

PUBLIC DISCLOSURE

October 17, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HTLF Bank
Certificate Number: 58458

1800 Larimer Street, Suite 100
Denver, CO 80202

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

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Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Satisfactory**.

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	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 Community Reinvestment Act (CRA) performance under the Lending, Investment, and Service Tests.

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- A substantial majority of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the reviewed assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, overall poor borrower profile performance.
- The institution is a leader in making community development loans.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated High Satisfactory.

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

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has generally 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 provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

HTLF Bank (formally known as Citywide Banks) is headquartered in Denver, Colorado. The bank is a wholly owned subsidiary of Heartland Financial USA, Inc. (Heartland), a multi-bank holding company located in Dubuque, Iowa. Heartland owns eight other financial institutions operating in Arizona, Illinois, Iowa, Kansas, Montana, New Mexico, Texas, and Wisconsin. HTLF Bank is also affiliated with non-bank entities for investments, insurance, financing, and property management. HTLF Bank received a “Satisfactory” CRA rating at the June 3, 2019, FDIC Performance Evaluation based on Interagency Large Institution Examination Procedures.

HTLF Bank operates 27 banking offices and one loan production office in the states of Colorado, California, and Minnesota. During the evaluation period, two Heartland affiliate banks merged into HTLF Bank. The mergers with Premier Valley Bank, Fresno, California and Minnesota Bank & Trust, Edina, Minnesota commenced on August 13, 2022, and September 17, 2022, respectively. The mergers resulted in the acquisition of six branch offices in California, two branch offices in Minnesota, and one loan production office in Minnesota. Prior to the mergers, five branches closed, one branch relocated, and one branch opened since the last evaluation.

HTLF Bank offers a full line of loan products including commercial, small business, home mortgage, and consumer loans. The bank’s business strategy and focus remains the same, which emphasizes the origination of commercial loans followed by home mortgage loans. The bank continues to refer home mortgage loans to an affiliate for secondary market consumption and participates in government-sponsored loan programs for businesses.

In conjunction with a wide array of credit offerings, the institution provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Wealth advisory, retirement planning, and personal insurance services are also offered to further meet customers’ financial needs. Alternative banking services include internet, telephone, and mobile banking; electronic bill pay; and merchant services. Finally, the institution operates full-service Automated Teller Machines (ATMs) at all of its branch locations.

As of June 30, 2022, the institution reported total assets of \$2,792,485; total loans of \$1,620,669; and total deposits of \$2,449,838. The following table illustrates the bank’s loan portfolio. These figures are prior to the mergers discussed previously.

Loan Portfolio Distribution as of June 30, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	143,155	8.8
Secured by Farmland	50,337	3.1
Secured by 1-4 Family Residential Properties	215,374	13.3
Secured by Multifamily (5 or more) Residential Properties	61,618	3.8
Secured by Nonfarm Nonresidential Properties	775,045	47.8
Total Real Estate Loans	1,245,529	76.9
Commercial and Industrial Loans	331,547	20.5
Agricultural Production and Other Loans to Farmers	1,313	0.1
Consumer Loans	15,527	1.0
Obligations of State and Political Subdivisions in the U.S.	26,589	1.6
Other Loans	164	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	1,620,669	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any impediments that affect the bank’s ability to meet the credit or community development needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. HTLF Bank has designated four assessment areas in Colorado, which bank management has not changed since the prior evaluation. The Boulder Metropolitan Statistical Area (MSA), Denver MSA, and Greeley MSA Assessment Areas are comprised of metropolitan counties in Colorado. These three MSAs are contiguous and comprise a substantial portion of the Denver-Aurora-Boulder, Colorado combined statistical area (CSA). Since demographics and lending performance were similar in these areas, conclusions were combined for presentation in this evaluation and referred to as the Denver CSA Assessment Area. HTLF’s fourth Colorado assessment area consists of counties within the state’s nonmetropolitan area. Refer to the individual assessment areas’ sections for more detailed information.

As a result of previously described merger activity, HTLF Bank delineated the following new assessment areas in the states of California and Minnesota. Due to the recent timing of the mergers, these new assessment areas were not reviewed as part of this evaluation.

California:

- Fresno MSA: all of Fresno County (Fresno, California MSA)
- Madera MSA: all of Madera County (Madera, California MSA)

- San Luis Obispo: all of San Luis Obispo County (portion of the San Luis Obispo-Paso Robles-Arroyo Grande, California MSA)
- Nonmetropolitan: all of Mariposa and Tuolumne Counties

Minnesota:

- Entirety of Anoka, Carver, Dakota, Hennepin, Ramsey, and Scott counties (portion of the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin MSA).

SCOPE OF EVALUATION

General Information

This evaluation covered the period from the prior evaluation dated June 3, 2019, to the current evaluation dated October 17, 2022. Examiners used Interagency Large Institution Examination Procedures to evaluate HTLF Bank's CRA performance using the Lending, Investment, and Service Tests. The criteria for the tests are outlined in the Appendices. The tests are used to determine the bank's overall rating. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating.

Examiners conducted a full-scope review to evaluate HTLF Bank's performance in both Colorado assessment areas. As mentioned above, reviews were not completed of the new California and Minnesota assessment areas. As such, separate ratings were not issued for these states and the remainder of this evaluation will only present information pertaining to the bank's activities in Colorado.

HTLF's affiliate, First Bank & Trust Lubbock, Texas, through its wholly-owned mortgage subsidiary, PrimeWest Mortgage Corporation, originates home mortgage loans referred by HTLF Bank; therefore, affiliate-reported Home Mortgage Disclosure Act (HMDA) lending was considered in the Lending Test. Further, certain community development activities originated in the Colorado assessment areas by the two affiliate institutions that recently merged into HTLF Bank were considered.

Examiners placed the greatest weight on the bank's performance in the Denver CSA Assessment Area when arriving at conclusions since the majority of the bank's lending, deposit, and branch activity occurs in that assessment area. The following table reflects the distribution of reported loans, deposits, and branches by each Colorado assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches								
Assessment Area	Loans				Deposits		Branches*	
	#	%	\$(000s)	%	\$(000s)	%	#	%
Denver CSA	3,038	91.7	698,873	94.3	2,276,099	92.9	17	89.4
Nonmetropolitan	275	8.3	41,812	5.7	173,739	7.1	2	10.6
Total	3,313	100.0	740,865	100.0	2,449,838	100.0	19	100.0

Source: 2019-2021 CRA/HMDA data; FDIC Summary of Deposits (6/30/22); Bank Data
*Branch data as of 6/30/22

Activities Reviewed

Examiners determined the bank’s primary product lines are commercial and home mortgage loans. This conclusion considered Consolidated Reports of Condition and Income data, the number and dollar volume of reported loans during the evaluation period, and the bank’s business strategy. Examiners did not evaluate small farm loans or consumer loans due to the limited volume and very small portion of the loan portfolio that these products represent. The table below provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed						
Loan Category	2019		2020		2021	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Business	668	173,088	1,429	273,622	1,090	219,790
Home Mortgage (HTLF Bank)	62	28,336	61	39,633	193	71,679
Home Mortgage (affiliate)	17	5,461	30	12,436	11	4,420

Source: 2019, 2020, and 2021 CRA Small Business and HMDA Reported Data by HTLF Bank and affiliate

CRA aggregate lending data for 2019 and 2020, and D&B data for 2019, 2020, and 2021 provided a standard of comparison for the small business loans reviewed. HMDA aggregate lending data for 2019 and 2020, as well as 2015 American Community Survey (ACS) data provided a standard of comparison for the home mortgage loans reviewed. Examiners placed more weight on the comparisons to the aggregate lending data since it is typically a better indicator of market conditions and loan demand. Further, all of these analyses generally focus on the number of loans, rather than dollar volume, since this approach is considered a better indicator of performance.

In general, examiners did not identify any trends between the three years of CRA or HMDA data that materially affected conclusions. Any specific anomalies or noted trends in lending for 2019 and 2021 are discussed or presented when necessary. Therefore, only data for 2020 is largely presented in this evaluation for the Geographic Distribution and Borrower Profile criteria as this is the most recent year with available aggregate data. For the Geographic Distribution and Borrower Profile criteria, home mortgage lending by HTLF Bank and affiliate lending are presented collectively as no material inconsistencies were noted. Small business lending received the most weight followed by home mortgage lending, resulting from the bank’s primary business focus and

loan composition. Further, Geographic Distribution, Borrower Profile, and Community Development Loan performance are more heavily weighted within the Lending Test.

Community development loans, investments, and services since the previous evaluation dated June 3, 2019, were reviewed and are included in this evaluation. Management also provided certain community development activities from the two acquired affiliate institutions for this same period, since the prior CRA performance evaluation for both institutions was conducted on the same date as HTLF Bank. Investments that were made before the prior evaluation, and that remain outstanding, are included at the current book values as prior period investments. Under the Investment Test, greater weight is given to the bank's dollar amount of qualified investments made during the evaluation period and the responsiveness of the bank's investment activity to the community development needs in the assessment areas.

For the Service Test, examiners reviewed delivery systems for providing retail banking services, including branch locations and alternative delivery systems, and the impact of any branch openings/closings during the evaluation period. Examiners also reviewed retail banking products and services targeted toward low- and moderate-income individuals or small businesses and/or tailored to meet specific needs in the assessment areas. When evaluating the Service Test, Community Development Services received the greatest weight, followed by Accessibility of Delivery Systems, when taking into consideration community credit needs and opportunities.

Lastly, peers or competitors are used in the analysis of a financial institution to help determine overall performance. For this evaluation, three banks, which primarily service the Denver area and were evaluated using Interagency Large Bank Examination Procedures, were used for comparative purposes in assessing community development lending, qualified investments, and community development services. Evaluations of these banks were performed during HTLF Bank's evaluation period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

HTLF Bank demonstrated high satisfactory performance under the Lending Test. Of the performance criteria evaluated, examiners placed more weight on the Geographic Distribution, Borrower Profile, and Community Development Lending criteria. As previously mentioned, the bank's performance in the Denver CSA Assessment Area received the most weight when drawing conclusions. Overall conclusions proved consistent for this test in both assessment areas.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. HTLF Bank's net loan-to-deposit ratio as of June 30, 2022, was 65.5 percent based on Call Report data. Further, the bank's net loan-to-deposit ratio averaged 68.8 percent over the 13 quarter-ends since the previous evaluation. During the review period, the net loan-to-deposit ratio ranged from a high of 77.6 percent as of December 31, 2019, to a low of 61.2 percent as of December 31, 2021. Deposits

outpaced loan growth, which management attributes to government stimulus and Small Business Administration (SBA) Paycheck Protection Program (PPP) deposits, an increased focus on commercial relationships, and Private Banking group efforts. Loan growth was modest with management emphasizing commercial/industrial relationships and consumer home equity products.

Market share reports also reflect good responsiveness to assessment area credit needs. For example, 2020 CRA aggregate data indicates that HLF Bank ranked 22nd out of 321 lenders based on the number of small business loans originated in the assessment areas. Further, HTLF Bank ranked 307th out of 1,022 lenders for originating or purchasing home mortgage loans in the assessment areas, based on number of loans, according to 2020 aggregate HMDA data. These figures show that HTLF Bank ranked in the top 10.0 percent of all lenders for originating small business loans in the assessment areas and that the bank operates in a highly competitive market for home mortgage loans.

Assessment Area Concentration

As shown in the following table, a substantial majority of the bank’s small business and home mortgage loans, both by number and dollar volume, were made in the institution’s assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	641	96.0	27	4.0	668	162,310	93.8	10,778	6.2	173,088
2020	1,362	95.3	67	4.7	1,429	259,159	94.7	14,463	5.3	273,622
2021	1,019	93.5	71	6.5	1,090	200,416	91.2	19,374	8.8	219,790
Subtotal	3,022	94.8	165	5.2	3,187	621,885	93.3	44,615	6.7	666,500
Home Mortgage										
2019	56	90.3	6	9.7	62	24,394	86.1	3,943	13.9	28,336
2020	49	80.3	12	19.7	61	31,904	80.5	7,729	19.5	39,633
2021	180	93.3	13	6.7	193	61,623	86.0	10,056	14.0	71,679
Subtotal	285	90.2	31	9.8	316	117,920	84.4	21,728	15.6	139,648
Total	3,307	94.4	196	5.6	3,503	739,805	91.8	66,343	8.2	806,148
<i>Source: Bank CRA Small Business and HMDA Data 2019-2021. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent penetration throughout the reviewed assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts. Examiners reviewed only those loans extended within the Denver CSA Assessment Area to perform this analysis. The Nonmetropolitan Assessment Area does not include any low- or moderate-income geographies; therefore, examiners did not evaluate this criterion in this area. A complete discussion of the bank’s geographic distribution lending performance can be

found in the Denver CSA Assessment Area section of this evaluation.

Borrower Profile

Overall, the distribution of borrowers reflects poor performance for this criterion. Although home mortgage lending performance is adequate, poor penetration among business customers of different revenue sizes in the Denver CSA Assessment Area primarily supports this conclusion as greater weight is given to this product. The bank's Borrower Profile performance in the Nonmetropolitan Assessment Area is stronger than that in the Denver CSA Assessment Area; however, this did not affect overall conclusions due to the greater weight placed on the Denver CSA Assessment Area performance. Examiners focused on the percentage, by number, of small business loans to businesses with gross annual revenues of \$1 million or less, and on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers. Examiners reviewed only those loans extended within the assessment areas 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 bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs. Although programs are more flexible than innovative, they continue to benefit small businesses and low- and moderate-income borrowers. HTLF Bank originated 1,932 loans totaling \$307.9 million under innovative and/or flexible programs during the review period. In addition to the direct and positive impact these programs have on small business borrowers, the home and consumer loan programs often provide lower interest rates and flexible lending terms, which further benefits low- and moderate-income individuals and families. The following describes innovative or flexible loan programs offered by HTLF Bank during the review period:

- SBA - the SBA works with lenders to provide guaranteed loans to small businesses. The loans can be used for most business purposes, including long-term fixed assets and operating capital. The SBA guaranteed commercial loans are typically extended to small companies that would not normally qualify for bank loans. HTLF Bank offers the 504, 7(a), and Express loan programs. Further, in response to the COVID-19 pandemic, the bank originated 1,399 PPP loans totaling \$262.1 million to business entities. These loans involved flexible underwriting due to unique financial strains on businesses and their employees because of the pandemic.
- Fast Track - locally serviced mortgage refinancing with fast approval (within a matter of hours) with a very low interest rate and fee.
- Car Smart - provides applicants with lower credit scores and higher loan-to-values the availability to finance automobiles. The program also offers insurance on the auto loan if qualified.
- Buy Local – HTLF Bank rolled out this program to expand the availability of unsecured short-term credit, focusing on low- and moderate-income borrowers. This loan program encourages customers to make purchases locally to help stimulate the local economy.

During the evaluation period, term availability ranged from 12 to 36 months and rates ranged from 0.0 percent to 4.4 percent.

HTLF Bank also used alternative ways to help nonprofit organizations focused on affordable housing and small business lending. Specifically, HTLF Bank purchased loans from Habitat for Humanity, which provides affordable housing for low- and moderate-income persons, and DreamSpring, a small business micro-lender. Buying loans provided these organizations with immediate cash flow, which is extremely important as they have needs that outweigh their resources. The following table contains details on the number and dollar volume of loans originated or purchased under each program during the review period.

Innovative or Flexible Lending Programs		
Type of Program	#	\$(000s)
Car Smart	55	1,274
SBA Loans (504, 7(a), Express)	25	34,794
SBA PPP	1,399	262,126
Buy Local	382	1,863
Fast Track	2	1,169
Habitat for Humanity	24	5,842
DreamSpring	45	805
Total	1,932	307,873
<i>Source: Bank Data</i>		

Further, to help attract low- and moderate-income borrowers, HTLF Bank implemented a home improvement product and adjusted a deposit-secured loan product. Specifically, in 2021, a home improvement loan was introduced which allowed for higher loan-to-values and lower credit score. In 2020, HTLF Bank modified a certificate of deposit-secured loan product to no longer require customers to bring in their own money to deposit. Rather, the bank funds up to \$1,000 of the unsecured loan and puts the funds into a certificate of deposit. The product does not require a minimum credit score.

Community Development Loans

HTLF Bank is a leader in making community development loans. Performance was better in the Denver CSA Assessment Area, which received the most weight when drawing conclusions. The institution originated 92 community development loans totaling approximately \$255.0 million during the evaluation period. This is an increase of approximately 40.3 percent by dollar volume from the previous evaluation when the bank received consideration for 48 community development loans totaling \$181.8 million. Of the 92 qualifying community development loans, 18 were SBA PPP loans totaling \$31.6 million.

The bank made loans to various organizations throughout its assessment areas primarily to help support economic development purposes, but also for affordable housing, community services, and the revitalization or stabilization efforts. These loans were highly responsive to assessment area opportunities for community development lending. HTLF Bank's community development lending

volume represents 9.1 percent of net loans and 15.9 percent of total assets as of June 30, 2022. Both percentages are slightly less than those from the prior evaluation. Further, this community development lending performance is favorable when compared to the performance of three similarly situated large institutions. Specifically, comparable bank ratios of community development loans to net loans, or average net loans, ranged from 3.6 percent to 12.3 percent; while, the ratios of community development loans to total assets, or average total assets, ranged from 2.2 percent to 7.7 percent. It should be noted that only one of the comparable institutions' community development lending activity included all rounds of PPP loans due to the timing of the data collected. The following tables illustrate the bank's community development loans by assessment area, purpose, and year.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Denver CSA	3	10,635	3	9,010	84	232,080	1	2,000	91	253,725
Nonmetropolitan	0	0	0	0	1	1,293	0	0	1	1,293
Total	3	10,635	3	9,010	85	233,373	1	2,000	92	255,018

Source: Bank Records

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial Year)	1	8,500	0	0	15	54,277	1	2,000	17	64,777
2020	1	1,035	2	7,892	32	60,965	0	0	35	69,892
2021	1	1,100	1	1,118	24	69,870	0	0	26	72,088
YTD 2022	0	0	0	0	14	48,261	0	0	14	48,261
Total	3	10,635	3	9,010	85	233,373	1	2,000	92	255,018

Source: Bank Records

Qualitative examples of community development loans where the bank has been the most responsive are discussed in the individual assessment area sections of this evaluation, as applicable.

INVESTMENT TEST

The institution demonstrated a high satisfactory record under the Investment Test. The bank's significant level of investment and grant activity primarily supports this rating. Overall conclusions proved consistent for this test in both assessment areas.

Investment and Grant Activity

The institution has a significant level of qualified community development investments and grants. The bank made 144 qualified investments and donations totaling \$34.8 million. Of the 144 qualified investments, 8 totaling \$6.4 million were made during prior evaluation periods, but

remained outstanding as of the current evaluation period; 20 totaling approximately \$27.6 million are newly purchased investments; and 116 totaling approximately \$752,000 are donations. The total dollar amount equates to 1.3 percent of total assets and 3.6 percent of total securities. Both percentages are similar to those calculated at the previous evaluation. Comparable institutions' ratios for qualified community development investments to total or average assets ranged from 1.0 to 2.5 percent and community development investments to total or average securities ranged from 3.4 to 11.3 percent. The following tables summarize the bank's qualified investments, donations, and grants by assessment area, purpose, and year. Refer to the individual assessment area sections for details and notable examples of community development investment activities.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Denver CSA	22	16,290	84	11,905	21	114	4	972	131	29,281
Nonmetropolitan	3	5,480	5	20	2	6	3	29	13	5,535
Total	25	21,770	89	11,925	23	120	7	1,001	144	34,816
<i>Source: Bank Data</i>										

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	8	6,424	0	0	0	0	0	0	8	6,424
June – December 2019	3	2,716	0	0	0	0	0	0	3	2,716
2020	3	5,690	0	0	0	0	0	0	3	5,690
2021	4	3,407	5	6,922	0	0	0	0	9	10,329
YTD 2022	2	3,525	2	4,436	0	0	1	944	5	8,905
Subtotal	20	21,762	7	11,358	0	0	1	944	28	34,064
Qualified Grants & Donations	5	8	82	567	23	120	6	57	116	752
Total	25	21,770	89	11,925	23	120	7	1,001	144	34,816
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs, considering the available opportunities in the assessment areas and the capacity of the bank. The bank's investments in mortgage-backed securities and multi-family housing projects targeted to low- and moderate-income individuals notably address the identified need for affordable housing throughout the assessment areas.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. Most investments purchased during the evaluation period are routinely provided by private investors and do not evidence innovation or complexity. Although not particularly innovative, the bank continues to provide funding that supports affordable housing for low- and moderate-income individuals.

SERVICE TEST

HTLF Bank demonstrated high satisfactory performance under the Service Test. The Accessibility of Delivery Systems and Community Development Services performance primarily supports this assessment, which were provided the most weight. Overall conclusions proved consistent for this test in both assessment areas.

Accessibility of Delivery Systems

HTLF Bank’s delivery systems are accessible to essentially all portions of the assessment areas, including low- and moderate-income geographies and individuals. The bank’s service delivery systems include 19 offices with ATMs located within its assessment areas, as well as alternative delivery methods. Although the bank does not have any branches located in low-income census tracts, HTLF Bank’s dispersion of offices in moderate-income census tracts is comparable to other institutions operating in the bank’s assessment areas and serve low-income geographies. HTLF Bank also has five branches located in, or in close proximity to, opportunity areas that promote economic development or revitalization of low- or moderate-income areas. The bank’s services prove valuable to encourage development in economically distressed areas designated by the State of Colorado that have high unemployment rates, low per capita income, or slow population growth. The following table shows the distribution of the bank’s Colorado branches and ATMs by tract income level, compared to population and peer branch distribution.

Branch and ATM Distribution by Geography Income Level										
Tract Income Level	Census Tracts		Population		Peer Branches		Branches		ATMs	
	#	%	#	%	#	%	#	%	#	%
Low	63	8.1	281,926	8.4	43	5.1	0	0.0	0	0.0
Moderate	179	22.9	782,017	23.3	174	20.5	4	21.1	4	21.1
Middle	263	33.7	1,143,076	34.1	313	36.8	3	15.8	3	15.8
Upper	266	34.1	1,140,850	34.0	315	37.1	11	57.9	11	57.9
NA*	169	1.2	4,198	0.1	4	0.5	1	5.4	1	5.4
Total	780	100.0	3,352,067	100.0	849	100.0	19	100.0	19	100.0
<i>Source: 2015 ACS Data; 2021 Peer Deposit Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>										
<i>*NA consists of geographies that have not been assigned an income classification</i>										

Alternate delivery systems are also available to enhance accessibility to financial services. HTLF Bank accountholders have access to various surcharge-free ATMs through the bank’s relationships with ATM network providers. The bank offers electronic delivery systems that include internet and mobile banking. The bank’s website has information on its products and services, provides customers access to online banking services, and allows users to apply for and open a variety of the

bank's deposit accounts. Online banking services include accessing account information, making transfers and loan payments, sending transfers or bill payments, and money management features. Mobile banking is available for customers to access account information, transfer funds, make loan payments, deposit funds, and send money. Access is also available via a 24-hour, toll-free customer access telephone line. Telephone banking allows customers to access information about personal checking, savings, certificates of deposit, or loan accounts from any touch-tone phone. Other alternative delivery systems offered include electronic statements and mobile wallet technologies. Finally, there is a toll-free phone number for customers to contact the bank with questions or comments. This customer service line is available with extended hours outside of the bank's regular business hours.

Changes in Branch Locations

The bank's record of closing and opening branches has generally not adversely affected the accessibility of its delivery systems, particularly for low- and moderate-income geographies and/or individuals. Since the prior evaluation, five branches closed, one branch relocated, and one branch opened since the last evaluation. The impact of branch changes are discussed in the subsequent assessment area sections.

Reasonableness of Business Hours and Services

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. Branch hours and services are convenient and reasonable in comparison to other financial institutions operating in the assessment areas. In addition, bank personnel will meet with customers outside of normal business hours at all locations if requested. The bank offers a wide variety of deposit and loan products, as well as other services at all office locations to meet the needs of both retail and business customers.

Beginning in February 2022, HTLF Bank began offering its Check Free Banking, which is a Certified Bank On Account. This account was specifically designed to build a positive banking relationship for unbanked or underbanked consumers. Some of the account features include no overdraft, inactive, or early closing fees; low monthly maintenance fee; free debit card; and access to online and mobile banking. Ultimately, these low-cost account offerings provide affordable basic banking services and allow consumers to work toward financial security, which is particularly responsive to low- and moderate-income individuals.

Community Development Services

HTLF Bank provides a relatively high level of community development services. Examples of community development services include serving on boards and committees and providing financial expertise to 52 qualifying community organizations. Fifty-two HTLF Bank employees provided 107 services to supporting organizations that meet the needs of affordable housing and community services, revitalize or stabilize communities, or promote economic development. Employees estimate that approximately 2,220 hours were dedicated to providing financial or technical assistance to promote community development. Although the number of services decreased from 117 at the prior evaluation, examiners also considered the pandemic limitations, the number of

qualitative and committed services (not limited to one-time events) being provided, and the reduction of full-time bank employees since the prior evaluation when determining conclusions.

HTLF Bank’s level of community development services is comparable to three other large institutions, when considering the number of full-time employees. The comparable banks reported providing technical or financial services between 181 and 396 times during the recent evaluation period; however, these banks also had significantly more people employed. The following tables illustrate the bank’s community development services by assessment area, purpose, and year. The majority of the services benefitted the Denver CSA Assessment Area, which is where the bank has the majority of its branches and employees. Further details are located in the separate assessment area sections of the evaluation.

Community Development Services					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Denver CSA	6	75	17	5	103
Nonmetropolitan	0	1	3	0	4
Total	6	76	20	5	107
<i>Source: Bank Records</i>					

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial Year)	4	26	9	1	40
2020	1	17	3	1	22
2021	1	22	5	1	29
YTD 2022	0	11	3	2	16
Total	6	76	20	5	107
<i>Source: Bank Records</i>					

While the COVID-19 pandemic limited some opportunities to provide financial expertise, the bank provided favorable retail banking services that were responsive to the needs of low- and moderate-income individuals and small businesses. Measures implemented to accommodate customers affected by the pandemic included: temporary fee waivers for checking/savings accounts, foreign ATMs, certificate of deposit redemption, and consumer loan late payments; loan deferrals or payment alternatives; and adding loan service capabilities such as electronic application and signatures due to branch closures. These services demonstrated responsiveness to the credit and service needs of the assessment areas.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

DENVER CSA ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DENVER CSA ASSESSMENT AREA

The Denver CSA Assessment Area includes all census tracts in Boulder County (Boulder, Colorado MSA); Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Gilpin, Jefferson, and Park counties (a portion of the Denver-Aurora-Lakewood, Colorado MSA); and all census tracts in Weld County except 25.01 (a portion of Greeley, Colorado MSA). These 11 counties are contiguous and make up a substantial portion of the Denver-Aurora-Boulder, Colorado CSA.

Economic and Demographic Data

According to 2015 ACS data, the assessment area consists of 758 census tracts, which are categorized as follows: 63 low-, 179 moderate-, 257 middle-, 250 upper-income, and 9 with no income designation. The bank operates 17 offices and ATMs in the assessment area. The table below illustrates select demographic characteristics of the Denver CSA Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	758	8.3	23.6	33.9	33.0	1.2
Population by Geography	3,256,140	8.7	24.0	34.3	32.9	0.1
Housing Units by Geography	1,323,229	8.3	23.4	36.1	32.2	0.0
Owner-Occupied Units by Geography	791,446	4.4	18.9	35.9	40.8	0.0
Occupied Rental Units by Geography	457,205	14.8	31.3	35.6	18.4	0.0
Vacant Units by Geography	74,578	10.2	24.0	41.0	24.8	0.0
Businesses by Geography	611,981	6.4	19.8	33.1	40.4	0.3
Farms by Geography	12,442	6.7	19.6	35.4	38.1	0.2
Family Distribution by Income Level	791,234	21.4	17.5	20.4	40.6	0.0
Household Distribution by Income Level	1,248,651	23.8	16.4	18.0	41.8	0.0
Median Family Income - Boulder, CO MSA		\$96,926	Median Housing Value			\$285,964
Median Family Income - Denver-Aurora-Lakewood, CO MSA		\$80,820	Median Gross Rent			\$1,078
Median Family Income - Greeley, CO MSA		\$70,457	Families Below Poverty Level			8.0%
Source: 2015 ACS and 2021 D&B Data; Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2021 indicates that service industries represent the largest portion of businesses in the assessment area at 34.6 percent; followed by non-classifiable establishments at 31.2 percent; finance, insurance, and real estate at 10.0 percent, and retail trade at 7.5 percent. In addition, 58.3

percent of area businesses have four or fewer employees, and 95.0 percent operate from a single location.

The table below presents the Federal Financial Institutions Examination Council (FFIEC)-estimated median family income levels for the assessment area that are used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boulder, CO MSA				
2019 (\$113,600)	<\$56,800	\$56,800 to <\$90,880	\$90,880 to <\$136,320	≥\$136,320
2020 (\$115,100)	<\$57,550	\$57,550 to <\$92,080	\$92,080 to <\$138,120	≥\$138,120
2021 (\$116,900)	<\$58,450	\$58,450 to <\$93,520	\$93,520 to <\$140,280	≥\$140,280
Denver-Aurora-Lakewood, CO MSA				
2019 (\$92,800)	<\$46,400	\$46,400 to <\$74,240	\$74,240 to <\$111,360	≥\$111,360
2020 (\$100,000)	<\$50,000	\$50,000 to <\$80,000	\$80,000 to <\$120,000	≥\$120,000
2021 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
Greeley, CO MSA				
2019 (\$79,200)	<\$39,600	\$39,600 to <\$63,360	\$63,360 to <\$95,040	≥\$95,040
2020 (\$84,300)	<\$42,150	\$42,150 to <\$67,440	\$67,440 to <\$101,160	≥\$101,160
2021 (\$89,700)	<\$44,850	\$44,850 to <\$71,760	\$71,760 to <\$107,640	≥\$107,640
<i>Source: FFIEC</i>				

Competition

The Denver CSA Assessment Area is highly competitive for financial services. According to 2022 FDIC Deposit Market Share data, 78 FDIC-insured financial institutions operate 754 offices within the assessment area. These institutions range from small community banks to larger financial institutions operating branch offices within close proximity to the bank. Of these institutions, HTLF Bank maintains a moderate presence in the assessment area, ranking 12th with 1.5 percent of the deposit market share. The top four institutions hold 64.0 percent of the deposit market share. In addition, according to the National Credit Union Service Organization’s website, there are 78 credit unions operating in Colorado. Data obtained from the National Credit Union Administration’s website shows there are 38 credit unions reporting at least one location within the Denver CSA Assessment Area.

To further illustrate the level of competition and demand for small business and home mortgage loans, 318 lenders originated 120,388 small business loans based on 2020 CRA aggregate data. HMDA aggregate data for 2020 shows 978 lenders reported 357,435 HMDA loans in the assessment area.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area's credit and community development needs. This information helps to determine whether local financial institutions are responsive to those needs. It also shows what credit and community development opportunities are available. Examiners referenced two previously conducted community contact interviews with representatives from economic development and housing service entities active in the Denver CSA Assessment Area that made the following comments:

- Prior to the COVID-19 pandemic, the economy was in great shape and businesses were thriving. About one-third of small businesses were fragile and difficult to help in the face of the pandemic, resulting in those businesses closing down.
- Increasing cost of labor and materials/goods have affected businesses' ability to hire staff.
- Business economic growth has been hampered physical space affordability. Many businesses would like to purchase real estate or expand their footprint, but finding property within their lending capability and that fits the business' needs is difficult in the current market as real estate prices have risen sharply in the past few years.
- A financial need among small businesses is a willingness from banks to make small loans or be willing to bend underwriting requirements for new businesses that lack a performance record. Tightened credit standards have made it difficult for some local "mom and pop" stores to qualify for bank loans from the banks in the area.
- There continues to be a need for financial literacy and education.
- Many of the broad issues identified by the business community overlap with other needs of the community such as a need for more affordable childcare, housing, and access to technology.
- Affordable housing has been a consistent issue due to escalating housing costs.
- The pandemic brought increasing home prices, as many people moved to Colorado during the pandemic when work from home and virtual schooling were the norm.
- Many properties/apartment complexes are offering a percentage of their units for low- and moderate-income people; however, many are finding the online application process difficult due to lack of access to computers or internet.

Credit and Community Development Needs and Opportunities

Examiners reviewed information from the community contacts, bank management, and demographic and economic data to determine assessment area needs and opportunities. Examiners concluded that commercial and home mortgage lending represent the primary credit needs of the Denver CSA Assessment Area. The assessment area's community development needs are primarily related to affordable housing, economic development, and community services. Further, there is opportunity for revitalization and stabilization due to the number of low- and moderate-income geographies and areas designated for redevelopment in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DENVER CSA ASSESSMENT AREA

LENDING TEST

HTLF Bank demonstrated high satisfactory performance under the Lending Test in the Denver CSA Assessment Area. Geographic Distribution, Borrower Profile, and Community Development Loan performance are more heavily weighted within the Lending Test; therefore, the bank's collective performance under these criteria contribute to this conclusion.

Lending Activity

HTLF Bank's lending activity performance in the Denver CSA Assessment Area reflects good responsiveness to area credit needs. HTLF Bank reported 2,779 small business loans, totaling \$595.1 million, in 2019, 2020, and 2021. An analysis of 2020 CRA aggregate data shows that HTLF Bank ranked 22nd with 1.0 percent of the market share by number of small business loan originations in the assessment area. HTLF Bank reported 255 home mortgage loans, totaling \$103.1 million, in 2019, 2020, and 2021. An analysis of 2020 HMDA aggregate data shows that HTLF Bank ranked 307th with 0.01 percent of the market share by number.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's excellent small business lending performance primarily supports this conclusion as the most weight is given to this product.

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's record of originating small business loans, by number, in both low-income and moderate-income geographies exceeds aggregate lending data. However, a review of HTLF Bank's small business lending by MSA showed the bank's performance in penetrating low-income census tracts in the Boulder and Greeley MSAs is significantly less than in the Denver MSA. Management cites branch proximity and competition as challenges to lending in low-income census tracts in these areas. Weaker performance in these MSAs did not affect conclusions as significantly more weight is granted to performance in the Denver MSA.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	6.4	7.1	132	10.6	28,029	11.3
Moderate	19.5	19.7	302	24.2	64,521	26.0
Middle	33.2	32.2	412	33.0	80,114	32.3
Upper	40.6	40.6	382	30.6	69,417	27.9
Not Available	0.2	0.3	20	1.6	6,304	2.5
Total	100.0	100.0	1,248	100.0	248,385	100.0

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area when compared to aggregate data. The bank's record of originating home mortgage loans in low-income geographies is higher than aggregate data. Although the bank's record of originating 2020 home mortgage loans in moderate-income geographies is lower than aggregate lending data, 2019 showed much better penetration levels that slightly exceeded aggregate and 2021 penetration level rebounded to more closely reflect 2019. Management commented that the pandemic resulted in limited customer interaction. This coupled with high competition for mortgage loans resulted in lending fluctuation. As noted previously, examiner review of HMDA market share data confirms there is significant competition for home mortgage loans within this assessment area. Further, aggregate lending data in the moderate-income census tracts identifies that larger national banks and mortgage companies originated the most loans in these tracts. The community contact also commented on limited affordable housing.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.4	3.7	4	6.3	828	2.5
Moderate	18.9	16.3	6	9.4	3,051	9.1
Middle	35.9	34.1	23	35.9	10,322	30.6
Upper	40.8	45.9	31	48.4	19,509	57.9
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	64	100.0	33,710	100.0

Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects overall poor performance for this criterion. The bank’s poor performance in small business lending, which is provided the most weight, primarily supports this conclusion.

Small Business Loans

The distribution of borrowers reflects poor penetration among businesses with gross annual revenues of \$1 million or less when compared to aggregate data. As illustrated in the following table, the bank’s small business lending in 2019 and 2020 is much lower than aggregate data. In both 2020 and 2021, a significant number of reported loans included PPP loan originations whereby the bank was not required to collect revenue information. This caused an increased in the number of loans with unavailable revenues. Penetration levels for all three years are similar to or less than those seen at the prior evaluation where poor performance was also concluded. Better performance was noted in the Boulder MSA; however, it did not affect overall conclusions. Management commented that heavy competition and small market share continues to create a challenge. Examiner review of 2020 CRA data market share reports noted that three of the four top reporting banks reported an average loan size of \$45,000 or less, which are likely credit card banks. HTLF CRA data includes a very small percentage of credit cards. Management states the bank is actively identifying small business opportunities within the Denver CSA Assessment Area and has added employment roles to focus solely on businesses with revenues under \$1 million.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	90.1	52.3	196	32.7	34,563	22.0
2020	91.3	40.6	337	27.0	41,027	16.5
2021	92.4	--	330	35.4	34,714	18.3
>\$1,000,000						
2019	3.5	--	383	63.9	120,689	76.8
2020	2.9	--	615	49.3	177,624	71.5
2021	2.4	--	469	50.3	143,243	75.6
Revenue Not Available						
2019	6.4	--	20	3.3	1,888	1.2
2020	5.8	--	296	23.7	29,734	12.0
2021	5.2	--	133	14.3	11,604	6.1
Totals						
2019	100.0	100.0	599	100.0	157,140	100.0
2020	100.0	100.0	1,248	100.0	248,385	100.0
2021	100.0	--	932	100.0	189,561	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

As depicted in the table below, the distribution of borrowers reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers, when compared to aggregate data and after considering additional factors. The bank’s performance to low-income individuals is slightly above aggregate performance. Lending levels were similar in 2021, but showed no lending to low-income individuals in 2019. The bank’s performance for moderate-income individuals lags aggregate data; however, lending levels between 2019 and 2021 showed an increasing trend. According to 2015 ACS data, the median housing value in the Denver CSA Assessment Area is \$285,964. In addition, 8.0 percent of families in the assessment area live below the poverty level. As such, lower-income borrowers may face challenges in qualifying for a home mortgage loan. Further, the community contact identified a shortage of affordable housing in the assessment area and escalating home prices, which may also limit opportunities for lending to low- and moderate-income borrowers. Lastly, the assessment area contains significant home mortgage loan competition and the bank’s business focus is more commercial in nature. Given these mitigating factors, the bank’s performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.4	5.5	4	6.3	494	1.5
Moderate	17.5	18.3	6	9.4	1,811	5.4
Middle	20.4	23.2	4	6.3	524	1.6
Upper	40.6	37.3	24	37.5	10,108	30.0
Not Available	0.0	15.7	26	40.6	20,772	61.6
Totals	100.0	100.0	64	100.0	33,710	100.0

Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Community Development Loans

HTLF Bank is a leader in making community development loans in the Denver CSA Assessment Area. The bank made 91 community development loans totaling \$253.7 million during the evaluation period that benefited this assessment area. Notable examples of community development loans in the assessment area include the following; both of which were identified credit needs by the community contacts:

- *Affordable Housing* – A loan was made to refinance a property for site development of affordable housing plus community serving and commercial space. The borrowing organization’s purpose is to acquire or develop real estate to meet critical community needs especially in high poverty, low-income, undeserved, or in at-risk communities.
- *Economic Development* – Funds were granted to a membership-based non-profit organization that makes loans to small businesses. Financing small businesses creates new jobs and fosters permanent job retention.

INVESTMENT TEST

HTLF Bank demonstrated high satisfactory performance under the Investment Test in the Denver CSA Assessment Area. The significant level of qualified investments primarily supports this conclusion.

Investment and Grant Activity

The bank has a significant level of qualified investments in the Denver CSA Assessment Area. HTLF Bank made 131 qualified investments totaling approximately \$29.3 million in this assessment area. This represents a significant increase in investment and grant activity compared to the prior evaluation in which 140 investments for \$9.9 million was noted. The investments and donations supported community development through affordable housing, community services, economic development, and efforts to revitalize or stabilize low- and moderate-income geographies. The following highlights examples of the bank's qualified investments in the Denver CSA Assessment Area.

- *Affordable Housing* – The bank invested in a bond that provides affordable housing for low- and moderate-income senior citizens within the assessment area. All units for the project are for individuals that qualify as low- or moderate-income.
- *Community Service* - The bank invested in multiple municipal bonds totaling over \$8.0 million that benefit school districts within the Denver CSA Assessment Area with a majority student population consisting of low- or moderate-income students.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs, considering the available opportunities in the assessment area and the capacity of the bank. A majority of the bank's investments in the assessment area provided affordable housing to low- and moderate-income individuals, which is an identified need, or provided community services benefiting low- and moderate-income residents.

Community Development Initiatives

Although not particularly innovative, the bank continues to support the occasional use of complex investments for community development initiatives.

SERVICE TEST

HTLF Bank demonstrates high satisfactory performance under the Service Test in the Denver CSA Assessment Area. Performance under Community Development Services and Accessibility of Delivery Systems primarily supports this conclusion.

Accessibility of Delivery Systems

HTLF Bank's delivery systems are accessible to essentially all portions of the assessment area. Of the 17 offices in this assessment area, four are located in moderate-income census tracts. All offices

include onsite ATMs. Furthermore, the alternative delivery methods provide further access to bank services and are consistent with those discussed in the bank's overall performance.

Changes in Branch Locations

The changes in branch locations in the Denver CSA Assessment Area have generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income census tracts and to low- and moderate-income individuals. One branch was opened in the city of Westminster, and is located in an upper-income census tract. HTLF Bank closed four branches in the Denver CSA Assessment Area since the previous evaluation. All branches were located in middle- or upper-income geographies, except for Idaho Springs, which was located in a moderate-income area. With this closure, customers must travel 12 miles for physical banking services; however, customer accessibility has been maintained through alternative delivery systems and the continued operation of a branch in the area. HTLF Bank also relocated a branch in the city of Aurora, which moved from a low-income census tract to a moderate-income census tract. This relocation occurred within a very short distance; therefore, delivery system accessibility was not affected.

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. Services and business hours in this assessment area are consistent with the bank's overall performance.

Community Development Services

HTLF Bank provides a relatively high level of community development services. Community development services provided by the institution consist of financial and technical expertise provided by personnel to various organizations in the Denver CSA Assessment Area. During the evaluation period, HTLF Bank employees provided 103 community development services with an emphasis on community services designed to provide essential services to low- and moderate-income individuals. Impactful examples include the following:

- *Affordable Housing* – an employee sits on the Board of an organization that provides for affordable housing for low- and moderate-income individuals and families. The entity owns and manages a large volume of rental housing that is low-income or restricted units and Section 8 Housing.
- *Community Services* – an employee dedicated over 200 hours serving on the Board and Finance Committee of an organization that provides health care services to individuals that are primarily low- and moderate-income.

NONMETROPOLITAN ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN ASSESSMENT AREA

The Nonmetropolitan Assessment Area includes all census tracts in Eagle, Grand, and Summit counties. The assessment area was modified right before the previous evaluation to remove Routt County and six Garfield County census tracts (portion of county). However, the prior evaluation did not account for this assessment area change, due to the timing of assessment area modification.

Economic and Demographic Data

According to 2015 ACS data, the Nonmetropolitan Assessment Area consists of 22 census tracts, which are categorized as follows: 6 middle- and 16 upper-income. The bank operates two offices and ATMs in the assessment area. The table below illustrates select demographic characteristics of the Nonmetropolitan Assessment Area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	0.0	0.0	27.3	72.7	0.0
Population by Geography	95,927	0.0	0.0	26.8	73.2	0.0
Housing Units by Geography	77,921	0.0	0.0	28.0	72.0	0.0
Owner-Occupied Units by Geography	22,520	0.0	0.0	24.7	75.3	0.0
Occupied Rental Units by Geography	10,713	0.0	0.0	30.6	69.4	0.0
Vacant Units by Geography	44,688	0.0	0.0	29.0	71.0	0.0
Businesses by Geography	12,553	0.0	0.0	22.4	77.6	0.0
Farms by Geography	353	0.0	0.0	30.9	69.1	0.0
Family Distribution by Income Level	21,003	10.6	15.7	18.3	55.3	0.0
Household Distribution by Income Level	33,233	11.7	12.6	18.2	57.5	0.0
Median Family Income Nonmetropolitan Colorado	\$60,701		Median Housing Value			\$462,947
			Median Gross Rent			\$1,194
			Families Below Poverty Level			6.1%
<i>Source: 2015 ACS and 2021 D&B Data; Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

D&B data for 2021 indicates that service industries represent the largest portion of businesses in the assessment area at 35.4 percent, followed by non-classifiable establishments at 22.2 percent; retail trade at 11.1 percent; and finance, insurance, and real estate at 10.9 percent. In addition, 60.7 percent of area businesses have four or fewer employees, and 91.6 percent operate from a single

location. Further, examiner review of 2020 U.S. Census data shows that the counties in this assessment area are highly dependent on tourism, with the largest share of jobs in accommodations and food service. The data also shows a majority of individuals may be employed in the area, but live outside the area.

The table below presents the FFIEC-estimated median family income levels for the nonmetropolitan areas of Colorado.

Median Family Income Ranges				
2019 (\$68,100)	2019 (\$68,100)	2019 (\$68,100)	2019 (\$68,100)	2019 (\$68,100)
2020 (\$71,000)	2020 (\$71,000)	2020 (\$71,000)	2020 (\$71,000)	2020 (\$71,000)
2021 (\$73,500)	2021 (\$73,500)	2021 (\$73,500)	2021 (\$73,500)	2021 (\$73,500)
<i>Source: FFIEC</i>				

Competition

The Nonmetropolitan Assessment Area is moderately competitive for financial services. According to 2022 FDIC Deposit Market Share data, 14 FDIC-insured financial institutions operate 55 offices within the assessment area. These institutions range from small community banks to larger financial institutions operating branch offices within close proximity to the bank. HTLF Bank maintains a moderate presence in this assessment area, ranking 6th with 3.1 percent of the deposit market share. The top three institutions hold 75.2 percent of the deposit market share.

To further illustrate the level of competition and demand for small business and home mortgage loans, 110 lenders originated 6,847 small business loans based on 2020 CRA aggregate data. HMDA 2020 aggregate data shows 490 lenders reported 13,453 HMDA loans in the assessment area.

Credit and Community Development Needs and Opportunities

Examiners reviewed information from the community contacts, bank management, and demographic and economic data to determine assessment area needs and opportunities. Examiners concluded that commercial and home mortgage lending represent the primary credit needs of the Nonmetropolitan Assessment Area. The assessment area’s community development needs are primarily related to affordable housing, economic development, and community services.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NONMETROPOLITAN ASSESSMENT AREA

LENDING TEST

HTLF Bank demonstrated high satisfactory performance under the Lending Test in the Nonmetropolitan Assessment Area. Borrower Profile and Community Development Loan performance are more heavily weighted within the Lending Test; therefore, the bank's collective performance under these criteria contributes to this conclusion.

Lending Activity

HTLF Bank's lending activity performance in the Nonmetropolitan Assessment Area reflects good responsiveness to area credit needs. HTLF Bank reported 243 small business loans, totaling \$26.8 million, in 2019, 2020, and 2021. An analysis of 2020 CRA aggregate data shows that HTLF Bank ranked 11th with 1.7 percent of the market share by number of small business loan originations in the assessment area. HTLF Bank reported 48 home mortgage loans, totaling \$23.4 million, in 2019, 2020, and 2021. An analysis of 2020 HMDA aggregate data shows that HTLF Bank ranked 224th with 0.02 percent of the market share by number.

Geographic Distribution

This assessment area has no low-or moderate-income census tracts; therefore, examiners did not evaluate the Geographic Distribution criterion, as a review would not have resulted in meaningful conclusions.

Borrower Profile

The distribution of borrowers reflects overall good performance for this criterion. The bank's good performance in small business lending, which is provided the most weight, primarily supports this conclusion.

Small Business Loans

The distribution of borrowers reflects good penetration among businesses with gross annual revenues of \$1 million or less when compared to aggregate data. As illustrated in the following table, the bank's small business lending is higher than aggregate data. In both 2020 and 2021, a significant number of reported loans included PPP loan originations whereby the bank was not required to collect revenue information. This caused an increase in the number of loans with unavailable revenues. Examiners note an overall improvement in penetration levels when compared to the prior evaluation.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	86.3	34.4	49	43.0	3,668	34.0
>\$1,000,000	5.2	--	28	24.6	4,728	43.9
Revenue Not Available	8.6	--	37	32.5	2,378	22.1
Totals	100.0	100.0	114	100.0	10,774	100.0

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

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers when compared to aggregate data. Although the bank's performance to both low- and moderate-income individuals lags aggregate levels, there are additional factors to consider in evaluating the bank's performance. First, aggregate lending penetration levels are not high, which is an indicator of demand. Second, management states this assessment area consists of many higher-end resorts; U.S. Census data supports this claim that the area is a significant tourism destination. According to 2015 ACS data, the median housing value in the assessment area is \$462,947, which is nearly double that of the metropolitan area. As such, lower-income borrowers may face challenges in qualifying for a home mortgage loan and may find challenges in finding affordable housing. Finally, HTLF Bank also has a limited presence in this assessment area, with only two small branch locations, faces strong competition, and has more of a commercial business focus. Similar activity levels and performance was noted at the last evaluation. When considering these factors, the overall borrower distribution of home mortgage loans reflects adequate penetration.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	10.6	0.7	0	0.0	0	0.0
Moderate	15.7	3.8	0	0.0	0	0.0
Middle	18.3	10.8	3	20.0	852	8.0
Upper	55.3	74.2	10	66.7	5,755	54.1
Not Available	0.0	10.5	2	13.3	4,024	37.9
Totals	100.0	100.0	15	100.0	10,630	100.0

Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Community Development Loans

The institution has made an adequate level of community development loans in the Nonmetropolitan Assessment Area. The bank made one community development loans totaling \$1.3 million during the evaluation period that benefited this assessment area. This loan promoted

economic development by supporting job retention or improvement to a business whose workforce mainly consists of low- and moderate-income employees.

INVESTMENT TEST

HTLF Bank demonstrated a high satisfactory record in the Nonmetropolitan Assessment Area for the Investment Test. The significant level of qualified investments primarily supports this conclusion.

Investment and Grant Activity

The bank has a significant level of qualified community development investments and grants in the Nonmetropolitan Assessment Area. HTLF Bank made 13 qualified investments totaling approximately \$5.5 million, including \$55,000 in donations, in this assessment area. Similar volume was noted at the previous evaluation, where the institution purchased two qualified investments totaling \$4.9 million and made \$62,010 in qualified donations within the assessment area. The investments and donations supported community development through affordable housing, community services, economic development, and efforts to revitalize or stabilize low- and moderate-income geographies. A notable example includes two donations totaling \$19,400 to assist in stabilizing a designated disaster area by supporting residents who had been evacuated or displaced by wildfires.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community economic development needs, considering the available opportunities in the assessment area and the capacity of the bank. Affordable housing is a significant need in the area, and all three equity investments made in this assessment area supported this initiative.

Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives in this assessment area.

SERVICE TEST

HTLF Bank demonstrates low satisfactory performance under the Service Test in the Nonmetropolitan Assessment Area. Performance under Accessibility of Delivery Systems and Community Development Services primarily supports this conclusion.

Accessibility of Delivery Systems

HTLF Bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. There are two offices located in this assessment area. Both offices include onsite ATMs. Furthermore, the alternative delivery methods provide further access to bank services and are consistent with those discussed in the bank's overall performance.

Changes in Branch Locations

The changes in branch locations in the Nonmetropolitan Assessment Area have generally not adversely affected the accessibility of delivery systems, particularly to low- and moderate-income individuals. As noted previously, there are no low- or moderate-income census tracts in this assessment area. HTLF Bank closed a branch in Breckenridge since the previous evaluation, which was located in an upper-income census tract at the time of closure. Accounts were transferred to another bank branch located nearly an hour away. However, customer accessibility has been maintained through alternative delivery systems and the continued service of the area. According to 2021 FDIC Deposit Summary data, four other institutions were operating five offices in Breckenridge at the time of closure.

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 individuals. Services and business hours in this assessment area are consistent with the bank's overall performance.

Community Development Services

HTLF Bank provides an adequate level of community development services given the bank's limited assessment area presence. Community development services provided by the institution consist of financial and technical expertise provided by personnel to various organizations in the Nonmetropolitan Assessment Area. During the evaluation period, HTLF Bank employees provided four community development services with an emphasis on supporting economic development efforts.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. 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).

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

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

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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 (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

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

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

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

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