUTSTANDING

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

SCOPE OF EVALUATION IN IOWA

Examiners evaluated the bank's CRA performance for the State of Iowa through full-scope reviews of the Des Moines-Ames Assessment Area and the Cedar Rapids Assessment Area. Overall conclusions were greatly influenced by the performance within this state since most of the bank's activities occur within the State of Iowa. In addition, significantly greater weight is given to overall conclusions derived from the Des Moines-Ames Assessment Area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

BTC has delineated two assessment areas in Iowa. The Des Moines-Ames Assessment Area includes all of Polk County, which is part of the Des Moines-West Des Moines, Iowa MSA, and all of Story County, which is part of the Ames, Iowa MSA. The Cedar Rapids Assessment Area is comprised of the entirety of Linn County, Iowa, which is part of the Cedar Rapids, Iowa MSA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA

Performance in the State of Iowa regarding the Lending, Investment, and Service Tests is consistent with the overall performance of the bank. Further, performance in both assessment areas is consistent within the state.

LENDING TEST

BTC demonstrated high satisfactory performance under the Lending Test in the State of Iowa. The bank's cumulative lending performance in both assessment areas supports this conclusion. Specifically, lending levels reflect excellent responsiveness to the assessment areas' credit needs, particularly in the Des Moines-Ames Assessment Area. The geographic distribution of loans reflects good penetration throughout the assessment areas, and the distribution of borrowers reflects adequate penetration among businesses of different sizes and retail customers of different income levels in both Iowa assessment areas. BTC is a leader in making community development loans in Iowa, and makes extensive use of innovative and/or flexible lending practices, as previously described in the Overall Conclusions section. Additional details and conclusions are presented in the sections that follow.

INVESTMENT TEST

BTC demonstrated outstanding performance under the Investment Test in the State of Iowa. The level of qualified investments and donations in both assessment areas primarily supports this

conclusion. Specifically, BTC has an excellent level of qualified community development investments and grants within the Iowa assessment areas, reflecting excellent responsiveness to community needs. Further, the bank makes significant use of innovative or complex investments to support community development initiatives. Additional details and conclusions are presented in the sections that follow.

SERVICE TEST

BTC demonstrated outstanding performance under the Service Test in the State of Iowa. The level of community development services and accessibility of delivery systems in both assessment areas primarily supports this conclusion. Specifically, BTC continues to be a leader in providing community development services in the Iowa assessment areas. Retail banking services are readily accessible through a total of 14 full-service and nine limited-service banking locations in the State of Iowa, as well as through alternative delivery methods previously described in the Overall Conclusions section. The changes in branch locations in the two Iowa assessment areas have not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Additional details and conclusions are presented in the sections that follow.

DES MOINES-AMES COMBINED AREA

(Full-Scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DES MOINES-AMES ASSESSMENT AREA

The Des Moines-Ames Assessment Area consists of all census tracts in Polk and Story counties in Iowa. Both counties comprise a portion of the Des Moines-Ames-West Des Moines Combined Statistical Area. Bank management made no boundary changes to this assessment area since the previous evaluation. In addition to its main office, the bank operates 11 full-service and eight limited-service branches in this assessment area.

Economic and Demographic Data

The Des Moines-Ames Assessment Area is comprised of 12 low-income, 27 moderate-income, 53 middle-income, 24 upper-income, and two census tracts with no income designation, based on 2015 ACS data. Some of the census tracts had changes in income designations since the 2010 U.S. Census data when there were ten low-income, 30 moderate-income, 51 middle-income, 25 upper-income, and two census tracts with no income designation. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information: Des Moines-Ames Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	118	10.2	22.9	44.9	20.3	1.7
Population by Geography	545,955	7.9	19.0	45.1	27.0	1.0
Housing Units by Geography	227,008	7.3	19.2	47.9	25.6	0.0
Owner-Occupied Units by Geography	138,832	4.1	17.6	47.3	31.0	0.0
Occupied Rental Units by Geography	74,118	12.6	21.2	48.8	17.4	0.0
Vacant Units by Geography	14,058	12.1	24.3	49.3	14.3	0.0
Businesses by Geography	40,889	5.7	12.4	53.1	28.4	0.4
Family Distribution by Income Level	133,212	21.5	17.8	21.9	38.8	0.0
Household Distribution by Income Level	212,950	25.0	16.0	19.0	40.0	0.0
Median Family Income - Ames, Iowa MSA		\$77,539	Median Housing Value			\$160,373
Median Family Income - Des Moines-West Des Moines, Iowa MSA		\$76,385	Median Gross Rent			\$806
			Families Below Poverty Level			8.8%
<i>Source: 2015 ACS Data and 2018 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2017 and 2018 FFIEC-updated median family income figures for the assessment area are used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Ames, Iowa MSA Median Family Income				
2017 (\$80,000)	<\$40,000	\$40,000 to <\$64,000	\$64,000 to <\$96,000	≥\$96,000
2018 (\$79,800)	<\$39,900	\$39,900 to <\$63,840	\$63,840 to <\$95,760	≥\$95,760
Des Moines-West Des Moines, Iowa MSA Median Family Income				
2017 (\$82,200)	<\$41,100	\$41,100 to <\$65,760	\$65,760 to <\$98,640	≥\$98,640
2018 (\$79,600)	<\$39,800	\$39,800 to <\$63,680	\$63,680 to <\$95,520	≥\$95,520
<i>Source: FFIEC</i>				

Service industries represent the largest portion of all businesses in the Des Moines-Ames Assessment Area at 44.7 percent; followed by retail trade at 11.7 percent; and finance, insurance, and real estate at 10.7 percent. In addition, 67.6 percent of all area businesses have four or fewer employees, and 86.8 percent operate from a single location. Major employers in the area include Iowa State University, Wells Fargo, UnityPoint Health, and Principal Financial Group. The following table shows the unemployment trends in the assessment area over a 12-month period.

Unemployment Rates			
Area	July 2018 (%)	July 2019 (%)	12-Month Net Change (%)
State of Iowa	2.4	2.7	0.3
Polk County	2.4	2.7	0.3
Story County	1.8	2.2	0.4
<i>Source: U.S. Bureau of Labor and Statistics</i>			

Competition

The Des Moines-Ames Assessment Area is highly competitive in the financial services market. According to the June 30, 2019, FDIC Deposit Market Share data, there were 46 financial institutions operating 178 branches within the assessment area. Of these institutions, BTC ranked 1st in the market, with a deposit market share of 15.8 percent. In addition, aggregate data for 2017 reveals that 90 institutions reported 9,323 small business loans, and 339 institutions reported 22,514 home mortgage loans in this assessment area.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative from a local government agency familiar with recent economic activity, perspectives on local businesses, and credit needs of the assessment area. The contact stated that the local economy is doing well, and the area is generally at full employment. In fact, the area is in need of construction staff to assist with all the development projects. The contact indicated that there is significant competition locally, with multiple financial institutions bidding on larger construction projects. In addition, many new banks have entered the market over the last several years due to the strong economic growth of the area. The contact mentioned that there are some older commercial areas in need of funding for renovation. Other credit needs include small business lending and micro-lending. Some start-up businesses have difficulty obtaining financing due to a lack of credit history.

The local housing stock continues to appreciate, and housing costs have increased over the last few years. There is a large growth in multifamily housing, particularly in downtown Des Moines. The contact stated there is an ongoing need for affordable housing in the area, especially with the increasing rental and housing costs. Overall, the contact thought local financial institutions are generally meeting community credit needs of the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans are primary credit needs in the assessment area. Small business loans, including microloans, were mentioned as lending needs. As indicated by the community contact, primary community development needs include funding for revitalization and stabilization of certain areas and additional affordable housing stock.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DES MOINES-AMES ASSESSMENT AREA

LENDING TEST

BTC demonstrated high satisfactory performance under the Lending Test in the Des Moines-Ames Assessment Area. Cumulative Geographic Distribution, Borrower Profile, and Community Development Lending performance primarily supports this conclusion.

Lending Activity

BTC's lending activity performance in the Des Moines-Ames Assessment Area reflects excellent responsiveness to area credit needs. In 2017, BTC reported 227 small business loans totaling \$56 million and 805 home mortgage loans totaling \$166 million. An analysis of the most recent year of available aggregate data shows that BTC ranks 13th out of 90 reporting lenders for small business loan originations and 5th out of 339 lenders for home mortgage loan originations in the assessment area (by number of loan originations). Examiners also noted that four of the top ten small business lenders in the assessment area were major credit card lenders, which slightly skews the data. By dollar volume, BTC ranks 2nd for small business lending, and holds a 12.1 percent market share. Further, the average loan size for the credit card lenders were \$13,000 or less; whereas BTC's average loan size was \$246,000. BTC does not report business credit card lending; therefore, this data is not reflected in the aggregate data. During the evaluation period, BTC opened approximately 865 business credit cards in the Des Moines-Ames Assessment Area, which further demonstrates the bank's commitment to meeting assessment area credit needs.

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the Des Moines-Ames Assessment Area, including low- and moderate-income census tracts. BTC's good performance of small business and home mortgage lending supports this conclusion.

Small Business Loans

The geographic distribution of small business lending reflects good penetration throughout the assessment area. The following table displays the geographic distribution of small business loans by tract income level. Lending performance in low-income tracts slightly exceeds both demographic and aggregate lending data in 2017, and increased in 2018. The lending performance in 2017 in moderate-income census tracts is comparable to aggregate lending data. Overall, the bank's lending reflects good performance.

Geographic Distribution of Small Business Loans Des Moines-Ames Assessment Area							
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%	
Low							
2017	5.7	5.1	14	6.2	5,358	9.6	
2018	5.7	--	18	10.7	6,537	13.6	
Moderate							
2017	12.7	11.5	23	10.1	5,008	9.0	
2018	12.4	--	14	8.3	3,968	8.2	
Middle							
2017	53.0	53.0	133	58.6	36,029	64.6	
2018	53.1	--	90	53.3	26,156	54.2	
Upper							
2017	28.2	30.3	57	25.1	9,342	16.8	
2018	28.4	--	47	27.8	11,567	24.0	
Not Available							
2017	0.4	0.1	0	0.0	0	0.0	
2018	0.4	--	0	0.0	0	0.0	
Totals							
2017	100.0	100.0	227	100.0	55,737	100.0	
2018	100.0	--	169	100.0	48,228	100.0	
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>							

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. The following table shows the geographic distribution of home mortgage loans by tract income level. Lending in low-income census tracts is slightly below aggregate lending; however, the bank's 2018 lending increased from 2017. Lending in moderate-income tracts is below aggregate lending, but 2018 lending shows a slight increase from 2017. Further, the bank's lending in moderate-income tracts was only 6.9 percent in 2016, which greatly improved in 2017. Collectively, home mortgage lending reflects good penetration throughout the assessment area.

Geographic Distribution of Home Mortgage Loans Des Moines-Ames Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	4.1	2.8	14	1.7	1,558	0.9
2018	4.1	--	22	2.6	2,579	1.4
Moderate						
2017	17.6	15.7	89	11.1	9,459	5.7
2018	17.6	--	97	11.6	11,175	6.2
Middle						
2017	47.3	47.0	327	40.6	62,907	37.9
2018	47.3	--	343	41.1	79,086	44.2
Upper						
2017	31.0	34.6	375	46.6	92,071	55.5
2018	31.0	--	373	44.7	86,226	48.2
Totals						
2017	100.0	100.0	805	100.0	165,995	100.0
2018	100.0	--	835	100.0	179,066	100.0
<i>Source: 2015 ACS Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 HMDA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different sizes and retail customers of different income levels. The bank's adequate performance of small business lending primarily supports this conclusion. As previously mentioned, small business lending received slightly greater weight than home mortgage lending when drawing overall conclusions.

Small Business Loans

The distribution of small business loans represents adequate penetration among businesses of different revenue sizes in the assessment area. The following table reflects the distribution of the bank's small business loans based on the gross annual revenue of the business. BTC's lending to businesses with gross annual revenues of \$1 million or less is significantly below aggregate lending in 2017; however, the bank's performance increased by nearly ten percent in 2018. Further, BTC opened approximately 372 business credit cards in 2017 and 278 business credit card in 2018, which is not reflected in the table. In addition, major credit card lenders bring significant competition to the market for small business lending.

Distribution of Small Business Loans by Gross Annual Revenue Category Des Moines-Ames Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	81.4	46.7	82	36.1	12,016	21.6
2018	81.3	--	77	45.6	12,712	26.4
>1,000,000						
2017	6.6	53.3	113	49.8	39,406	70.7
2018	6.5	--	76	45.0	33,211	68.9
Revenue Not Available						
2017	12.0	0.0	32	14.1	4,315	7.7
2018	12.2	--	16	9.5	2,305	4.8
Totals						
2017	100.0	100.0	227	100.0	55,737	100.0
2018	100.0	--	169	100.0	48,228	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. The following table shows the distribution of home mortgage loans by borrower income level. The lending percentage to low-income borrowers compares favorably to aggregate lending data, and lending to moderate-income borrowers is reasonable in comparison to aggregate lending data. Overall, the distribution of home mortgage loans reflects good penetration among individuals of different income levels in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level Des Moines-Ames Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	21.5	11.0	94	11.7	10,176	6.1
2018	21.5	--	79	9.5	7,026	3.9
Moderate						
2017	17.8	22.3	170	21.1	25,865	15.6
2018	17.8	--	126	15.1	16,684	9.3
Middle						
2017	21.9	22.4	180	22.4	33,636	20.3
2018	21.9	--	157	18.8	25,140	14.0
Upper						
2017	38.8	27.8	348	43.2	89,984	54.2
2018	38.8	--	436	52.2	104,860	58.6
Not Available						
2017	0.0	16.5	13	1.6	6,334	3.8
2018	0.0	--	37	4.4	25,357	14.2
Totals						
2017	100.0	100.0	805	100.0	165,995	100.0
2018	100.0	--	835	100.0	179,066	100.0
<i>Source: 2015 ACS Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 HMDA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Community Development Lending

BTC is a leader in making community development loans in the Des Moines-Ames Assessment Area. Specifically, BTC originated or renewed 86 loans totaling \$171 million during the evaluation period that benefited this assessment area. A significant portion of this lending was provided to support economic development by financing small businesses and community service initiatives benefiting low- and moderate-income individuals. The following are examples of community development loans in the assessment area.

- In 2019, the bank originated a \$3 million working capital loan to a nonprofit organization that provides medical services to low- and moderate-income individuals.
- In 2018, the bank provided \$9 million in funding to help construct a business in a moderate-income census tract, which helps revitalize the area by attracting businesses.
- In 2017, the bank provided an \$8 million loan for a business inside an urban renewal area, helping to support job creation for low- and moderate-income individuals.
- In 2016, the bank originated a \$500,000 loan to help support construction of affordable housing in the assessment area.

INVESTMENT TEST

BTC demonstrated outstanding performance under the Investment Test in the Des Moines-Ames Assessment Area. Performance under Investment Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion.

Investment Activity

BTC has an excellent level of qualified community development investments and grants in the Des Moines-Ames Assessment Area. Management promoted community development through investments and donations that primarily promoted affordable housing and revitalized or stabilized low- and moderate-income areas. During the evaluation period, the bank received consideration for 220 prior period and current period investments totaling \$16 million in the assessment area. This amount includes 197 donations totaling over \$1 million to organizations that support community development in the assessment area. The following are examples of investments specific to this assessment area during the review period.

- In 2019, the bank invested nearly \$5 million in an organization that provides affordable housing to low- and moderate-income individuals.
- In 2019, the bank invested nearly \$1 million into a housing project in a moderate-income census tract, which will help attract new residents to the area.
- During the evaluation period, the bank provided \$90,000 in grants to a non-profit organization, which makes microloans to new and emerging businesses.
- The bank continued several investments totaling over \$2 million that served to provide affordable housing in the assessment area using tax credits.

Responsiveness to Credit and Community Development Needs

BTC exhibits excellent responsiveness to credit and community economic development needs throughout the Des Moines-Ames Assessment Area. This is evidenced by BTC's investments in affordable housing and revitalization efforts in low- and moderate-income geographies, which are stated needs in the community.

Community Development Initiatives

BTC makes significant use of innovative and/or complex investments to support community development initiatives.

SERVICE TEST

BTC demonstrated outstanding performance under the Service Test in the Des Moines-Ames Assessment Area. Performance under Community Development Services and Accessibility of Delivery Systems primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of this assessment area. Specifically, BTC operates 12 full-service and eight limited-service offices as well as 27 ATM's in the Des Moines-Ames Assessment area. Four of these offices and two ATM's are located in moderate-income census tracts. Alternative delivery methods that improve accessibility to

banking services for low- and moderate-income individuals and/or geographies includes access to a nationwide network of surcharge-free ATMs, as well as other retail banking services as previously described in the Overall Conclusions section.

Changes in Branch Locations

The relocation of the Ankeny branch has not adversely affected the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The new Ankeny branch is located in an upper-income census tract. The branch that closed was in a middle-income census tract, approximately a mile and a half south of the new location. This change did not adversely impact low- or moderate-income geographies.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, as previously described in the Overall Conclusions section.

Community Development Services

BTC is a leader in providing community development services in the Des Moines-Ames Assessment Area, with 196 qualifying services. A majority of this activity was related to community services targeted to low- and moderate-income individuals. The following are specific examples of some of these services.

- Numerous bank employees participate in the bank's Read to Save Program. This program focuses on financial literacy for elementary school students. The vast majority of the elementary school students are considered low- or moderate-income.
- Multiple bank employees served as Board and/or committee members for an organization that provides housing for low-income individuals. In addition, a bank officer provided guidance on mortgage loan compliance for the organization.
- A bank executive serves on the Board of Directors for an organization that helps facilitate homeownership and revitalization programs for low- and moderate-income individuals.
- A bank officer serves on the Board of Directors for an organization that provides technical assistance and loans to small businesses and start-up businesses, promoting economic development.

CEDAR RAPIDS METROPOLITAN AREA

(Full-Scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CEDAR RAPIDS ASSESSMENT AREA

The Cedar Rapids Assessment Area consists of all census tracts in Linn County, Iowa. There have been no boundary changes since the previous evaluation. The bank operates two full-service branches and one limited-service branch in this assessment area.

Economic and Demographic Data

The Cedar Rapids Assessment Area is comprised of two low-income, 11 moderate-income, 25 middle-income, six upper-income, and one census tract with no income designation, based on 2015 ACS data. The 2010 U.S. Census data showed there were one low-, ten moderate-, 24 middle-, and ten upper-income census tracts. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information: Cedar Rapids Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	45	4.4	24.5	55.6	13.3	2.2
Population by Geography	216,640	1.8	19.8	59.0	18.0	1.4
Housing Units by Geography	94,058	1.9	21.4	60.4	15.2	1.1
Owner-Occupied Units by Geography	64,274	0.9	17.6	61.5	19.8	0.2
Occupied Rental Units by Geography	23,044	4.0	31.1	56.9	4.9	3.1
Vacant Units by Geography	6,740	3.8	24.8	62.8	6.2	2.4
Businesses by Geography	14,321	4.3	16.4	54.3	19.4	5.6
Family Distribution by Income Level	54,653	18.6	17.7	23.8	39.9	0.0
Household Distribution by Income Level	87,318	23.4	16.3	18.6	41.7	0.0
Median Family Income - Cedar Rapids, Iowa MSA		\$75,812	Median Housing Value			\$149,515
Families Below Poverty Level		6.3%	Median Gross Rent			\$676
<i>Source: 2015 ACS Data and 2018 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2017 and 2018 FFIEC-updated median family income figures for the Cedar Rapids, Iowa MSA were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$78,300)	<\$39,150	\$39,150 to <\$62,640	\$62,640 to <\$93,960	≥\$93,960
2018 (\$80,800)	<\$40,400	\$40,400 to <\$64,640	\$64,640 to <\$96,960	≥\$96,960
<i>Source: FFIEC</i>				

Service industries represent the largest portion of all businesses in the Cedar Rapids Assessment Area at 42.6 percent; followed by retail trade at 13.1 percent; and finance, insurance, and real estate at 9.9 percent. In addition, 66.4 percent of all area businesses have four or fewer employees, and 86.3 percent operate from a single location. The area's largest employers are Rockwell Collins Inc., TransAmerica, and St. Luke's Hospital.

As previously mentioned, the unemployment rate for the State of Iowa was 2.7 percent as of July 2019. The unemployment rate for Linn County was 2.9 percent as of July 2019, which represents an increase of 0.3 percent over a 12-month period. Both the statewide and county unemployment rates show an increasing trend over the past 12 months.

Competition

The Cedar Rapids Assessment Area is moderately competitive in the financial services market. According to the June 30, 2019, FDIC Deposit Market Share data, there were 26 financial institutions operating 74 branches within the assessment area. Of these institutions, BTC ranked 6th in the market, with a deposit market share of 5.6 percent. In addition, aggregate data for 2017 reveals that 59 institutions reported 2,785 small business loans, and 209 institutions reported 10,037 home mortgage loans in this assessment area.

Community Contact

Examiners referenced a recent community contact interview that was conducted with a representative from an economic development organization. The contact stated that the local economy is stable, as there is economic growth and unemployment is low. The commercial development and industrial sectors are growing. However, due to low unemployment, there is a need for workers to fill the growing industry job needs. Further, pay and wages are not increasing at the rate of inflation, and people with lower-paying jobs are struggling. The contact stated that the housing market is strong and could not identify any blighted areas of town; however, the community is in need of more affordable housing. The contact indicated that there is healthy competition among financial institutions in the area, and stated that there are numerous community development opportunities for financial institutions in the area. Overall, the contact believed that all local financial institutions are willing to meet the credit and community development needs of the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, competition indicators, and demographic and economic data, examiners determined that small business and home mortgage loans represent primary credit needs in the Cedar Rapids Assessment Area. Community development needs include affordable housing, workforce development, revitalize or stabilize low- and moderate-income geographies, and community services to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CEDAR RAPIDS ASSESSMENT AREA

LENDING TEST

BTC demonstrated high satisfactory performance under the Lending Test in the Cedar Rapids Assessment Area. Cumulative Geographic Distribution, Borrower Profile, and Community Development Lending performance primarily supports this conclusion.

Lending Activity

Lending activity performance in the Cedar Rapids Assessment Area reflects good responsiveness to area credit needs. In 2017, BTC reported 117 small business loans totaling \$36 million and 212 home mortgage loans totaling \$74 million in the assessment area. An analysis of the most recent year of available aggregate data shows that BTC ranks 9th out of 59 reporting lenders for small business loan originations and 10th out of 209 lenders for home mortgage originations in the assessment area (by number of loans). In addition, BTC opened approximately 171 business

credit cards in this assessment area during the evaluation period.

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the Cedar Rapids Assessment Area. This conclusion is primarily supported by good small business lending penetration in low- and moderate-income geographies. As previously mentioned, small business lending received slightly greater weight than home mortgage lending when drawing overall conclusions.

Small Business Loans

The geographic distribution of small business lending reflects good penetration throughout the assessment area. The following table displays the geographic distribution of small business loans by tract income level. Lending in low-income census tracts significantly exceeds the aggregate lending data in 2017, and lending performance remained stable in 2018. Lending in moderate-income census tracts mirrors aggregate lending data and exceeds demographic data in 2017, but decreased in 2018. Collectively, small business lending reflects good penetration throughout the assessment area.

Geographic Distribution of Small Business Loans Cedar Rapids Assessment Area							
Tract Income Level		% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2017	4.1	5.1	16	13.7	5,032	13.9
	2018	4.3	--	12	13.6	3,226	11.5
Moderate							
	2017	16.4	17.9	21	17.9	4,658	12.9
	2018	16.4	--	13	14.8	2,179	7.8
Middle							
	2017	54.7	50.7	42	35.9	13,232	36.5
	2018	54.3	--	32	36.4	12,564	44.8
Upper							
	2017	19.0	21.2	28	23.9	10,223	28.2
	2018	19.4	--	20	22.7	6,060	21.6
Not Available							
	2017	5.8	5.1	10	8.5	3,099	8.6
	2018	5.6	--	11	12.5	4,033	14.4
Totals							
	2017	100.0	100.0	117	100.0	36,244	100.0
	2018	100.0	--	88	100.0	28,062	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>							

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects adequate penetration throughout the assessment area. The following table shows the geographic distribution of the home mortgage loans reviewed by tract income level. Lending in low-income census tracts slightly exceeds aggregate data in 2017, but decreased the following year. In 2018, the bank's performance in low-income census tracts is comparable to demographic data for the area. The bank's lending performance in moderate-income geographies is below aggregate and demographic data in 2017; however, some improvement was noted in 2018. Overall, this performance is adequate.

Geographic Distribution of Home Mortgage Loans Cedar Rapids Assessment Area							
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%	
Low							
2017	0.9	1.8	6	2.8	1,575	2.1	
2018	0.9	--	2	0.7	208	0.4	
Moderate							
2017	17.6	18.2	27	12.7	6,094	8.2	
2018	17.6	--	38	14.0	3,158	6.5	
Middle							
2017	61.5	57.6	107	50.5	51,954	70.0	
2018	61.5	--	141	51.8	28,474	58.3	
Upper							
2017	19.8	22.2	72	34.0	14,633	19.7	
2018	19.8	--	91	33.5	17,010	34.8	
Not Available							
2017	0.2	0.2	0	0.0	0	0.0	
2018	0.2	--	0	0.0	0	0.0	
Totals							
2017	100.0	100.0	212	100.0	74,256	100.0	
2018	100.0	--	272	100.0	48,850	100.0	

*Source: 2015 ACS Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 HMDA Aggregate Data. "--" data not available
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different revenue sizes and retail customers of different income levels in the assessment area. The bank's adequate performance of small business lending, which received slightly great weight, primarily supports this conclusion.

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different revenue sizes in the assessment area. The following table shows the distribution of small business loans based on gross annual revenue. Lending to businesses with gross annual

revenues of \$1 million or less is significantly lower than aggregate lending performance. However, this activity does not include the bank’s business credit card lending. BTC opened 56 business credit cards in 2017 and 86 business credit cards in 2018. In addition, four of the top ten small business lenders in the assessment area are major credit card banks. The average small business loan size for the credit card lenders was \$12,000 or less. Considering competition within the assessment area, the bank’s performance is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category Cedar Rapids Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	80.2	49.6	42	35.9	9,479	26.2
2018	80.0	--	32	36.4	5,020	17.9
>1,000,000						
2017	7.5	50.4	71	60.7	26,140	72.1
2018	7.3	--	53	60.2	22,261	79.3
Revenue Not Available						
2017	12.3	0.0	4	3.4	625	1.7
2018	12.7	--	3	3.4	781	2.8
Totals						
2017	100.0	100.0	117	100.0	36,244	100.0
2018	100.0	--	88	100.0	28,062	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The distribution of home mortgage lending in the assessment area reflects poor penetration among retail customers of different income levels. The following table shows the distribution of home mortgage loans by borrower income level. The lending percentage to low- and moderate-income borrowers is below aggregate performance and demographic data for 2017. Further, lending performance to low-income borrowers decreased in 2018, but remained stable to moderate-income borrowers. Examiners also noted that the bank’s lending to upper-income borrowers was more than double the aggregate lending percentage. Overall, this reflects poor performance.

Distribution of Home Mortgage Loans by Borrower Income Level Cedar Rapids Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	18.6	13.7	13	6.1	1,108	1.5
2018	18.6	--	13	4.8	1,391	2.8
Moderate						
2017	17.7	20.2	26	12.3	3,011	4.1
2018	17.7	--	34	12.5	3,142	6.4
Middle						
2017	23.8	20.5	38	17.9	5,067	6.8
2018	23.8	--	43	15.8	5,715	11.7
Upper						
2017	39.9	24.7	125	59.0	28,316	38.1
2018	39.9	--	172	63.2	30,600	62.6
Not Available						
2017	0.0	20.8	10	4.7	36,754	49.5
2018	0.0	--	10	3.7	8,002	16.4
Totals						
2017	100.0	100.0	212	100.0	74,256	100.0
2018	100.0	--	272	100.0	48,850	100.0
<i>Source: 2015 ACS Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 HMDA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Community Development Lending

BTC is a leader in making community development loans in the Cedar Rapids Assessment Area. Specifically, the bank originated or renewed 30 loans totaling \$36 million during the evaluation period that benefited this assessment area. Majority of these loans served to provide affordable housing or community services targeted to low- and moderate-income individuals. The following are notable examples of community development lending in the Cedar Rapids Assessment Area.

- In 2019, the bank extended a \$3 million loan to an organization that provides counselling services for underserved children in the assessment area.
- In 2018, the bank originated a \$1 million loan to a business to renovate vacant buildings in a low-income census tract, which will ultimately help attract new businesses to the area.
- In 2017, the bank funded a loan of nearly \$1 million to an organization that purchases and rehabilitates houses to provide affordable housing options for low- and moderate-income individuals.
- In 2016, the bank provided a loan exceeding \$1 million to an organization that focuses on providing medical services to low-income and underserved populations in the assessment area.

INVESTMENT TEST

BTC demonstrated outstanding performance under the Investment Test in the Cedar Rapids Assessment Area. Performance under Investment Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion.

Investment Activity

BTC has an excellent level of qualified community development investments and grants in the Cedar Rapids Assessment Area considering the bank's resources and business strategies, area competition, and available opportunities. Management promoted community development through investments and donations that primarily revitalized or stabilized low- and moderate-income areas and promoted affordable housing. During the evaluation period, the bank received consideration for 90 prior period and current period investments totaling \$4 million in the assessment area. This amount includes 75 donations totaling over \$200,000 to organizations that support community development in the assessment area. The following are notable examples of investment activity specific to this assessment area during the review period.

- In 2019, the bank invested \$1 million in a project to construct affordable housing in the assessment area, which is a primary community development need.
- In 2017, the bank invested \$356,000 through workforce housing tax credits, which helps to support affordable housing initiatives within the assessment area.
- The bank continued an investment with a current value exceeding \$1 million that served to revitalize and stabilize low- and moderate-income census tracts through urban renewal bonds. This investment helps to attract and retain businesses and residents in the targeted area.

Responsiveness to Credit and Community Development Needs

BTC exhibits excellent responsiveness to credit and community economic development needs. This is evidenced by the bank's investments in affordable housing in the Cedar Rapids Assessment Area.

Community Development Initiatives

BTC makes significant use innovative and/or complex investments to support community development initiatives.

SERVICE TEST

BTC demonstrated outstanding performance under the Service Test in the Cedar Rapids Assessment Area. Performance under Community Development Services and Accessibility of Delivery Systems primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of this assessment area. Specifically, BTC operates two full-service branches, one limited-service branch, and two ATM's in the Cedar Rapids Assessment area. None of these are located in low- or moderate-income census tracts. However, since the previous evaluation, the tract income designation

changed for one of the full-service branches, along with its mobile limited-service branch, based on 2015 ACS data. The geography was reclassified from a low-income tract to a tract with no income designation. Alternative delivery methods that improve accessibility to banking services for low- and moderate-income individuals and/or geographies includes access to a nationwide network of surcharge-free ATMs, as well as other retail banking services as previously described in the Overall Conclusions section.

Changes in Branch Locations

The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the previous evaluation, a full-service and mobile branch in Cedar Rapids, Iowa relocated within the same geography. There was no adverse impact as a result of this change.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, as previously described in the Overall Conclusions section.

Community Development Services

BTC is a leader in providing community development services in the Cedar Rapids Assessment Area, with 42 qualifying services. A majority of this activity was related to community services targeted to low- and moderate-income individuals. Examples of the types of community development services provided by the bank in this assessment area are included below.

- By serving on the Board of Directors, an employee provides financial expertise to a local organization that serves as an incubator for small businesses. This organization focuses specifically on revitalizing a moderate-income neighborhood within the assessment area.
- A bank employee provided free tax assistance services by preparing tax returns for low- and moderate-income individuals and families.
- Several bank employees serve as board and/or committee members for an organization that promotes education and character development targeted to low- and moderate-income youth.
- Multiple employees provided financial literacy training for students at two local schools, where the vast majority of the students are considered low- or moderate-income.

STATE OF ARIZONA

CRA RATING FOR ARIZONA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION IN ARIZONA

Examiners evaluated the bank's CRA performance for the State of Arizona through a full-scope review of its sole assessment area in the state.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ARIZONA

BTC has designated one assessment area in the State of Arizona. The Phoenix Assessment Area includes Maricopa County, Arizona, which is part of the Phoenix-Mesa-Scottsdale, Arizona MSA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ARIZONA

Performance in the State of Arizona regarding the Lending, Investment, and Service Tests is generally consistent with the overall performance of the bank.

LENDING TEST

BTC exhibited high satisfactory performance in Arizona with respect to the Lending Test, as evidenced by the conclusions presented for the Phoenix Assessment Area later in the evaluation. Lending levels reflect good responsiveness to the assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects adequate penetration among businesses of different sizes and retail customers of different income levels. BTC is a leader in community development lending in Arizona and makes extensive use of innovative/flexible lending programs in order to serve assessment area credit needs. Refer to the Overall Conclusions section of this evaluation for additional details on the bank's innovative and/or flexible lending.

INVESTMENT TEST

BTC demonstrated high satisfactory performance under the Investment Test in Arizona. The bank has a significant level of qualified community development investments and grants in Arizona, given its resources, business strategies, and available opportunities in the state. The bank occasionally uses innovative or complex investments to support community development initiatives in this state, and exhibits good responsiveness to credit and community development needs. The bank's performance in the Phoenix Assessment Area supports these conclusions.

SERVICE TEST

BTC demonstrated high satisfactory performance under the Service Test in the State of Arizona. The level of community development services and accessibility of delivery systems primarily supports this conclusion. Specifically, BTC provides a relatively high level of community development services in its sole Arizona assessment area. Retail banking services are readily accessible through both full-service and limited-service banking locations, as well as through alternative delivery methods previously described in the Overall Conclusions section. The re-categorizing of limited-service branches to full-service branches improved accessibility of its deliver systems in the assessment area, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Additional details and conclusions are presented in the sections that follow.

PHOENIX METROPOLITAN AREA

(Full-Scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PHOENIX ASSESSMENT AREA

The Phoenix Assessment Area consists of all census tracts in Maricopa County, Arizona. There have been no boundary changes since the previous evaluation. The bank operates three full-service branches and one limited-service branch in this assessment area.

Economic and Demographic Data

The Phoenix Assessment Area is comprised of 105 low-income, 206 moderate-income, 286 middle-income, 306 upper-income, and 13 census tracts with no income designation, based on 2015 ACS data. The 2010 U.S. Census data showed there were 86 low- income, 219 moderate-income, 293 middle- income, 308 upper-income, and ten census tracts with no income designation. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information of the Assessment Area: Phoenix Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	916	11.5	22.5	31.2	33.4	1.4
Population by Geography	4,018,143	11.1	22.9	31.3	34.4	0.3
Housing Units by Geography	1,668,555	9.8	23.4	33.3	33.4	0.1
Owner-Occupied Units by Geography	875,327	4.6	18.8	34.7	41.9	0.0
Occupied Rental Units by Geography	567,191	17.1	29.4	31.2	22.0	0.3
Vacant Units by Geography	226,037	11.8	25.5	33.2	29.3	0.2
Businesses by Geography	338,459	6.5	16.3	28.3	48.3	0.6
Family Distribution by Income Level	945,115	21.8	16.8	19.2	42.2	0.0
Household Distribution by Income Level	1,442,518	23.3	16.3	17.7	42.7	0.0
Median Family Income - Phoenix-Mesa-Scottsdale, Arizona MSA		\$63,686	Median Housing Value			\$203,811
Families Below Poverty Level		12.6%	Median Gross Rent			\$993
<i>Source: 2015 ACS Data and 2018 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2017 and 2018 FFIEC-updated median family income figures for the Phoenix-Mesa-Scottsdale, Arizona MSA were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$66,200)	<\$33,100	\$33,100 to <\$52,960	\$52,960 to <\$79,440	≥\$79,440
2018 (\$69,100)	<\$34,550	\$34,550 to <\$55,280	\$55,280 to <\$82,920	≥\$82,920
<i>Source: FFIEC</i>				

Service industries represent the largest portion of all businesses in the Phoenix Assessment Area at 46.8 percent; followed by finance, insurance, and real estate at 11.3 percent; and retail trade at 10.6 percent. In addition, 72.1 percent of all area businesses have four or fewer employees, and 92.0 percent operate from a single location. The area's largest employers are Banner Health Systems, Wal-Mart Stores Inc., and Wells Fargo.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the unemployment rate in July 2019 for the State of Arizona was 5.6 percent, which represents an increase of 0.5 percent over a 12-month period. Similar to the statewide trend, Maricopa County's unemployment rate increased from 4.2 percent to 4.8 percent over the same 12-month period.

Competition

The Phoenix Assessment Area is extremely competitive in the financial services market. According to the June 30, 2019, FDIC Deposit Market Share data, there were 62 financial institutions operating 760 branches within the assessment area. Of these institutions, BTC ranked 24th in the market, with a deposit market share of 0.3 percent. In addition, aggregate data

for 2017 reveals that 188 institutions reported 96,633 small business loans, and 777 institutions reported 193,600 home mortgage loans in this assessment area.

Community Contact

Examiners referenced a recent community contact interview that was conducted with a representative from a housing organization familiar with assessment area needs. The contact stated that there is a shortage of affordable and workforce housing (for purchase and rental). Construction costs are increasing, and housing inventory is limited and expensive. In addition, houses are appreciating faster than incomes are increasing, which makes it challenging for lower-income and middle-income individuals to purchase a home. The contact expressed concern, stating that most financial institutions do not make small mortgage loans. As a result, lower-income individuals turn to lending options that may be predatory in nature.

The contact identified mortgage loans and small business loans as primary credit needs in Maricopa County. The contact also expressed a need for small dollar consumer loans for low- and moderate-income individuals. Regarding community development, the contact indicated that there are plenty of opportunities for local financial institutions to work with the community and respond to its needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, competition indicators, and demographic and economic data, examiners determined that home mortgage, small business, and small-dollar consumer loans are primary credit needs in the Phoenix Assessment Area. Affordable housing, revitalize or stabilize low- and moderate-income geographies, and economic development are primary community development needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE PHOENIX ASSESSMENT AREA

LENDING TEST

BTC demonstrated high satisfactory performance under the Lending Test in the Phoenix Assessment Area. Cumulative Geographic Distribution, Borrower Profile, and Community Development Lending performance primarily supports this conclusion.

Lending Activity

Lending activity reflects good responsiveness to the credit needs of the Phoenix Assessment Area. In 2017, BTC reported 29 small business loans totaling \$9 million and 81 home mortgage loans totaling \$34 million in the assessment area. An analysis of the most recent year of available aggregate data shows that BTC ranks 65th out of 188 reporting lenders for small business loan originations and 200th out of 777 lenders for home mortgage originations in the assessment area (by number of loans). The bank's lending performance is good, considering the extreme competition within this assessment area.

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the Phoenix Assessment Area, including low- and moderate-income census tracts. BTC's good performance in both lending products reviewed supports this conclusion.

Small Business Loans

The geographic distribution of small business lending reflects good penetration throughout the assessment area. The following table shows the geographic distribution of small business loans by tract income level. The bank's lending percentage in low-income census tracts exceeds the aggregate lending data in 2017. In 2018, lending in low-income tracts decreased, but the bank's performance was comparable to the demographic data. Lending performance in moderate-income tracts is below aggregate lending and demographic data in 2017, but significantly increased in 2018. Collectively, the bank's small business lending in low- and moderate-income census tracts is good.

Geographic Distribution of Small Business Loans Phoenix Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	6.6	7.1	4	13.8	1,851	19.7
2018	6.5	--	2	6.9	1,066	8.4
Moderate						
2017	16.2	16.7	3	10.3	598	6.4
2018	16.3	--	8	27.6	3,048	24.1
Middle						
2017	28.2	27.0	9	31.0	3,556	37.8
2018	28.3	--	7	24.1	2,325	18.4
Upper						
2017	48.5	48.5	13	44.8	3,391	36.1
2018	48.3	--	12	41.4	6,220	49.1
Not Available						
2017	0.6	0.6	0	0.0	0	0.0
2018	0.6	--	0	0.0	0	0.0
Totals						
2017	100.0	100.0	29	100.0	9,396	100.0
2018	100.0	--	29	100.0	12,659	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area, including low- and moderate-income census tracts. The following table displays the geographic distribution of home mortgage loans by tract income level. BTC's lending in low-income tracts is slightly below aggregate performance in 2017, but is comparable

to demographic data in 2018. Lending performance in moderate-income census tracts exceeds aggregate performance in 2017, but shows a decrease in 2018.

Geographic Distribution of Home Mortgage Loans Phoenix Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	4.6	3.8	2	2.5	253	0.7
2018	4.6	--	4	4.4	1,326	3.8
Moderate						
2017	18.8	15.7	15	18.5	3,430	10.0
2018	18.8	--	11	12.1	1,856	5.4
Middle						
2017	34.7	35.8	21	25.9	10,274	29.9
2018	34.7	--	22	24.2	4,666	13.5
Upper						
2017	41.9	44.2	43	53.1	20,402	59.4
2018	41.9	--	54	59.3	26,780	77.3
Not Available						
2017	0.0	0.5	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Totals						
2017	100.0	100.0	81	100.0	34,359	100.0
2018	100.0	--	91	100.0	34,628	100.0
<i>Source: 2015 ACS Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 HMDA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

Overall, the distribution of borrowers reflects adequate penetration among business customers of different revenue sizes and retail customers of different income levels in the assessment area. The bank's adequate performance in both lending products reviewed supports this conclusion.

Small Business Loans

The distribution of small business loans represents adequate penetration among businesses of different revenue sizes in the assessment area. The following table shows the distribution of small business loans based on gross revenue level. Although 2016 data is not displayed in the table, the bank's lending to businesses with gross annual revenues of \$1 million or less exceeded aggregate lending by 5 percent. In 2017, the bank's lending performance was significantly below aggregate lending data. In 2018, the bank's performance improved slightly. As previously mentioned, there is significant competition among financial institutions in the Phoenix Assessment Area. Credit card lenders have a major presence in the small business lending market. Considering these factors, the bank's lending to businesses with gross annual revenues of \$1 million or less is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category Phoenix Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	87.7	50.6	10	34.5	3,598	38.3
2018	87.7	--	11	37.9	3,534	27.9
>1,000,000						
2017	4.4	49.4	17	58.6	5,392	57.4
2018	4.3	--	17	58.6	8,125	64.2
Revenue Not Available						
2017	7.9	0.0	2	6.9	406	4.3
2018	7.9	--	1	3.4	1,000	7.9
Totals						
2017	100.0	100.0	29	100.0	9,396	100.0
2018	100.0	--	29	100.0	12,659	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The distribution of home mortgage lending in the assessment area reflects adequate penetration to individuals of different income levels. The following table shows the distribution of home mortgage loans by borrower income level. The lending percentage to low-income borrowers slightly exceeds aggregate lending in 2017; however, the lending percentage to low-income borrowers declined in 2018. The lending percentage to moderate-income borrowers is reasonable in comparison to aggregate lending data. Overall, performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level Phoenix Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	21.8	5.0	5	6.2	589	1.7
2018	21.8	--	1	1.1	39	0.1
Moderate						
2017	16.8	14.6	9	11.1	1,494	4.3
2018	16.8	--	9	9.9	1,581	4.6
Middle						
2017	19.2	21.2	5	6.2	1,341	3.9
2018	19.2	--	8	8.8	1,733	5.0
Upper						
2017	42.2	40.1	58	71.6	22,854	66.5
2018	42.2	--	70	76.9	26,315	76.0
Not Available						
2017	0.0	19.2	4	4.9	8,081	23.5
2018	0.0	--	3	3.3	4,960	14.3
Totals						
2017	100.0	100.0	81	100.0	34,359	100.0
2018	100.0	--	91	100.0	34,628	100.0
<i>Source: 2015 ACS Data; 1/1/2017 - 12/31/2018 Bank Data; 2017 HMDA Aggregate Data. "--" data not available Due to rounding, totals may not equal 100.0</i>						

Community Development Lending

BTC is a leader in community development lending in the Phoenix Assessment Area, considering the bank's resources and business strategies, area competition, and available opportunities. The bank originated or renewed five loans totaling \$53 million during the evaluation period that benefited this assessment area. These loans primarily served to promote economic development. The following are examples of the community development loans provided in the Phoenix Assessment Area.

- In 2018, the bank provided over \$1 million to a company to rehabilitate a vacant building in a low-income census tract. This building will provide restaurant and retail space, which will attract new businesses to the area.
- In 2017, the bank provided nearly \$3 million for a new retail development, which will create jobs for low- and moderate-income individuals.

INVESTMENT TEST

BTC demonstrated high satisfactory performance under the Investment Test in the Phoenix Assessment Area. Performance under Investment Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion.

Investment Activity

BTC has a significant level of qualified community development investments and grants in the Phoenix Assessment Area. Management promoted community development through investments and donations that primarily promoted affordable housing and economic development. During the evaluation period, the bank received credit for 28 prior period and current period investments totaling \$6 million in the assessment area. This amount includes 22 donations totaling over \$100,000 to organizations that support community development in the assessment area. The following are examples of investments specific to this assessment area during the review period.

- In 2018, the bank invested over \$2 million in an SBA loan fund that provides loans to qualified small businesses.
- The bank continued multiple mortgage-backed security investments totaling over \$1 million, which helps support housing to low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

BTC exhibits good responsiveness to credit and community economic development needs throughout the Phoenix Assessment Area. This is evidenced through the bank's investments that support affordable housing and economic development.

Community Development Initiatives

BTC occasionally uses innovative and/or complex investments to support community development initiatives in this assessment area.

SERVICE TEST

BTC demonstrated high satisfactory performance under the Service Test in the Phoenix Assessment Area. Performance under Community Development Services and Accessibility of Delivery Systems primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of this assessment area. Specifically, BTC operates three full-service branches, one limited-service branch, and one ATM in the Phoenix Assessment area; none of which are located in low- or moderate-income census tracts. However, the bank's alternative delivery methods improve accessibility of banking services for low- and moderate-income individuals and/or geographies, including access to a nationwide network of surcharge-free ATMs, as well as other retail banking services as previously described in the Overall Conclusions section.

Changes in Branch Locations

BTC's record of opening branches has improved the accessibility of its delivery systems in this assessment area. Since the previous examination, BTC's messenger service was re-categorized based on the level of services provided, resulting in two full-service branches in Phoenix, Arizona, and Sun City West, Arizona. The Phoenix branch is located in an upper-income census tract and the Sun City West branch is located in a middle-income census tract. However, both branches are in close proximity to low- and moderate-income geographies. Specifically, the Phoenix branch is within three miles of low- and moderate-income census tracts, and the Sun

City West branch is roughly one mile to the north of the nearest moderate-income tract. Overall, these changes improve the bank's accessibility of delivery systems in the assessment area, including low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, as previously described in the Overall Conclusions section.

Community Development Services

BTC provided a relatively high level of community development services in the Phoenix Assessment Area, with 19 qualifying services. A majority of this activity was related to community services targeted to low- and moderate-income individuals. Examples of community development services provided by bank personnel in this assessment area are detailed below.

- Multiple bank employees serve as loan committee members and/or directors for an organization that promotes affordable housing initiatives in the Phoenix area.
- A bank employee used their financial expertise to present information at a first-time homebuyer class for an organization that provides various social services to low- and moderate-income individuals.
- A bank employee serves on the Board of Directors at a local credit union that primarily serves low- and moderate-income households.

APPENDIX

SCOPE OF EVALUATION		
TIME PERIOD REVIEWED	<p>Lending Test: HMDA and CRA reported data for 2016, 2017, and 2018 Community Development Loans: July 20, 2016 – August 26, 2019</p> <p>Investment Test: July 20, 2016 – August 26, 2019 (includes investments made prior to the current evaluation period that are still outstanding)</p> <p>Service Test: July 20, 2016 – August 26, 2019</p>	
FINANCIAL INSTITUTION	PRODUCTS REVIEWED	
Bankers Trust Company	Home Mortgage Loans Small Business Loans Community Development Activities	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
BTC Financial Corporation	Holding Company	None
BTC Capital Management, Inc., Des Moines, Iowa	Common Ownership	None
BTC Asset Management, LLC, Des Moines, Iowa	Subsidiary	None
Bankers Trust Company of South Dakota, Sioux Falls, South Dakota	Subsidiary	None
Bankers Trust Equipment Finance, Des Moines, Iowa	Subsidiary	None
BTC Trust Company of South Dakota, Sioux Falls, South Dakota	Subsidiary	None
Fifth & Park LLC, Des Moines, Iowa	Subsidiary	None

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Cedar Rapids	Full-Scope	None	Reviewed one community contact
Des Moines-Ames	Full-Scope	Main Bank	Conducted one community contact
Phoenix	Full-Scope	None	Reviewed one community contact

SUMMARY OF STATE AREA RATINGS				
State	Lending Test	Investment Test	Service Test	Overall State
Iowa	High Satisfactory	Outstanding	Outstanding	Outstanding
Arizona	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

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

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

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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