



HILLS BANK

CRA Public File

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2025 Public Comment

No written public comments about meeting the credit needs of the community.

2024 Public Comment

No written public comments about meeting the credit needs of the community.

2023 Public Comment

No written public comments about meeting the credit needs of the community.

FDIC CRA PERFORMANCE EVALUATION

PUBLIC DISCLOSURE

March 16, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hills Bank and Trust Company
Certificate Number: 14650

131 Main Street
Hills, Iowa 52235

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment 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	X	X	X
High Satisfactory			
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 Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The institution made a substantial majority of loans in its assessment area.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas, low-income individuals and/or very small businesses, consistent with safe and sound banking practices.
- The geographic distribution of loans reflects excellent penetration throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses and farms of different sizes.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution has made a relatively high level of community development loans.

The Investment Test is rated Outstanding.

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

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the institution's assessment area.
- No branches have been opened or closed since the last evaluation. As such, there have been no changes in branching structure that adversely affected the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, are tailored to the convenience and needs of the assessment area, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Hills Bank and Trust Company (HBTC) is headquartered in Hills, Iowa. HBTC is wholly owned by one-bank holding company Hills Bancorporation, also in Hills. Through common ownership, HBTC is affiliated with Hills Bancorporation Foundation, a corporate foundation established for the sole purpose of providing charitable contributions and educational scholarships. Further, the bank is affiliated with several housing partnerships. HBTC received an "Outstanding" rating at its March 9, 2020, FDIC Performance Evaluation based on Interagency Large Institution Examination Procedures.

HBTC operates 19 full-service and one limited-service banking offices in the State of Iowa. The bank also operates 53 automated teller machines (ATMs), which are all located inside its assessment area; this includes a mobile ATM that can be used for community events. For a distribution of the bank's branches and ATMs by geography income level, refer to the Service Test section.

The bank's primary business focus remains in residential, commercial, and agricultural lending, in that order. HBTC offers a large selection of loan products and services, using both standard and specialized programs, for its retail and commercial customers. The bank offers expertise in a variety of home mortgage, commercial, and agricultural lending avenues. This includes loans for single- or multi-family housing, operating funds, equipment, and start-up businesses and farms. HBTC also offers an assortment of home equity and consumer loan options.

In conjunction with a wide array of credit offerings, the institution provides a variety of deposit products, including checking, savings, money market accounts, and certificates of deposit. HBTC also offers investment, trust, and wealth management services. Alternative banking services include internet and mobile banking, online submission of loan applications, telephone banking, electronic bill pay and statements, and financial management tools.

Assets totaled approximately \$4.0 billion as of December 31, 2022, representing an increase of 20.6 percent since the December 31, 2019, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$3.4 billion, representing a 25.9 percent increase, and total loans were approximately \$3.1 billion, representing an increase of 17.4 percent during the same timeframe. Portfolio concentrations have remained generally consistent throughout the review period. Management attributes the growth in total assets and total deposits to U.S. Government stimulus payments during the COVID-19 pandemic, as well as organic growth. Management states loan growth is partially due to gaining new borrowers with large-dollar loan requests, which could not be supported by smaller banks, as well as inflationary pressures. The composition of the loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of December 31, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	288,649	9.3
Secured by Farmland	256,453	8.2
Secured by 1-4 Family Residential Properties	1,256,294	40.4
Secured by Multifamily (5 or more) Residential Properties	436,398	14.0
Secured by Nonfarm Nonresidential Properties	402,842	13.0
Total Real Estate Loans	2,640,636	84.9
Commercial and Industrial Loans	269,568	8.7
Agricultural Production and Other Loans to Farmers	112,705	3.6
Consumer Loans	36,672	1.2
Obligations of State and Political Subdivisions in the U.S.	48,213	1.5
Other Loans	2,290	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	3,110,084	100.0
<i>Source: Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. HBTC has defined one assessment area located in the eastern

portion of the State of Iowa. In conjunction with select nonmetropolitan census tracts from Cedar, Iowa, and Muscatine counties, the assessment area includes the Iowa City, Iowa metropolitan statistical area (MSA) in its entirety, and portions of the Cedar Rapids, Iowa MSA. These two contiguous MSAs comprise the Cedar Rapids-Iowa City, Iowa combined statistical area. The Iowa City, Iowa MSA portion of the assessment area includes all of Johnson County; all of Washington County; Cedar County census tract 4505; Iowa County census tracts 9601 and 9604; and Muscatine County census tract 503. The Cedar Rapids, Iowa MSA portion of the assessment area includes Cedar County census tract 4502; Jones County census tracts 704.0 and 704.02; and the majority of Linn County, with the exception of three most northern census tracts (101, 102, and 103). While the boundaries of the assessment area have not changed since the prior evaluation, the number of census tracts comprising the assessment area increased from 77 to 100 due to population growth in some areas noted by the 2020 U.S. Census. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area is comprised of 100 census tracts classified as follows: 4 low-, 29 moderate-, 43 middle-, and 23 upper-income. The assessment area continues to have one census tract categorized as “not applicable”; however, it is not the same census tract as previously categorized. Currently, Linn County census tract 2.13 is classified as “not applicable” and largely consists of commercial and retail space. A comparison of 2015 American Community Survey (ACS) data and 2020 U.S. Census data reflects the transition of tracts between income categories. In aggregate, allocation of the area’s 100 geographies by income level revealed an increase of one low-, seven moderate-, and four upper-income census tracts, and a decrease of ten middle-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	100	4.0	29.0	43.0	23.0	1.0
Population by Geography	423,646	3.6	23.9	44.1	27.7	0.6
Housing Units by Geography	179,922	3.3	26.0	44.7	25.3	0.8
Owner-Occupied Units by Geography	114,595	0.6	20.0	47.2	32.0	0.2
Occupied Rental Units by Geography	52,555	8.2	38.2	39.5	12.0	2.1
Vacant Units by Geography	12,772	6.7	29.0	43.1	20.2	1.0
Businesses by Geography	48,532	6.0	24.6	39.6	28.2	1.5
Farms by Geography	2,700	1.5	14.5	51.6	32.1	0.3
Family Distribution by Income Level	100,246	19.2	18.4	22.9	39.5	0.0
Household Distribution by Income Level	167,150	23.2	16.3	18.0	42.5	0.0
Median Family Income - Cedar Rapids, Iowa MSA		\$85,854	Median Housing Value			\$194,137
Median Family Income - Iowa City, Iowa MSA		\$93,237	Median Gross Rent			\$872
Median Family Income - Nonmetropolitan Iowa		\$71,763	Families Below Poverty Level			6.3%
<i>Source: 2020 U.S. Census and 2022 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%.</i>						

According to 2022 D&B data, service industries represent the largest portion of businesses at 33.4 percent; followed by non-classifiable establishments at 24.3 percent; finance, insurance, and real estate at 11.5 percent; and retail trade at 9.8 percent. In addition, 61.8 percent of assessment area businesses have four or fewer employees, and 92.3 percent operate from a single location.

The FFIEC-estimated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities. The low-, moderate-, middle-, and upper-income categories for the assessment area for 2020-2022 are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cedar Rapids, Iowa MSA Median Family Income				
2020 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
2021 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
2022 (\$89,200)	<\$44,600	\$44,600 to <\$71,360	\$71,360 to <\$107,040	≥\$107,040
Iowa City, Iowa MSA Median Family Income				
2020 (\$99,100)	<\$49,550	\$49,550 to <\$79,280	\$79,280 to <\$118,920	≥\$118,920
2021 (\$95,700)	<\$47,850	\$47,850 to <\$76,560	\$76,560 to <\$114,840	≥\$114,840
2022 (\$104,300)	<\$52,150	\$52,150 to <\$83,440	\$83,440 to <\$125,160	≥\$125,160
Nonmetropolitan Iowa Median Family Income				
2020 (\$69,200)	<\$34,600	\$34,600 to <\$55,360	\$55,360 to <\$83,040	≥\$83,040
2021 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
2022 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
<i>Source: FFIEC</i>				

Competition

HBTC operates in a highly competitive market for credit products and financial services throughout the assessment area. Competition includes banks, mortgage companies, credit unions, and other entities that offer home mortgage, small business, and small farm loans in this market. Call Report data filed by FDIC-insured financial institutions as of June 30, 2022, reflects 48 institutions operating from 127 locations in the bank’s assessment area, with reported deposits totaling nearly \$22.8 billion. HBTC ranked first among these institutions with 15.1 percent of deposit market share. Further, data obtained from the National Credit Union Administration’s website shows there are eight credit unions with at least one location within the assessment area, reporting nearly \$11.1 billion in deposits.

To further illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2021 Home Mortgage Disclosure Act (HMDA) aggregate data shows there are 317 financial institutions (lenders) that reported 30,500 home mortgage loan originations/purchases in the counties that comprise the bank’s assessment area. CRA aggregate data for 2021 shows 118 lenders reported 10,325 small business loan originations, and 26 lenders reported 1,745 small farm loan originations in the bank’s assessment area counties.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help identify credit needs. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. In conjunction with this evaluation, examiners interviewed a

representative of an economic and workforce development organization. Examiners also referenced one previous contact from an economic development organization serving the assessment area.

One community contact that is primarily involved in agricultural concerns stated that the agricultural economy of the area is strong. The combination of rising commodity prices and government assistance through the Small Business Administration's Paycheck Protection Program (SBA PPP) and other support programs have significantly improved farmers' cash flows, thus reducing the need for credit to a low level. The contact stated that farmers have been paying down their current liabilities and funding current needs with cash for the most part. Access to ready cash has caused inflation with regard to crop inputs and machinery. Supply chain issues have caused new equipment shortages, and used machinery has become very expensive. The contact stated that, at the current time, there is very little demand for short- and mid-term lending, and that most long-term lending is for land.

Another community contact stated that the economy is generally stable. Recovery from the effects of the COVID-19 pandemic and the 2020 derecho windstorm disaster are nearly complete. Commercial development in the assessment area is growing slowly, but steadily. One area of concern is the declining occupancy rate for commercial office space, fueled by the continuing trend for workers to perform their duties from remote workspaces. Main street businesses in rural areas are struggling due to the preference of shoppers to go to larger retail areas. Low unemployment has had an effect on both agricultural and business employers, forcing wages up and making hiring harder for smaller entities. The residential real estate market has become much stronger over the past few years, as homeowners are spending funds to renovate and repair existing homes. With new home inventory being low, high demand for housing, and high construction input costs, the price of new housing has risen substantially. The refinance market has cooled considerably due to rising interest rates. Affordable housing is a need throughout the assessment area.

Credit and Community Development Needs and Opportunities

Affordable housing is a strong community development need in the assessment area, especially in Johnson County, where a large student population resides. Housing data from the 2020 U.S. Census shows that 37.6 percent of families in the assessment area are low- or moderate-income; 32.8 percent of low-income families in the assessment area are below the poverty level. Also, 10.1 percent of owner-occupied housing and 13.4 percent of rental housing in the assessment area consume more than 30.0 percent of the occupant's monthly income, further supporting the need for affordable housing. The City of Iowa City's 2021 Affordable Housing Action Plan notes that \$1 million of general fund dollars have been allocated to entities that provide assistance in obtaining or financing affordable housing and low-income housing tax credit properties. The plan also delineates several other programs and policies that assist builders and low-income individuals in securing and/or rehabilitating affordable housing, including rental properties. The city has made a commitment to continue to work with various partners to support and encourage affordable housing via funding sources available to municipalities in Iowa, and recommendations have been made to further incentivize affordable housing initiatives in the area, especially with regard to non-profit and other developers.

Management and one of the community contacts stated that small business lending and services are needs in the assessment area. D&B data for 2022 indicates that 89.1 percent of businesses in the assessment area have gross annual revenues equal to or under \$1 million. The high percentage of small businesses in the assessment area more than likely contain many owners and operators that would benefit from additional funding and other business services, such as educational and mentoring services. Also, there are many geographies within the assessment area of a low- or moderate-income nature that have been targeted by local governments for rehabilitation and renewal, supported by various incentives and programs to draw business and population to those areas. This activity indicates the need for revitalization/stabilization and economic development efforts.

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that affordable housing, loan programs for small businesses, and revitalizing or stabilizing low- and moderate-income geographies represent primary credit needs for the assessment area. Call Reports filed by area financial institutions also support this assertion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 9, 2020, to the current evaluation date of March 16, 2023. Examiners used the Interagency Large Institution Examination Procedures to evaluate HBTC’s CRA performance. These procedures include the Lending, Investment, and Service Tests, which are described in detail in the Appendices.

Examiners conducted a full-scope review of the bank’s assessment area to evaluate performance. As stated previously, HBTC’s assessment area consists of geographies located in two separate MSAs. HBTC’s presence in the Iowa City, Iowa MSA is significantly higher given branching structure, deposit composition, and lending volume; therefore, the bank’s performance in this MSA impacts the conclusions more heavily in the evaluation. Although differences may be detailed as warranted in the narrative, examiners did not identify any trends between the MSAs that materially affected conclusions. As such, the evaluation presents performance analysis at the combined statistical area level. The following table reflects the distribution of reported loans, deposits, and office locations in each MSA.

MSA Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Cedar Rapids, Iowa MSA	596,746	26.1	813,072	23.6	7	35.0
Iowa City, Iowa MSA	1,686,753	73.9	2,634,251	76.4	13	65.0
Total	2,283,499	100.0	3,447,323	100.0	20	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2022)

Affiliate activity was limited to investments provided by the holding company and is included in the Investment Test review.

Activities Reviewed

Examiners determined that the bank's major product lines are residential real estate, commercial, and agricultural lending. This conclusion considered Call Report data, the number, and dollar volume of reported loans during the evaluation period, and the bank's business strategy. Moreover, Large Institution CRA Examination Procedures require consideration of reported HMDA, small business, small farm, and community development loans. Examiners obtained the data necessary for this evaluation from reported loan data, other bank records, individual customer loan files, interviews with bank management, and other information gathered as part of the examination process.

As such, home mortgage loans originated in 2020, 2021, and 2022 reported on the bank's Loan Application Register pursuant to the HMDA were included in the analysis. The bank reported 4,702 loans totaling \$836.9 million in 2020; 4,632 loans totaling \$843.8 million in 2021; and 3,930 loans totaling \$726.0 million in 2022. Examiners reviewed all small business and small farm loan originations reported on the bank's 2020, 2021, and 2022 CRA Loan Registers. For small business lending, the bank reported 3,308 loans totaling \$372.1 million in 2020; 3,223 loans totaling \$313.4 million in 2021; and 2,130 loans totaling \$299.8 million in 2022. For small farm lending, the bank reported 1,192 loans totaling \$132.8 million in 2020; 1,069 loans totaling \$110.9 million in 2021; and 1,130 loans totaling \$133.3 million in 2022. All dollar amounts are approximate.

HMDA aggregate for 2020 and 2021, 2015 ACS data, and 2020 U.S. Census data provided a standard of comparison for the home mortgage loans reviewed. CRA aggregate lending for 2020 and 2021, and D&B data for 2020, 2021, and 2022, provided a standard of comparison for small business and small farm loans reviewed. However, examiners primarily focused on HBTC's lending performance in comparison to HMDA and CRA aggregate data since it is typically a better indicator of market conditions and loan demand.

Lending performance for 2020 and 2022 was reviewed to ensure that performance was consistent with 2021. In general, examiners did not identify any significant trends between 2020, 2021, and 2022 HMDA and CRA data that materially affected conclusions. Therefore, only 2021 HMDA data is presented for the Geographic Distribution and Borrower Profile criteria, as 2021 is the most recent year with available aggregate data. Only 2021 CRA small business data is presented in this evaluation for the Geographic Distribution criterion. All three years of CRA small farm loan data is presented for the Geographic Distribution criterion. Due to anomalies caused by the significant number of SBA PPP loans originated in 2020 and 2021, examiners presented all three years of CRA small business loan data for the Borrower Profile criterion. Only 2021 CRA small farm data is presented for the Borrower Profile criterion.

For the Lending Test, home mortgage lending performance was given the greatest weight by examiners since these loans represent a substantial majority of the bank's outstanding loan portfolio and are emphasized by the bank as the primary business strategy. For the same reasons, small

business loan conclusions were provided secondary weight, and small farm loan conclusions received the least weight. Examiners reviewed the number and dollar volume of home mortgage, small business, and small farm loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals, businesses, and farms served. Innovative and/or flexible lending practices (product innovation) were also considered in the evaluation.

Community development loans, investments, and services since the previous evaluation dated March 9, 2020, were reviewed and are included in this evaluation. 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 area.

For the Service Test, examiners reviewed delivery systems for providing retail banking services, including branch locations and alternative delivery systems. There were no 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 area. When evaluating the Service Test, retail banking services received the greatest weight, followed by community development services, 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. Three Large Institutions (as defined by CRA) operating in the State of Iowa were referenced for this institution's performance context when evaluating community development lending, investments, and services. Evaluations of these banks were performed during HBTC's evaluation period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

HBTC demonstrated overall excellent performance under the Lending Test. The institution's excellent Lending Activity, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performances support this conclusion. As stated previously, weight is granted to home mortgage, small business, and small farm lending, sequentially. The following is a discussion of each performance criterion and how they support the bank's overall rating.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. HBTC's net loan-to-deposit ratio, as of December 31, 2022, was 91.4 percent, based on Call Report data. The average net loan-to-deposit ratio was 83.3 percent over the 12 quarter-ends since the previous evaluation. According to management, the net loan-to-deposit ratio was depressed due to an increase in deposits while loans stagnated due to economic uncertainty surrounding the COVID-19

pandemic. This ratio ranged from a high of 96.5 percent as of March 31, 2020, to a low of 72.5 percent as of March 31, 2022.

The net loan-to-deposit ratio does not represent all lending activity since home mortgage loans sold on the secondary market are not reflected on the bank's balance sheet. Specifically, the bank sold 3,968 loans totaling more than \$922.3 million between the previous evaluation and year-end 2022. While the sale of secondary market loans does not influence the average net loan-to-deposit ratio, this activity provides liquidity to originate additional home mortgage loans. Secondary market lending is responsive to assessment area credit needs by providing long-term home mortgage financing.

HBTC continues to be an active lender and its leadership is further demonstrated when reviewing market activity. Based on 2021 HMDA aggregate data, HBTC ranked second out of 317 lenders with a 14.2 percent market share by number of loans originated/purchased in the assessment area. CRA aggregate data from 2021 showed HBTC ranked first out of 118 lenders with a 29.1 percent market share by number of small business loans originated in the assessment area counties. HBTC originated more than triple the number of small business loans when compared to the next ranked institution. Further, according to 2021 CRA aggregate data, HBTC ranked first among 26 lenders holding a 51.4 percent market share by number of small farm loans originated. HBTC originated three times the number of small farm loans when compared to the next ranked institution.

Finally, 114 community development loans totaling approximately \$206.7 million and 42 letters of credit totaling approximately \$3.5 million were made since the prior evaluation. HBTC also reports \$128.1 million in outstanding unfunded loan commitments.

Assessment Area Concentration

Overall, a substantial majority of the home mortgage, small business, and small farm loans reviewed were made within the assessment area, as shown in the following table. This conclusion is derived from the home mortgage and small business lending results, which are provided the most weight. The bank's performance reflects a strong commitment to meeting the credit needs of the assessment area.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2020	4,440	94.4	262	5.6	4,702	800,382	95.6	36,474	4.4	836,856	
2021	4,322	93.3	310	6.7	4,632	795,608	94.3	48,202	5.7	843,810	
2022	3,660	93.1	270	6.9	3,930	684,370	94.3	41,607	5.7	725,977	
Subtotal	12,422	93.6	842	6.4	13,264	2,280,360	94.7	126,283	5.3	2,406,643	
Small Business											
2020	3,017	91.2	291	8.8	3,308	340,906	91.6	31,208	8.4	372,114	
2021	2,934	91.0	289	9.0	3,223	287,343	91.7	26,089	8.3	313,432	
2022	1,910	89.7	220	10.3	2,130	269,491	89.9	30,333	10.1	299,824	
Subtotal	7,861	90.8	800	9.2	8,661	897,740	91.1	87,630	8.9	985,370	
Small Farm											
2020	954	80.0	238	20.0	1,192	105,557	79.5	27,225	20.5	132,782	
2021	865	80.9	204	19.1	1,069	85,907	77.5	24,964	22.5	110,871	
2022	891	78.9	239	21.2	1,130	99,818	74.9	33,519	25.1	133,337	
Subtotal	2,710	79.9	681	20.1	3,391	291,282	77.3	85,708	22.7	376,990	
Total	22,993	90.8	2,323	9.2	25,316	3,469,382	92.1	299,621	7.9	3,769,003	
<i>Source: 1/1/2020 – 12/31/2022 HMDA and CRA Data Due to rounding, totals may not equal 100.0%.</i>											

The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound banking practices. This is evidenced by the bank's performance under Geographic Distribution and Borrower Profile, as well as through the flexible lending programs that are offered, which are discussed in the following sections.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's excellent performance in home mortgage lending, which received the most weight, primarily provides support for the overall conclusion. Emphasis is placed on the bank's record of lending in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects excellent penetration throughout the assessment area, when considering opportunity and competition. As shown in the following table, the bank's lending performance in low-income census tracts is comparable to the aggregate data, but there are limited opportunities available. All of the low-income census tract owner-occupied housing units in the assessment area are located in the Cedar Rapids, Iowa MSA, where the bank's

lending performance is better than the aggregate data. Penetration levels are higher than aggregate data for moderate-income census tracts, where more opportunity exists. The number and percentage of home mortgage loans in low- and moderate-income census tracts also increased in 2022.

The bank’s excellent penetration is further supported by reviewing market share information and considering competition. Specifically, 48 lenders reported originating 210 loans in low-income census tracts. HBTC ranked second in 2021, holding a 13.8 percent market share. Six lenders operate from seven offices in the low-income census tracts. With respect to moderate-income geographies, 162 lenders reported originating 4,583 loans. HBTC ranked second in 2021, holding a 16.2 percent market share, exceeding the next ranked institution by 10.7 percentage points. HBTC placed second only to a large credit union (over three times the asset size) that maintains a significant presence in the assessment area. Sixteen lenders operate from 22 offices in the moderate-income census tracts. According to management, the bank continues to face increased competition from other nonbank and online lenders.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.6	0.7	29	0.7	4,683	0.6
Moderate	16.7	15.0	743	17.2	134,489	16.9
Middle	57.7	55.5	2,478	57.3	439,947	55.3
Upper	24.9	28.7	1,063	24.6	215,727	27.1
Not Available	0.1	0.1	9	0.2	762	0.1
Totals	100.0	100.0	4,322	100.0	795,608	100.0
<i>Source: 2015 ACS Data; 2021 HMDA Data; 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business lending reflects good penetration throughout the assessment area. As shown in the following table, HBTC’s lending percentage in low-income census tracts slightly lags aggregate lending data; however, opportunities are minimal in these tracts. The bank’s lending in moderate-income census tracts is comparable with aggregate data. A review of HBTC’s small business lending by MSA showed the bank penetrating both low- and moderate-income census tracts more favorably when compared to aggregate in the Cedar Rapids, Iowa MSA. Relative to the Iowa City, Iowa MSA, management cites competition as a factor, which has increased due to economic growth in the area. Aggregate data for 2021 supports this statement, reflecting 52 different lenders reporting 1,106 small business loans in the Iowa City, Iowa MSA’s low- and moderate-income census tracts. HBTC ranked first with a 34.5 percent market share. Examiners also noted improved penetration in low-income geographies since the previous evaluation. Lastly, review of 2022 lending revealed the percentage of small business loans by number in moderate-income geographies nearly doubled to 30.9 percent and is favorable when

compared to demographic data. This is mainly due to changes in income tract designations resulting from the 2020 U.S. Census data; the number of moderate-income tracts in HBTC’s assessment area increased from 20 to 29.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.1	4.6	77	2.6	9,007	3.1
Moderate	18.9	16.7	488	16.6	55,614	19.4
Middle	50.8	54.8	1,833	62.5	163,371	56.9
Upper	23.5	22.1	512	17.5	55,839	19.4
Not Available	2.7	1.9	24	0.8	3,512	1.2
Totals	100.0	100.0	2,934	100.0	287,343	100.0
<i>Source: 2021 D&B Data; 2021 CRA Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Small Farm Loans

The geographic distribution of small farm lending reflects good penetration throughout the assessment area. As shown in the following table, lending penetration in both low- and moderate-income census tracts compares reasonably with aggregate lending data, when considering available opportunities and the bank’s business focus. Demographic data shows relatively few farming operations exist in both low- and moderate-income census tracts. Examiners determined this is because these geographies are primarily located within the city limits of Cedar Rapids, Iowa City, and Washington. CRA Aggregate data for 2021 (all assessment area counties) showed five lenders reported only 12 loans in moderate-income census tracts. HBTC ranked first, originating seven loans, and the second ranked lender originated two loans. Moreover, 2022 small farm lending shows a sizable increase in the moderate-income tracts, which compares favorably to the demographic data. This increase is mainly due to changes in income tract designations resulting from the 2020 U.S. Census. Lastly, agricultural lending is not a main business focus for HBTC. Given these factors, the level of penetration is considered satisfactory.

For the small farm loan analysis, aggregate information excludes HBTC’s data. Given HBTC’s large market share, including the bank’s own data would distort aggregate performance numbers and not provide an appropriate comparison.

Geographic Distribution of Small Farm Loans						
Tract Income Level	% of Farms	*Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.4	0.2	0	0.0	0	0.0
2021	0.7	0.1	0	0.0	0	0.0
2022	1.5	--	0	0.0	0	0.0
Moderate						
2020	7.5	2.7	8	0.8	832	0.8
2021	7.6	2.4	7	0.8	915	1.1
2022	14.5	--	359	40.3	33,989	34.1
Middle						
2020	66.1	79.7	866	90.8	96,921	91.8
2021	64.6	78.0	782	90.4	76,908	89.5
2022	51.6	--	449	50.4	56,643	56.7
Upper						
2020	25.7	17.3	80	8.4	7,804	7.4
2021	26.9	19.2	76	8.8	8,084	9.4
2022	32.1	--	83	9.3	9,186	9.2
Not Available						
2020	0.3	0.2	0	0.0	0	0.0
2021	0.2	0.4	0	0.0	0	0.0
2022	0.3	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	954	100.0	105,557	100.0
2021	100.0	100.0	865	100.0	85,907	100.0
2022	100.0	--	891	100.0	99,818	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; 1/1/2020 - 12/31/2022 CRA Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%. *Aggregate data does not include HBTC's data.</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different incomes and to businesses and farms of different sizes. The bank's excellent performance in home mortgage lending, which received the most weight, primarily provides support for the overall conclusion. Emphasis is placed on the bank's record of lending, by number of loans, to low- and moderate-income borrowers and to businesses and farms with gross annual revenues of \$1 million or less located inside the assessment area.

Home Mortgage Loans

The distribution of home mortgage lending in the assessment area reflects excellent penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers in the following table compare favorably to aggregate lending data. In addition, examiner review of penetration levels in the Iowa City, Iowa MSA, where more weight is granted, revealed the bank exceeded aggregate data by 5.8 percentage points for low-income borrowers in 2021. Management also commented that it originates several multi-family loans which house and/or benefit low- and moderate-income individuals. Review of the bank’s HMDA data and community development loans validate this statement.

The bank’s excellent penetration is further supported by reviewing market share information and considering competition. Specifically, 115 lenders reported originating 3,091 loans to low-income borrowers. HBTC ranked second in 2021, holding a 19.6 percent market share, exceeding the next ranked institution by 12.0 percentage points. With respect to moderate-income borrowers, 174 lenders reported originating 5,894 loans. Again, HBTC ranked second in 2021, holding a 16.7 percent market share, exceeding the next ranked institution by 8.7 percentage points. HBTC placed second only to a large credit union (nearly twice the asset size) that maintains a significant presence in the assessment area. Finally, multiple programs are offered that specifically target or primarily benefit low- and moderate-income borrowers. Bank management often seeks out these programs to further benefit and enhance lending to borrowers within these income categories.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	18.7	10.1	607	14.0	64,723	8.1
Moderate	17.4	19.3	983	22.7	137,943	17.3
Middle	24.0	19.9	980	22.7	171,680	21.6
Upper	39.8	25.9	1,151	26.6	255,386	32.1
Not Available	0.0	24.8	601	13.9	165,876	20.8
Totals	100.0	100.0	4,322	100.0	795,608	100.0

*Source: 2015 ACS Data; 2021 HMDA Data; 2021 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%.*

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different revenue sizes. As illustrated in the following table, the bank’s record of lending to smaller businesses compares reasonably with aggregate lending data, when considering several factors. First, a substantial portion of HBTC’s small business loans in 2020 and 2021 did not have revenue information available because the bank was not required to collect revenue information on SBA PPP originations. Examiners determined that of the 1,427 loans originated in 2020 with no revenue

information, 59.1 percent by number were to borrowers with loan sizes of \$100,000 or less. And of the 1,556 loans originated in 2021 with no revenue information available, 69.2 percent by number were to borrowers with loan sizes of \$100,000 or less, demonstrating the bank’s willingness to make smaller dollar loans. Furthermore, if the SBA PPP loans with unknown revenue were excluded, HBTC’s performance in revenues under \$1 million would be 53.0 percent in 2020 and 47.4 percent in 2021. This is consistent with the previous evaluation, where the bank demonstrated excellent performance.

HBTC’s good penetration is further supported by reviewing market share information with regard to lending to businesses of various revenue sizes. Specifically, 118 lenders reported originating 4,749 loans to businesses reporting gross annual revenues equal to or less than \$1 million. HBTC ranked first in lending to this revenue category with an 18.0 percent market share.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	85.8	38.9	1,022	33.9	101,045	29.6
2021	87.0	44.2	830	28.3	77,082	26.8
2022	89.1	--	861	45.1	85,507	31.7
>\$1,000,000						
2020	4.4	--	568	18.8	120,212	35.3
2021	3.8	--	548	18.7	120,745	42.0
2022	3.0	--	573	30.0	130,855	48.6
Revenue Not Available						
2020	9.8	--	1,427	47.3	119,649	35.1
2021	9.2	--	1,556	53.0	89,516	31.2
2022	7.9	--	476	24.9	53,129	19.7
Totals						
2020	100.0	100.0	3,017	100.0	340,906	100.0
2021	100.0	100.0	2,934	100.0	287,343	100.0
2022	100.0	--	1,910	100.0	269,491	100.0

Source: 2020, 2021, & 2022 D&B Data; 1/1/2020 – 12/31/2022 CRA Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Small Farm Loans

The distribution of borrowers reflects good penetration among farms of different revenue sizes. As shown in the following table, the bank’s performance compares reasonably with aggregate lending data, when considering available opportunities and the bank’s business focus. As noted by a community contact, currently, there is little demand for agricultural loans due to the combination of

rising commodity prices and government assistance programs which have significantly improved farmers' cash flows. CRA aggregate data for 2021 (all assessment area counties) shows 26 lenders reported originating 999 loans to farm operations reporting gross annual revenues equal to or less than \$1 million. HBTC ranked first in lending to this revenue category with a 49.9 percent market share. The next ranked institution held a 22.5 percent market share. Lastly, the high number of loans with unknown revenue heavily skews the percentages. Management reports that many of their agricultural borrowers are long-term customers and credit decisions for such borrowers weigh past performance more heavily than updated financials; therefore, the number of loans without revenue information is inflated.

For the small farm loan analysis, aggregate information excludes HBTC's data. Given that HBTC had such a large market share, including the bank's own data would distort aggregate performance numbers and not provide an appropriate comparison.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	97.9	55.2	481	55.6	43,690	50.9
>1,000,000	1.2	--	106	12.3	20,884	24.3
Revenue Not Available	0.9	--	278	32.1	21,333	24.8
Totals	100.0	100.0	865	100.0	85,907	100.0
<i>Source: 2021 D&B Data; 2021 CRA Data; 2021 CRA Aggregate Data less lender; "--" data not available Due to rounding, totals may not equal 100.0%.</i>						

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 low- and moderate-income borrowers or geographies, consumers, and small businesses or small farms. HBTC reports originating 3,816 loans totaling over \$357.9 million under innovative or flexible programs since the prior evaluation. The following table contains details on the number and dollar volume of loans originated (or grant monies received, as indicated) under each program during the evaluation period.

Innovative or Flexible Lending Programs		
Type of Program	#	\$(000s)
Cedar Rapids First Time Home Buyer Grant	3	216
City of Coralville Buyer Assistance Program	1	88
City of Iowa City Down Payment Program	1	87
City of Kalona Down Payment Grant	1	155
Fannie Mae Home Ready	176	27,982
Federal Home Loan Bank Homeownership Fund/Home\$tart	3	536
Habitat for Humanity	11	574
HBTC COVID-19/Derecho Program	68	384
HBTC Security Deposit Program	5	2
Housing Fund for Linn County Grant	1	142
*Iowa Finance Authority - Iowa Homeowner Assistance Fund Grants	16	67
Iowa Finance Authority Beginning Farmer	7	2,044
Iowa Finance Authority On-site Waste Water Assistance Program	13	220
Neighborhood Finance Corporation Journey to Homeownership	1	162
Small Business Administration 7a	9	4,797
Small Business Administration Express	13	1,779
Small Business Administration 504	6	3,718
Small Business Administration CAPLines	1	1,000
Small Business Administration PPP	2,512	173,164
State of Iowa Linked Investments for Tomorrow (LIFT)	3	220
State of Iowa Water Protection	1	87
United States Department of Agriculture Farm Service Agency	6	1,751
United States Department of Agriculture Rural Development	25	3,306
United States Department of Veterans Affairs	27	4,859
United States Federal Housing Administration	16	3,100
100 Percent Financing	890	127,489
Total	3,816	357,929
<i>Source: Bank Data</i>		
<i>*Dollar volume equals total grant monies received</i>		

Notable examples of such initiatives include the following:

- HBTC Security Deposit Program – an innovative affordable housing financing program established jointly by the Housing Fellowship and HBTC to provide no-interest loans for rental security deposits. The loan program is based on a revolving fund of money allowing a customer to make monthly payments so another person can benefit from the program. HBTC acts as a credit reference for customers when loans are repaid so they can rebuild their credit through the program. Part of the criteria is that the individual must earn less than 80.0 percent of the area median family income. HBTC is the only lender in the program and is meeting a direct credit need.
- Neighborhood Finance Corporation – since the prior evaluation, HBTC partnered with Neighborhood Finance Corporation to promote the CDFI’s newly created down payment assistance program, Journey to Homeownership. This program is an affirmative asset

initiative for eligible homebuyers. The program focuses on overcoming the systemic barriers for African Americans in homeownership by providing down payment and closing cost assistance, combined with the intention of addressing other barriers through community partnerships. Eligible borrowers receive a deferred loan with no interest or payments. Household income is restricted to 100.0 percent of the area median income.

- Iowa Finance Authority Iowa Homeowner Assistance Fund Grants – assist eligible Iowa homeowners in avoiding foreclosure by providing financial assistance with mortgage payments and related property expenses. Income restrictions apply and applicants must have experienced a financial hardship due to the COVID-19 pandemic.
- HBTC COVID-19/Derecho Program – due to financial uncertainties brought on by the COVID-19 pandemic and related national emergency, as well as a weather-related disaster during the review period, HBTC recognized this could cause financial difficulties for some customers. A program was established for consumers to explore workable financial assistance solutions relating to their HBTC loan or deposit accounts. This program waived account fees and provided short-term forbearance on mortgage loans. Along with these options, customers could apply for a 12-month unsecured loan in the amount of 1 month of verified net pay at a low interest rate.
- 100 Percent Financing – management performed a review of 2020-2022 HMDA data and identified 890 closed loans. Of the 890, 272 of the loans were made in low- or moderate-income geographies and 618 were extended to low- or moderate-income borrowers.

Community Development Loans

The institution made a relatively high level of community development loans. In all, HBTC originated 114 qualifying loans totaling approximately \$206.7 million during the period reviewed; a substantial increase in both the number and dollar volume of community development lending since the previous evaluation. SBA PPP loans, which provided financial aid to agricultural and commercial businesses impacted by the COVID-19 pandemic, comprised 23 loans for a total of approximately \$36.3 million. Further, 104 loans totaling approximately \$178.6 million directly benefitted entities in the designated assessment area. As the institution has shown that it has been responsive to the assessment area's needs, an additional 10 loans totaling approximately \$28.0 million were included that benefit the broader statewide or regional area.

HBTC's total community development loans represent 6.7 percent of net loans and 5.2 percent of total assets as of December 31, 2022. Two Large Institutions within the State of Iowa had community development loans to net loans of 8.8 and 10.4 percent, and community development loans to total assets of 5.9 and 6.1 percent. HBTC's ratios have increased since the previous evaluation, when community development loans were 2.7 percent of net loans and 2.1 of total assets. The following tables detail the institution's community development lending by location 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)
Assessment Area	44	55,600	1	1,200	24	38,003	35	83,808	104	178,611
Statewide Activities	3	1,588	0	0	5	21,542	1	1,420	9	24,550
Regional Activities	0	0	0	0	0	0	1	3,500	1	3,500
Total	47	57,188	1	1,200	29	59,545	37	88,728	114	206,661
<i>Source: Bank Data</i>										

Community Development Lending by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (partial)	12	14,593	0	0	22	32,840	8	10,852	42	58,285
2021	19	25,580	0	0	3	6,890	13	29,272	35	61,742
2022	16	17,015	1	1,200	4	19,815	10	24,474	31	62,504
Year-to-Date 2023	0	0	0	0	0	0	6	24,130	6	24,130
Total	47	57,188	1	1,200	29	59,545	37	88,728	114	206,661
<i>Source: Bank Data</i>										

HBTC's management is cognizant of the need for affordable housing, business financing, and revitalization/stabilization of certain areas within the assessment area. The institution has been responsive to these needs by funding many loans to build or rehabilitate affordable housing units, providing loans for business needs (including SBA PPP loans), providing funds for many projects designed to revitalize/stabilize low-or moderate-income geographies, and financing economic development in areas which local governments have designated for urban renewal. Examples of the institution's responsiveness during the review period include:

- Purchase financing for a multi-family apartment complex with a total of 126 units in a moderate-income area. Rents for all 126 units are well below fair market rents for the area and, therefore, are designated as affordable housing.
- Construction funding to build a five-floor, mixed-use building in a moderate-income census tract that has been designated as part of a redevelopment area by local authorities. The building will have commercial suites on the main floor and 80 housing units above, and will help to revitalize/stabilize the area.
- Financing to purchase a commercial property in an urban renewal area to facilitate a small business expansion project, which will also create permanent jobs for low- and moderate-income individuals.
- Funding to expand an 80-bed skilled nursing facility, which will further economic development in the area by creating permanent jobs for low-and moderate-income persons.

INVESTMENT TEST

The institution demonstrated outstanding performance under the Investment Test. HBTC’s performance as described under the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs sections provides support for this rating where the greatest weight is provided.

Investment and Grant Activity

HBTC has demonstrated an excellent level of qualified community development investments and donations previous to, and during the review period. The institution made 505 qualified investments and donations totaling nearly \$53.3 million, which is a significant increase in the dollar amount of this activity when compared to the previous evaluation. This total includes new investments and donations made since the previous evaluation, as well as the book value of qualifying investments made in previous periods that are still held by the institution. Qualifying investments totaled approximately \$52.3 million, and donations totaled \$991,000. As HBTC demonstrated sufficient responsiveness to the needs of the delineated assessment area, 101 qualifying investments that were made in the broader statewide or regional area totaling approximately \$36.1 million were included in the aggregate data, as shown in the tables below.

The institution’s activity with regard to qualified investments and donations represents 6.4 percent of HBTC’s total securities (a decrease from 8.7 percent at the previous evaluation) and 1.3 percent of HBTC’s total assets (an increase from 0.9 percent at the previous evaluation), as of December 31, 2022. These ratios are comparable to, or better than those of, three other Large Institutions in Iowa. Those institutions demonstrated a range of qualified investments to total securities of 1.5 to 5.3 percent, and a range of qualified investments to total assets of 0.2 to 1.9 percent. HBTC’s qualified investments and donations have supported affordable housing, community services to low- and moderate-income individuals, economic development, and efforts to revitalize and stabilize the local and broader statewide and regional areas. The following tables show the institution’s activity by location and year.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Assessment Area	23	10,330	243	2,519	48	152	90	4,201	404	17,202
Statewide Activities	0	0	6	10,414	0	0	29	6,882	35	17,296
Regional Activities	0	0	12	4,534	0	0	54	14,230	66	18,764
Total	23	10,330	261	17,467	48	152	173	25,313	505	53,262
<i>Source: Bank Data.</i>										

Qualified Investments by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	7	4,904	11	4,107	0	0	46	12,357	64	21,368
2020 (partial)	1	650	0	0	0	0	18	5,460	19	6,110
2021	1	4,753	9	12,410	0	0	17	3,800	27	20,963
2022	0	0	1	350	0	0	12	3,480	13	3,830
Year-to-Date 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	9	10,307	21	16,867	0	0	93	25,097	123	52,271
Qualified Grants & Donations	14	23	240	600	48	152	80	216	382	991
Total	23	10,330	261	17,467	48	152	173	25,313	505	53,262
<i>Source: Bank Data.</i>										

Responsiveness to Credit and Community Development Needs

HBTC has shown excellent responsiveness to credit and community economic development needs, especially as shown by qualified investments made in affordable housing and revitalization/stabilization initiatives. There has been a significant increase in the total number and dollar volume of activity since the previous evaluation. The institution has offered community development support in meaningful ways, including continuing an equity stake in several multi-family affordable housing projects and making investments that provide funds for essential services and civic improvements in low- and moderate-income or underserved areas. Numerous donations to qualifying entities were made on an annual or recurring basis to ensure that those organizations have a stable funding source. The total dollar volume of donations and grants have increased by 5.7 percent since the prior evaluation.

Community Development Initiatives

HBTC continues to make significant use of innovative and/or complex investment strategies to further the provision of community development funding. The institution has invested a total of over \$9.6 million in eight low-income, multi-family housing tax credit projects that provide 287 affordable housing units to low-income individuals. HBTC has also continued to offer its Classroom Cash initiative, which provides a gift to school districts that are chosen by the institution's debit card customers. These school districts receive a percentage of the customer's total debit card transactions from HBTC to help fund education in those districts. Over \$21,000 from this program has been provided during the evaluation period to four school districts in which the majority of students are eligible for free or reduced-cost lunch.

SERVICE TEST

The institution demonstrated outstanding performance under the Service Test. HBTC's performance under the Accessibility of Delivery Systems and Reasonableness of Business Hours and Services primarily support this assessment, which were provided the most weight. According

to the 2021 FDIC National Survey of Unbanked and Underbanked Households, 13.1 percent of households in Iowa are either unbanked or underbanked. Additionally, 2020 U.S. Census data indicates that the percentage of persons speaking a language other than English at home in Linn, Johnson, and Washington counties is 6.3, 15.6, and 20.3 percent, respectively. The institution is cognizant of the diverse population in the assessment area, and seeks to provide services to all persons, including the unbanked/underbanked, non-English speaking, and the low- and moderate-income populations. Given these facts, HBTC’s performance in retail banking services has been given more weight in the analysis than the community development services criterion.

Accessibility of Delivery Systems

HBTC’s delivery systems are readily accessible to all portions of the assessment area. As shown in the table below, 40.0 percent of the institution’s branches are located in low- or moderate-income areas. Branch access is also increased by providing lobby hours on Saturdays at 13 locations, and extended drive-up hours at 12 locations. All HBTC locations (except the Oaknoll Retirement Residence location) have at least one ATM available. There are a total of 52 ATMs operating in the assessment area, with one additional mobile unit that is used during community events. It is noteworthy that 27.5 percent of the assessment area population is low- or moderate-income in nature, and HBTC has provided 39.6 of its ATMs in low- or moderate-income areas. Additionally, HBTC participates in Shazam’s Privileged Status program, U.S. Bank’s MoneyPass ATM network, and Visa’s Plus network to provide a nationwide network of surcharge-free ATM locations. HBTC’s placement of physical delivery systems and access to no-cost ATM networks shows the institution’s strong commitment to serving the needs of the low- and moderate-income population.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	4	4.0	15,272	3.6	3	15.0	8	15.1
Moderate	29	29.0	101,368	23.9	5	25.0	13	24.5
Middle	43	43.0	187,024	44.2	10	50.0	14	26.4
Upper	23	23.0	117,321	27.7	2	10.0	17	32.1
NA	1	1.0	2,661	0.6	0	0.0	1*	1.9
Total	100	100	423,646	100.0	20	100.0	53	100

Source: 2020 Census Data; Bank Data
**This ATM is not located in the NA census tract; it is a mobile unit not tied to a specific location.*

In addition to the institution’s branch and ATM locations, HBTC offers electronic delivery systems that include telephone, internet, and mobile banking. The institution also offers a Live Chat, which provides access to a banker via telephone, video, or chat during normal business hours. This service is available on the institution’s website or mobile app, and may be used by customers and non-customers alike. Management recognized that unbanked, underbanked, and low- or moderate-income individuals tend to rely upon mobile electronic devices to access banking services, and created this product to help those individuals.

Other notable alternative delivery systems include:

- 24-hour toll-free telephone banking access to accounts and transactions.
- No-charge internet and mobile banking services that include account opening, online statements, account transfers, bill payment, personal finance management, mobile deposit, and mobile banking.
- Bank by mail, direct deposit, automated clearing house, and wire transfers.
- Electronic communication with the institution via email, secure messaging, live chat, and text messaging.
- The institution's Customer Contact Center is available with extended times before and after normal banking hours Monday through Friday, as well as Saturday mornings. Toll-free and local telephone numbers are provided.
- HBTC contracts with a third party to provide real-time translation services for non-English speaking individuals that use the Customer Contact Center.

Changes in Branch Locations

No branches have been opened or closed since the previous CRA evaluation. As such, there have been no changes to the institution's branching structure that would adversely affect low- or moderate-income individuals or geographies.

Reasonableness of Business Hours and Services

Business hours and services are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies and/or individuals. Forty percent of the institution's physical locations are in low- and moderate-income geographies. Hours of operation do not significantly vary between branches, and reflect the needs of the communities being served. Lobby hours for most locations start at 9:00 AM and end between 4:00 PM and 5:00 PM Monday through Friday; drive-up hours for most applicable locations start at 8:30 AM and end between 4:00 PM and 5:30 PM Monday through Friday. Thirteen locations (65.0 percent) are also open on Saturday mornings, with lobby hours of 9:00 AM to 12:00 PM and drive-up hours of 8:30 AM to 12:00 PM.

Of the institution's 53 ATMs, 21 are located in low- or moderate-income areas. One ATM is a mobile unit that is used mainly to provide banking services during community events, some of which are held in low- and moderate-income communities. All but one ATM are programmed to provide services in English, Spanish, or Mandarin Chinese languages to assist the area's diverse population. The Customer Contact Center is available 7:00 AM to 6:00 PM, Monday through Friday, and 8:00 AM to 12:00 PM on Saturdays to conduct banking transactions. The Customer Contact Center offers translation services for non-English speaking individuals.

HBTC offers many accounts or services that help the unbanked, the underbanked, and low- and moderate-income individuals obtain financial assistance. The institution offers several free checking and savings accounts with no minimum balance restrictions or monthly fees; such accounts help individuals build savings and banking relationships, and introduce children and teenagers to banking services. HBTC also offers various accounts to students and staff at the

University of Iowa. Xpress Transfer is a quick and no-cost service for external transfers available to holders of the UI Student Checking product. Though not currently available, the institution had offered Essential Checking during the review period. This account allowed persons that did not qualify for a regular checking account due to a low credit score to have a modified checking account while building credit. New since the previous CRA evaluation, the GOALS online savings account allows customers to set up recurring transfers to meet a specific savings goal without a minimum balance requirement. In addition to the translation services offered through the Customer Contact Center, the bank employs 45 individuals who speak 16 different languages. This is an increase from the previous evaluation where the bank employed 34 individuals who spoke 10 different languages.

Community Development Services

The institution provided a relatively high level of community development services, especially considering the impact that the COVID-19 pandemic had on public and private meetings during the evaluation period. Many employees of the institution dedicated their time and resources to 34 organizations, providing a total of 119 services over 3,435 hours. This is a decrease from the previous evaluation; however, the effects of the COVID-19 pandemic severely limited many opportunities to provide services that were previously held in-persons. Nevertheless, several of the services provided were administered remotely via electronic communication or, as noted in a few cases, prepared in advance for future use. Comparable Large Institutions provided between 85 and 359 services.

HBTC personnel applied their financial and/or technical expertise to organizations in many ways; notably, personnel served as a Board member or fulfilled an officer position at 24 of the organizations that received services. HBTC personnel helped to further community development in the assessment area by supporting organizations that provide resources related to affordable housing; community services targeted to low- and moderate-income individuals and families; economic development activities that help to provide employment to low- to moderate-income individuals, develop small businesses, and generally support the economy of the assessment area; and support the revitalization and stabilization of low- and moderate-income areas. All services provided by HBTC personnel were to organizations within the assessment area. The following table illustrates the number of services provided since the previous evaluation.

Community Development Services by Activity Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (partial)	5	17	3	2	27
2021	6	17	4	4	31
2022	6	21	7	4	38
Year-to-Date 2023	5	14	3	1	23
Total	22	69	17	11	119

Source: Bank Data.

HBTC has also provided services not included in the preceding table:

- Provides loan servicing for an organization that promotes low- and moderate-income home rehabilitation, construction, and ownership. The institution provides this service at no charge. As the entity makes loans, HBTC enters the loans on its books as a participation. As payments are made, the payment amount is credited to the entity's checking account and a corresponding amount is debited from the participation. As of November 16, 2022, the institution had 116 of these loans on their books with current balances of almost \$6.5 million.
- Sponsors business education seminars through its Hills Bank Business Academy program, meeting an observed need. Programs focus on local business topics several times a year. Most of the seminars are instructed by third parties, though some include HBTC personnel. The most notable seminars sponsored include non-profit organizational management, financial management of closely-held businesses, and the agricultural outlook of the area. HBTC reports that 57 seminars with over 2,200 attendees were held during the evaluation period. The number and attendance of these events were lower than the previous evaluation mainly due to the COVID-19 pandemic restrictions; however, personnel still provided these services when feasible and, in some cases, employed web hosting and other electronic communication mediums to facilitate meetings.
- Continues to offer a program to help children learn about small business called "Lemon Boss." Children aged 5-12 are eligible for the program that helps them own a lemonade stand. HBTC provides initial setup supplies, an income sheet to track income and expenses, tips on customer service, and \$2.00 in start-up change. This program is provided during June and July. Management reports that 701 supply kits were distributed during the evaluation period.
- Sponsors an online financial literacy program for local students. Schools can register for BANZAI to bring this fun, interactive, and informative financial education program to their students at no charge. HBTC sponsored 138 different schools, 37 of which reported the majority of students are eligible for the free or reduced-cost lunch program.

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.

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 multi-family 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.

LIST OF BANK'S BRANCHES

HILLS BANK AND TRUST COMPANY

<u>OFFICES</u>	<u>CENSUS TRACT OR BLOCK NUMBER LOCATED IN</u>	<u>SERVICES</u>
<u>MAIN BANK</u> 131 Main Street Hills IA 52235	104.01 (Moderate Income Area) IC Johnson County	Full
<u>BRANCH OFFICES</u> 1401 S. Gilbert Street Iowa City IA 52240	18.02 (Moderate Income Area) IC Johnson County	Full
201 S. Clinton Street Iowa City IA 52240	21.00 (Low Income Area) IC Johnson County	Full
1009 Second Street Coralville IA 52241	3.07 (Moderate Income Area) IC Johnson County	Full
25 Highway 965 North Liberty IA 52317	103.05 (Middle Income Area) IC Johnson County	Full
2621 Muscatine Ave Iowa City IA 52240	14.00 (Middle Income Area) IC Johnson County	Full
240 3 rd Avenue SE Cedar Rapids IA 52401	19.00 (Low Income Area) CR Linn County	Full
103 West Main Street Lisbon IA 52253	108.02 (Middle Income Area) CR Linn County	Full
720 First Avenue South Mt. Vernon IA 52314	108.02 (Middle Income Area) CR Linn County	Full
120 5 th Street Kalona IA 52247	9601.01 (Middle Income Area) IC Washington County	Full
3610 Williams Blvd. SW Cedar Rapids IA 52404	10.05 (Moderate Income Area) CR Linn County	Full
800 11 th Street Marion IA 52302	4.00 (Middle Income Area) CR Linn County	Full
Oaknoll Retirement Residence 701 Oaknoll Dr Iowa City IA 52246	6.00 (Moderate Income Area) IC Johnson County	Residents & Employees
229 8 th Avenue Wellman IA 52356	9602.00 (Middle Income Area) IC Washington County	Full
3905 Blairs Ferry Rd NE Cedar Rapids IA 52402	9.01 (Middle Income Area) CR Linn County	Full
590 W. Forevergreen Rd North Liberty, IA 52317	103.04 (Upper Income Area) IC Johnson County	Full
University of Iowa Hospital & Clinics 200 Hawkins Drive Iowa City IA 52242	23.00 (Upper Income Area) IC Johnson County	Full
2481 Hwy 92 East Washington IA 52353	9603.00 (Moderate Income Area) IC Washington County	Full
3204 7 th Avenue Marion IA 52302	1.02 (Middle Income Area) CR Linn County	Full
200 W. State Street Williamsburg IA	9604 (Middle Income Area) IC Iowa County	Full

**Oaknoll Retirement Residence - East
2640 N. Scott Blvd.
Iowa City IA 52245**

**1.00 (Upper Income Area) IC
Johnson County**

**Residents &
Employees**

LIST OF BRANCHES OPENED OR CLOSED BY THE BANK

HILLS BANK AND TRUST COMPANY BRANCHES OPENED AND CLOSED

2023 - The Iowa Memorial Union Branch at 125 N Madison St, Iowa City IA 52245 (tract 21.00) was permanently closed.

2024

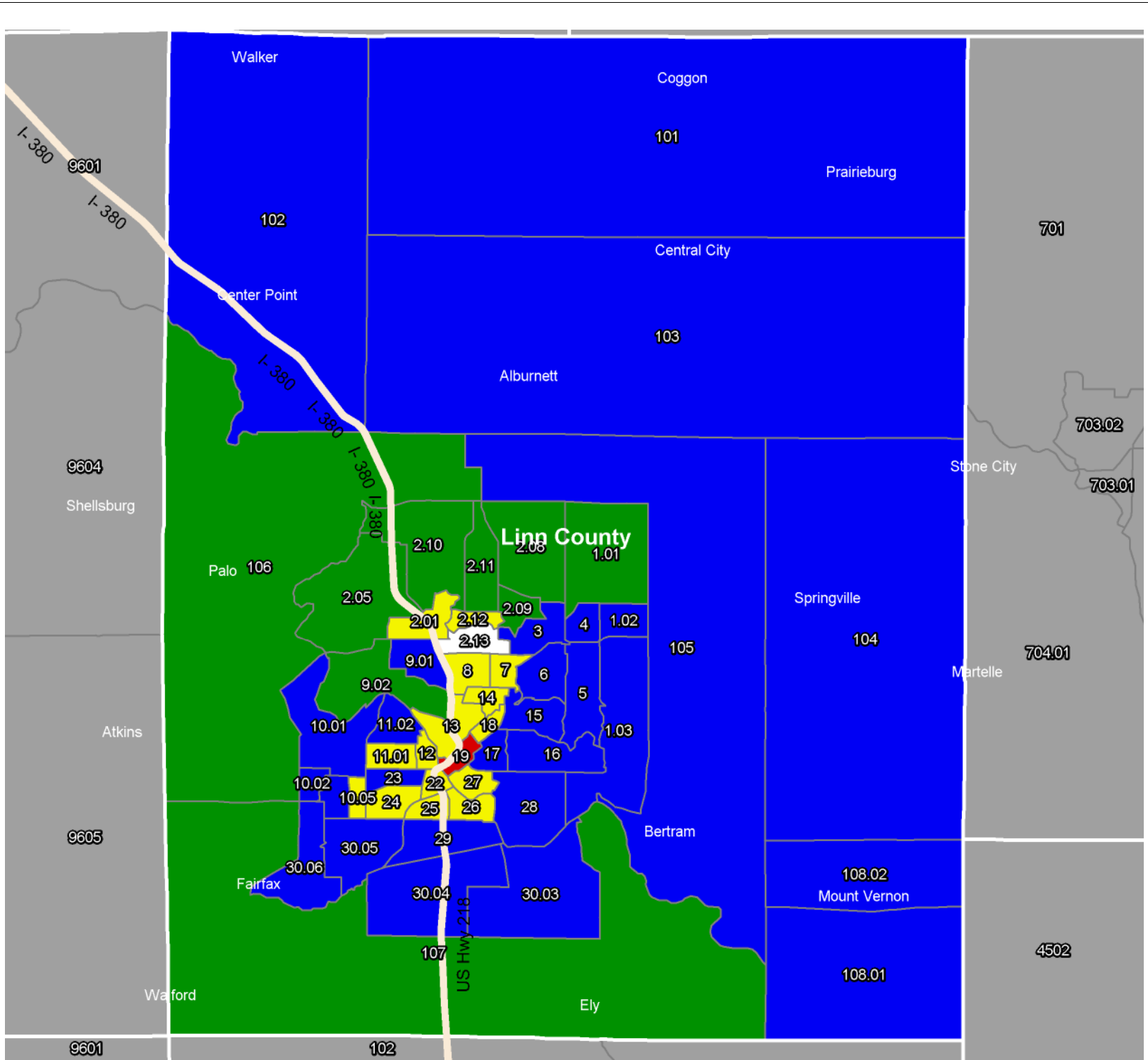
- **On 11/12/24, a new full service branch at 200 W. State Street, Williamsburg, IA. (Tract 9604 – Iowa County, IA)**
- **On 11/12/24, limited services will be provided at Oaknoll Retirement Residents – East, at 2640 N Scott Blvd., Iowa City, IA. (Tract 1 – Johnson County, IA)**

ASSESSMENT AREA MAPS

State ID	State	County ID	County Name MSA/MD	MSA/MD Nar Tract	Tract Income
19	IA	183	WASHINGTC 26980	IOWA CITY, I 9605.00	3:Middle
19	IA	183	WASHINGTC 26980	IOWA CITY, I 9604.00	2:Moderate
19	IA	183	WASHINGTC 26980	IOWA CITY, I 9603.00	2:Moderate
19	IA	183	WASHINGTC 26980	IOWA CITY, I 9602.00	3:Middle
19	IA	183	WASHINGTC 26980	IOWA CITY, I 9601.02	2:Moderate
19	IA	183	WASHINGTC 26980	IOWA CITY, I 9601.01	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0105.02	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0105.01	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0104.02	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0104.01	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0103.08	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0103.07	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0103.06	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0103.05	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0103.04	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0103.03	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0102.00	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0101.00	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0023.00	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0021.00	1:Low
19	IA	103	JOHNSON 26980	IOWA CITY, I 0018.02	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0018.01	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0017.00	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0016.02	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0016.01	1:Low
19	IA	103	JOHNSON 26980	IOWA CITY, I 0015.00	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0014.00	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0013.00	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0012.00	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0011.00	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0006.00	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0005.02	3:Middle
19	IA	103	JOHNSON 26980	IOWA CITY, I 0005.01	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0004.02	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0004.01	1:Low
19	IA	103	JOHNSON 26980	IOWA CITY, I 0003.07	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0003.06	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0003.05	4:Upper
19	IA	103	JOHNSON 26980	IOWA CITY, I 0003.04	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0003.03	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0002.00	2:Moderate
19	IA	103	JOHNSON 26980	IOWA CITY, I 0001.00	4:Upper

HILLS BANK AND TRUST COMPANY - 2024 CRA - ASSESSMENT AREA INCOME MAP

Linn County*



Income Level

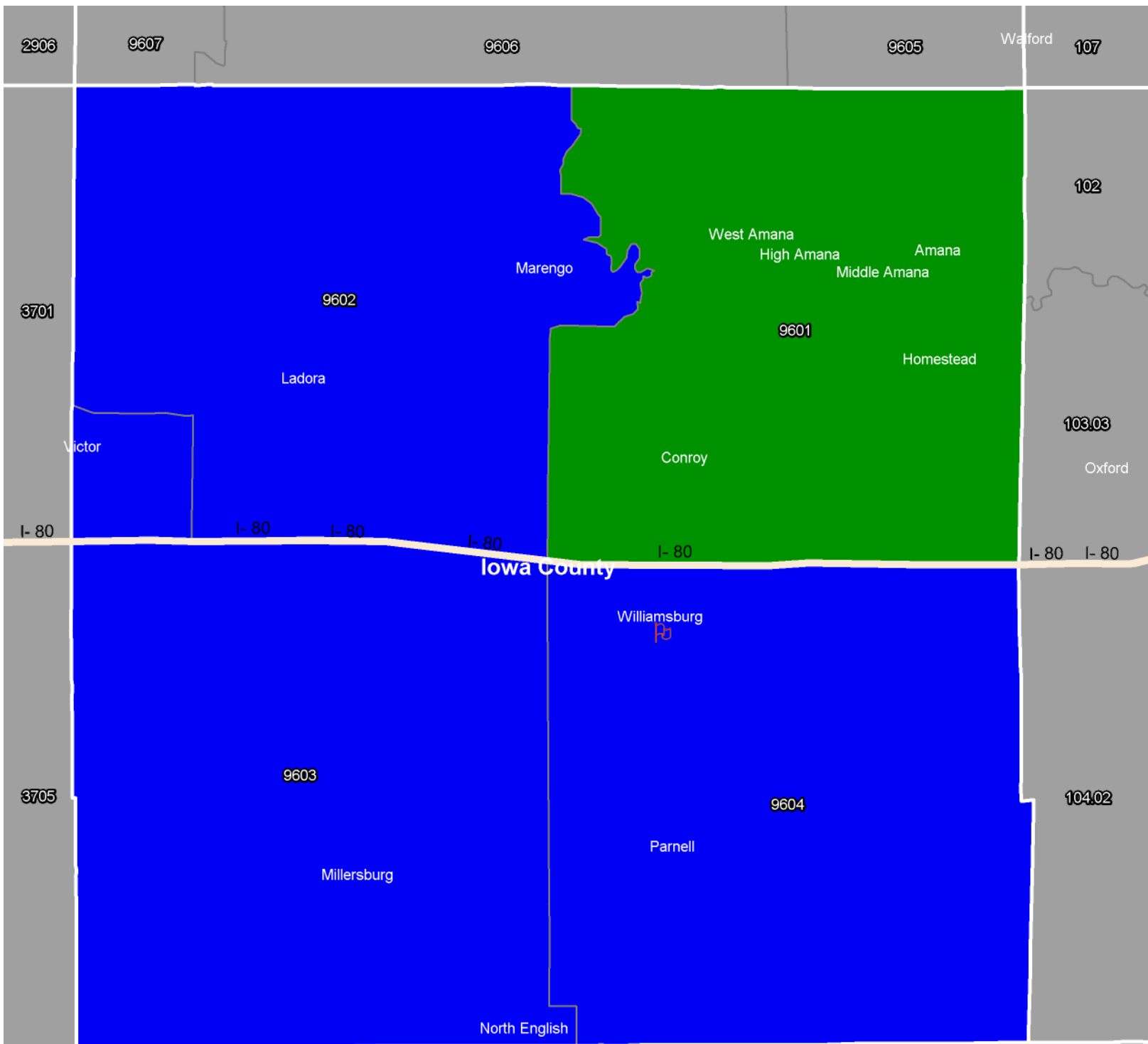
- NA
- Low
- Moderate
- Middle
- Upper

State ID	State	County ID	County Name	MSA/MD	MSA/MD Narr Tract	Tract Income Level
19	IA	113	LINN	16300	CEDAR RAPI 0108.02	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0108.01	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0107.00	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0106.00	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0105.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0104.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0103.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0102.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0101.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0030.06	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0030.05	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0030.04	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0030.03	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0029.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0028.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0027.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0026.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0025.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0024.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0023.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0022.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0019.00	1:Low
19	IA	113	LINN	16300	CEDAR RAPI 0018.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0017.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0016.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0015.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0014.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0013.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0012.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0011.02	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0011.01	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0010.05	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0010.04	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0010.02	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0010.01	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0009.02	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0009.01	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0008.00	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0007.00	2:Moderate

19	IA	113	LINN	16300	CEDAR RAPI 0006.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0005.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0004.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0003.00	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0002.13	0:NA
19	IA	113	LINN	16300	CEDAR RAPI 0002.12	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0002.11	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0002.10	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0002.09	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0002.08	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0002.05	4:Upper
19	IA	113	LINN	16300	CEDAR RAPI 0002.01	2:Moderate
19	IA	113	LINN	16300	CEDAR RAPI 0001.03	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0001.02	3:Middle
19	IA	113	LINN	16300	CEDAR RAPI 0001.01	4:Upper

HILLS BANK AND TRUST COMPANY - 2024 CRA - ASSESSMENT AREA INCOME MAP

Iowa County



Income Level

- NA
- Low
- Moderate
- Middle
- Upper

Bank Branches

State ID	State	County ID	County Name MSA/MD	MSA/MD Narr Tract	Tract Income Level
19	IA	095	IOWA	9604.00	3:Middle
19	IA	095	IOWA	9603.00	3:Middle
19	IA	095	IOWA	9602.00	3:Middle
19	IA	095	IOWA	9601.00	4:Upper

PRODUCTS AND SERVICES

HILLS BANK

Office	Direct Dial Prefix	Address	Telephone	Lobby hours		Drive-up hours	
CRDT Cedar Rapids Downtown Mary White	654	240 3rd Ave SE Cedar Rapids, IA 52401	319-247-5721 1-866-406-2253 (fax) 319-247-5726	Mon - Fri	9:00 am - 5:00 pm	---	---
CRNE Cedar Rapids Northeast Angela Ramirez	654	3905 Blairs Ferry Rd NE Cedar Rapids, IA 52402	319-294-2444 1-877-283-9749 (fax) 319-654-8144	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
CRSW Cedar Rapids Southwest Olivia Brown	654	3610 Williams Blvd SW Cedar Rapids, IA 52404	319-654-9595 1-877-827-9385 (fax) 319-654-9528	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
CV Coralville Adam McAfee	358	1009 2nd St PO Box 5820 Coralville, IA 52241	319-351-8000 1-866-866-8872 (fax) 319-351-2529	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
H Hills Kelsey Redlinger	679	131 E. Main St PO Box 160 Hills, IA 52235	319-679-2291 1-800-445-4566 (fax) 319-679-2180	Mon - Thur Fri Sat	9:00 am - 4:00 pm 9:00 am - 5:00 pm Closed	Mon - Thur Fri Sat	8:30 am - 4:00 pm 8:30 am - 5:00 pm Closed
ICDT Iowa City Downtown Amber DeMan	688	201 S Clinton St Iowa City, IA 52240	319-351-3337 1-888-221-0028 (fax) 319-351-8063	Mon - Fri Sat	9:00 am - 5:00 pm Closed	---	---
ICES Iowa City Eastside Dawn Reimers	688	2621 Muscatine Ave Iowa City, IA 52240	319-338-3381 1-888-221-0041 (fax) 319-338-0881	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
ICSG Iowa City South Gilbert Dawn Lyons	358	1401 S Gilbert St Iowa City, IA 52240	319-338-1277 1-866-866-8901 (fax) lobby 338-7954 (fax) Commercial Dept 358-2249	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
K Kalona Kris Burns	656	120 5th St PO Box 1210 Kalona, IA 52247	319-656-2281 1-888-852-5662 (fax) 319-656-5376	Mon - Thur Fri Sat	9:00 am - 4:00 pm 9:00 am - 5:00 pm 9:00 am - Noon	Mon - Thur Fri Sat	8:30 am - 4:00 pm 8:30 am - 5:00 pm 8:30 am - Noon
L Lisbon Michelle Zaruba	866	103 W Main St PO Box 959 Lisbon, IA 52253	319-455-2951 1-888-882-4858 (fax) 319-455-2067	Mon - Thur Fri Sat	9:00 am - 4:00 pm 9:00 am - 5:00 pm Closed	Mon - Thur Fri Sat	8:30 am - 4:00 pm 8:30 am - 5:00 pm Closed
Uptown Marion Marion Sabrina Beyer	866	800 11th St Marion, IA 52302	319-377-6066 1-888-221-0049 (fax) 319-377-0880	Mon - Fri Sat	9:00 am - 5:00 pm Closed	Mon - Fri Sat	8:30 am - 5:30 pm Closed
M7 Marion Tim Higginbotham	447	3204 7th Ave Marion, IA 52302	319-377-8100 1-844-205-6695 (fax) 319-373-6928	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
MV Mount Vernon Brenda Langenberg	866	720 1st Ave SE Mount Vernon, IA 52314	319-895-4018 1-888-882-4858 (fax) 319-895-4019	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
NL North Liberty Donna Hallett	626	25 Hwy 965 N PO Box 80 North Liberty, IA 52317	319-626-2381 1-888-221-0023 (fax) 319-626-2787	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
NLFG North Liberty Forevergreen Allison Bates	665	590 W Forevergreen Rd North Liberty, IA 52317	319-626-2199 1-877-761-5098 (fax) 319-665-5799	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
UIHC Univ of Ia Hospitals and Clinics, Tyler Bartlett	688	200 Hawkins Dr Iowa City, IA 52242	319-358-8442 (UIHC) 1-855-391-8442 (UIHC) (fax) 319-688-4669	Mon - Fri Sat	9:00 am - 5:00 pm Closed	---	---
WA Washington Angela Langstraat	863	2481 Hwy 92 E PO Box 886 Washington, IA 52353	319-653-9092 1-844-833-9092 (fax) 319-863-7830	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
W Wellman Jo Edgington	646	229 8th Ave PO Box 472 Wellman, IA 52356	319-646-4000 1-866-551-4034 (fax) 319-646-4401	Mon - Thur Fri Sat	9:00 am - 4:00 pm 9:00 am - 5:00 pm 9:00 am - Noon	Mon - Thur Fri Sat	8:30 am - 4:00 pm 8:30 am - 5:00 pm 8:30 am - Noon
WILL Williamsburg Todd Shaull		200 W State St, Williamsburg, IA 52361	319-661-9500	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	Mon - Fri Sat	8:30 am - 5:30 pm 8:30 am - Noon
Trust Department	358	590 W Forevergreen Rd North Liberty, IA 52317	319-338-1522 1-800-899-8858 (fax) 338-9601	Mon - Fri Sat	9:00 am - 5:00 pm 9:00 am - Noon	---	---
Customer Contact Center		IC 319-679-5500 CR 319-654-8100 1-800-445-5725 (HILLSBK)	Contact Center Hours: Mon - Fri 7 am-6 pm Sat 8 am-noon	Toll-free to any direct line		1-866-866-8875 + ext	
Push Button Banker		IC 319-679-5522 CR 319-654-8044 1-800-345-8118		Local to find direct lines		319-679-5566 + 9	
Commercial Support		319-679-5400 1-866-890-3109					

ATM LOCATIONS

CEDAR RAPIDS

- ◆ Eastern Iowa Airport
2121 Arthur Collins Pkwy SW
- ◆ * Hills Bank
240 3rd Ave SE
- ◆ * Hills Bank
3905 Blairs Ferry Rd NE (24 hr drive-up)
- ◆ * Hills Bank
3610 Williams Blvd SW (24 hr drive-up)
- ◆ Mercy Hospital
701 10th St SE

CORALVILLE

- ◆ Coral Ridge Mall
1451 Coral Ridge Ave
- ◆ * Hills Bank
1009 2nd St (24 hr drive-up)
- ◆ Hills Bank
1009 2nd St (24 hr walk-up)

HILLS

- ◆ * Hills Bank
131 W Main St (24 hr walk-up)

IOWA CITY

- ◆ Hills Bank
201 S Clinton St (walk-up)
- ◆ * Hills Bank
201 S Clinton St (24 hr walk-up)
- ◆ * Hills Bank
1401 S Gilbert St (24 hr drive-up)
- ◆ * Hills Bank
1401 S Gilbert St (24 hr walk-up)
- ◆ * Hills Bank
2621 Muscatine Ave (24 hr drive-up)
- ◆ Johnson County Admin Bldg
913 S Dubuque St

UNIVERSITY OF IOWA

- ◆ Burge Residence Hall
- ◆ Hillcrest Residence Hall

UNIVERSITY OF IOWA HOSPITALS AND CLINICS

- ◆ Fountain Entrance Lobby
- ◆ * Elevator E, Level 1 - Bread Garden
- ◆ Elevator I, Level 2 - Pappajohn Pavilion

KALONA

- ◆ * Hills Bank
120 5th St (24 hr drive-up)
- ◆ * Hills Bank
120 5th St (24 hr walk-up)

LISBON

- ◆ * Hills Bank
103 W Main St (24 hr walk-up)

MARION

- ◆ * Hills Bank
800 11th St (24 hr drive-up)
- ◆ * Hills Bank
3204 7th Ave (24 hr drive-up)

MOUNT VERNON

- ◆ * Hills Bank
720 1st Ave SE (24 hr drive-up)

NORTH LIBERTY

- ◆ * Hills Bank
25 Hwy 965 N (24 hr drive-up)
- ◆ * Hills Bank
590 W Forevergreen Rd (24 hr drive-up)

WASHINGTON

- ◆ * Hills Bank
2481 Hwy 92 E (24 hr drive-up)

WELLMAN

- ◆ * Hills Bank - 229 8th Ave (24 hr walk-up)

WILLIAMSBURG

- ◆ * Hills Bank - 200 W State St (24 hr walk-up)



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Subject to change. Effective 11/5/2024

Deposits made to Hills Bank accounts are FDIC insured up to depository limit.
Deposits made to non-insured financial institutions are not FDIC insured.



Hills Bank is part of the MoneyPass® ATM Network. Now you can access thousands of ATMs nationwide with your Hills Bank debit or ATM card.



◆ Indicates ATM is part of the SHAZAM® Privileged StatusSM Program. For more information visit www.shazam.net.



* Machine accepts deposits.

NOTE: Certain fees we have detailed below may be subject to Iowa Sales Tax.



FEES AND CHARGES.

The following fees and charges may be assessed against your account:

An overdraft fee of \$27.00 will be charged per item for covering overdrafts created by check, in-person withdrawal, ATM withdrawal or other electronic means. Maximum overdraft fee per day is \$135.00.

A nonsufficient fee (NSF) of \$27.00 will be charged per item for insufficient funds transactions created by check, in-person withdrawal, ATM withdrawal or other electronic means. Maximum NSF fee per day is \$135.00. An item or transaction that is returned and later re-presented to us may result in you incurring additional fees, such as multiple nonsufficient funds (NSF) fees each time that item or transaction is presented.

Automatic transfer for overdraft from deposit account (Sales tax included)	\$5.00
Bank to bank monthly transfer (ACH) (Sales tax included)	\$5.00
Check orders	Fee varies by style and are subject to Iowa State sales tax
Collection of Foreign (non-US) item	1% not to exceed \$50.00
Garnishment	\$50.00
Levies	\$50.00

Official Payments

Foreign draft	\$50.00
Money order	\$3.00
Official check	\$3.00
Stop payment (all items) sales tax included	\$27.00
VISA international debit transactions (non-pin)	1%

Wire transfers

Incoming (customer)	\$0.00
Incoming (non-customer)	\$35.00
Outgoing domestic (customer)	\$20.00
Outgoing domestic (non-customer)	\$35.00
Outgoing foreign (customer)	\$75.00
Wire transfer trace fee (minimum of)	\$25.00

FEES THAT APPLY TO BUSINESS ACCOUNTS ONLY

Chargeback of deposited item (sales tax included)	\$5.00
Commercial Sweep Fee (Monthly)	\$50.00

Coin/Currency

Coin Roll	\$0.05
Currency Strap	\$0.10

Collection Item

Domestic (per item)	\$15.00
Foreign	Fee varies
Duplicate image statement (Sales tax included)	\$25.00

Safe Deposit Box (Contents are not FDIC insured)

Rent varies by box size	
Drilling	\$200.00
Key Replacement	\$20.00

CHECKING ACCOUNTS



Hills Bank offers a variety of checking accounts designed to meet your banking needs. **Find the right account for you.**

High Interest Checking

- \$50 minimum to open
- Earn 3.50%* annual percentage yield (APY) on balances up to \$25,000 by completing these requirements each monthly statement cycle:
 - ACH deposit(s) of \$500 or more
 - 15 point-of-sale or recurring debit card transactions of \$10 or higher each
 - Enrolled in Hills Bank Online and online statement delivery
- No monthly fee

*In order for your account to earn an interest rate of 3.45% with an APY of 3.50% on balances up to \$25,000.00 and earn an interest rate of 0.05% with an APY of 0.05% on any balances greater than \$25,000.00, the following requirements must be met. You must have an ACH deposit(s) greater than or equal \$500.00 and 15 Point of Sale (POS) or recurring debit card transactions greater than or equal to \$10.00 each that have cleared during your monthly statement cycle. In addition, you must be signed up for online banking and enrolled in e-statements for your High Interest account. If you do not meet the requirements identified above, the entire balance will not earn any interest for that statement cycle.

Free Checking

- No minimum to open.
- Free debit card, mobile and online banking.
- Unlimited free ATM transactions (a fee may be charged by an out-of-network ATM owner)

Gold Checking

- \$1,000 minimum daily balance or combined relationship daily deposit balance of \$5,000. (Combined relationship balances are based on banking relationships of the first person listed on this account, who may be listed on other accounts as an owner, joint owner, or sole proprietor.) A \$9.00 monthly service charge (plus sales tax) is charged if balance requirements are not met.
- Free small safe deposit box for one year (or credit towards a larger box; safe deposit box contents are not FDIC insured).
- Earn tiered interest rates.
- Free introductory pack of checks.
- Unlimited free ATM transactions (a fee may be charged by an out-of-network ATM owner)

APPLY NOW



1-800-445-5725



Chat Here - hillsbank.com



Visit with a banker



HillsBank.com/checking

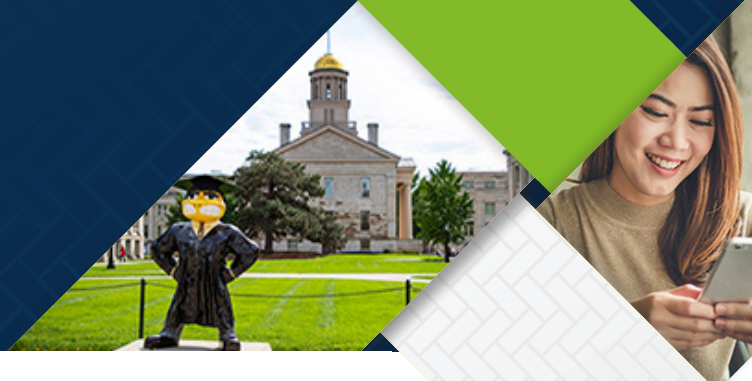


HILLS BANK



Account Benefits

UI STUDENT CHECKING



Account Features + Benefits

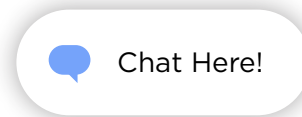
- No minimum to open and no monthly service fee
- No-annual-fee debit card with Apple Pay and Samsung Pay capabilities
- Free online banking app with remote check deposit, transfers, budgeting assistance, and other advanced capabilities
- Unlimited free ATM transactions. (The owner of a non-Hills Bank ATM may surcharge, but that's their fee, not ours!)
- When no longer a University of Iowa student, the account converts to Free Checking

Chat With a Banker

Visit hillsbank.com or log in to the Hills Bank Mobile app and click the “Chat Here” button to connect with a personal banker anywhere you have an internet connection. You can work with them right through your phone, tablet, or internet browser to do almost anything you can do in a physical branch:

- Place travel alerts
- Open an account
- Transfer funds
- Ask questions
- Apply for a credit card or loans

Chat with a banker today to check banking off your to-do list.



Mobile and Online Banking

Hills Bank’s mobile and online banking are easy to use and give you greater control of your finances, while providing convenience and security with access to your accounts 24/7.

Through the Hills Bank mobile app on your iOS or Android device or with Hills Bank Online on your internet browser, you can:

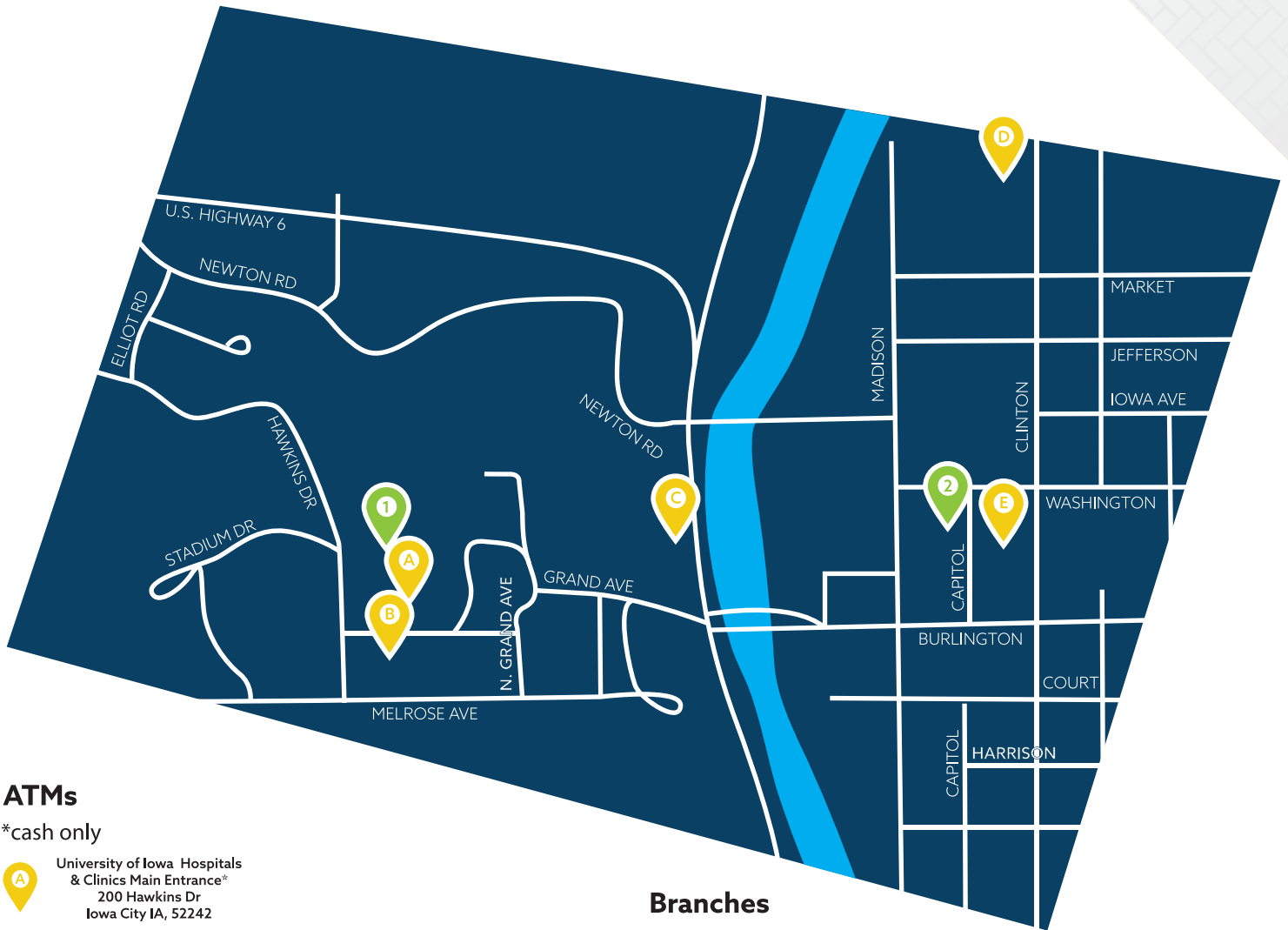
- Deposit checks via the mobile app
- Turn your debit card on/off
- Transfer funds to another person (including non-Hills Bank customers)



See reverse side to see locations and ATMs across campus.





LOCATIONS + ATMS ACROSS CAMPUS



ATMs

*cash only

-  University of Iowa Hospitals & Clinics Main Entrance*
200 Hawkins Dr
Iowa City IA, 52242
-  UIHC Pappajohn Pavilion Elevator 1 Level 2*
200 Hawkins Dr
Iowa City IA, 52242
-  Hillcrest Residence Hall
100 Hillcrest Hall
Iowa City IA, 52242

-  Burge Residence Hall
100 Burge Hall
Iowa City IA, 52245
-  Hills Bank Iowa City ATM
201 S Clinton St
Iowa City IA, 52240

Branches

-  University of Iowa Hospitals & Clinics
200 Hawkins Dr
Iowa City, IA 52242
-  Iowa City Downtown
201 S Clinton St
Iowa City IA, 52240



FRIENDS CLUB

Checking Account



Exclusive for Hills Bank Friends Club members, Friends Club Checking* is an interest-bearing account that includes:

- Free checks, free money orders, and free official checks
- 50% discount on safe deposit box rentals (contents are not FDIC insured, limit one discount per household)
- Free ATM transactions (a fee may be imposed by a non-Hills Bank ATM owner)
- Free paper statements
- Online/mobile banking with bill payment



* Hills Bank customers who are age 50 or better and maintain \$10,000 or more across all personal accounts within their household (at the same address) qualify to join Friends Club. As of 3/13/2023, balance over \$10,000 earns an annual percentage yield (APY) of 0.10%, \$9,999.99 to \$1,000 earns APY of 0.05%, and under \$1,000 earns APY of 0.05%. Fees may reduce earnings. Rate may change after account opening.



FriendsClubTM
HILLS BANK Member FDIC

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FRIENDS CLUB

Membership Information



For your loyal support of Hills Bank, you've earned our thanks. With workshops, seminars, and casual gatherings designed to help you connect with new friends in your community – along with special banking perks – Friends Club is our way of giving you the benefits you deserve. This dynamic group of individuals age 50 and better also enjoys engaging, local events, day trips to unique local attractions, extended tours of our national treasures, and international journeys to unforgettable destinations. **To join, please visit a banker at your nearest Hills Bank location.**

Who can be a member?

Hills Bank customers who are age 50 or better and maintain \$10,000 or more across all personal accounts within their household (at the same address) qualify to join the club.

Benefits and Services

Local Events: Engaging activities such as lifelong learning speakers, history and unique presentations, crafts and art, games, and more at Hills Bank locations and local venues.

Group Travel: Domestic and international travel to “bucket list” destinations, as well as day trips in Iowa and surrounding states.

Quarterly Newsletter: Print and digital club news featuring exclusive travel opportunities, events, articles, games, and more.

Friends Club Checking: Exclusive interest-bearing account that includes free checks, money orders, and official checks, 50% discount on safe deposit box rentals, and more.



Visit [HillsBank.com/FriendsClub](https://www.hillsbank.com/friendsclub) to learn more!




FriendsClubTM
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EMPLOYEE ADVANTAGE



Employee Advantage Accounts

 Employee Advantage	Min. Balance	Monthly Service Charge	Interest Rate	Free First Pack of Checks	Transactions	Personal Loan Discount**
Checking:	\$0 [^]	\$0	Variable	✓	Unlimited	.25%
Savings: ^{^^}	\$0 [^]	\$0	Variable	—	6 per month ^{***}	.25%

[^]Accounts with a zero balance for 120 consecutive days will be closed.

^{^^}Must have an Employee Advantage Checking to qualify for Employee Advantage Savings

*All Hills Bank and in-network (Shazam, MoneyPass®) ATM transactions are free of charge. A fee may be charged by an out-of-network ATM owner.

**One time use, not valid for real estate loans

*** Transaction Limitations: Transfers from a savings account to third parties by preauthorized, automatic, computer (online banking), or telephone transfer or by check, draft, debit card (if applicable), ACH, or similar order to third parties transfer are limited to six per month.

Employee Advantage Checking

- No minimum balance
- No monthly service charge
- Unlimited no fee ATM transactions (a fee may be charged by an out-of-network ATM owner)
- Earn variable interest rate on balances of \$1,000 or more
- Free introductory pack of checks
- 0.25% personal loan discount: one time use, not valid for real estate loans
- No fee for official checks and money orders

Employee Advantage Savings

- No minimum to open
- No minimum balance
- Free debit card, mobile and online banking
- Unlimited no fee ATM transactions (a fee may be charged by an out-of-network ATM owner)

Limit one Employee Advantage account type per person. If you are no longer employed by a business that offers Employee Advantage, the account will convert to Free Checking or Savings, respectively.

APPLY NOW



1-800-445-5725



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Rev. 7-22

UI EMPLOYEE ADVANTAGE



UI Employee Advantage Accounts

 UI Employee Advantage	Min. Balance	Monthly Service Charge	Interest Rate	Free First Pack of Checks	Transactions	Personal Loan Discount**
Checking:	\$0 [^]	\$0	Variable	✓	Unlimited	.25%
Savings: ^{^^}	\$0 [^]	\$0	Variable	—	6 per month ^{***}	.25%

[^]Accounts with a zero balance for 120 consecutive days will be closed.

^{^^}Must have an Employee Advantage Checking to qualify for Employee Advantage Savings

*All Hills Bank and in-network (Shazam, MoneyPass®) ATM transactions are free of charge. A fee may be charged by an out-of-network ATM owner.

**One time use, not valid for real estate loans

*** Transaction Limitations: Transfers from a savings account to third parties by preauthorized, automatic, computer (online banking), or telephone transfer or by check, draft, debit card (if applicable), ACH, or similar order to third parties transfer are limited to six per month.

Employee Advantage Checking

- No minimum balance
- No monthly service charge
- Unlimited no fee ATM transactions (a fee may be charged by an out-of-network ATM owner)
- Earn variable interest rate on balances of \$1,000 or more
- Free introductory pack of checks
- 0.25% personal loan discount: one time use, not valid for real estate loans
- No fee for official checks and money orders

Employee Advantage Savings

- No minimum to open
- No minimum balance
- Free debit card, mobile and online banking
- No fee ATM transactions (a fee may be charged by an out-of-network ATM owner)

Limit one Employee Advantage account type per person. If you are no longer employed by a business that offers Employee Advantage, the account will convert to Free Checking or Savings, respectively.

APPLY NOW



1-800-445-5725



Chat Here - hillsbank.com



Visit with a banker



HillsBank.com



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MONEY MARKET ACCOUNTS



Our Money Market accounts can earn higher interest rates than our savings accounts while offering some flexibility for withdrawals and transfers. The interest rates on these accounts are tiered, meaning you'll earn more in interest as your balance reaches a given amount. For more information and to see current rates, visit hillsbank.com/deposit-rates



	Minimum to open	Monthly service charge	Earn Interest	Transfers per month
Money Market:	\$0	None with \$1,000+ balance**	If balance is \$1,000+	6*
Gold Premier Money Market:	\$15,000	-	If balance is \$15,000+	6*

*Six transfers or withdrawals allowed per month by pre-authorized, automatic, Hills Bank Online[®], telephone check, debit card, or similar order to third parties

**If daily balance falls below \$1,000, an \$8 service charge with check safekeeping or eStatement (plus sales tax) and a \$10 service charge with returned check images (plus sales tax) will be applied as applicable.

APPLY NOW



1-800-445-5725 (1-800-HILLSBK)



HERE by Hills Bank



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HillsBank.com/money-market



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Rev. 6-20

● SIMPLE CHANGE



Saving money is a lot easier when you don't need to think about it. Luckily, saving is as simple as swiping your debit card with Simple Change. This program helps you build the balance of your specified "saving" account just by making everyday purchases.

HOW TO SIGN UP

1. Sign up on **HillsBank.com/simplechange** or at any Hills Bank office.
2. Every time you use your **Hills Bank debit card**, your total will be rounded up to the nearest dollar.
3. At the end of the day, all of your "spare change" will go to a specified **checking, savings, or money market account*** of your choosing.

*To enroll, you must have a Hills Bank checking account with a Hills Bank debit card, as well as an additional checking, savings, or money market account.



ACCOUNTS FOR KIDS



Help your kids save for college or the future while putting money in their pockets today

Penny Savers Club



Kids 11 years old and younger can learn about interest – by earning it! The Penny Savers Club is specially designed to help you teach your child the value of saving money in a way that is fun and rewarding. In addition to the awesome feeling of having their own bank account, they'll also enjoy perks like a newsletter with fun activities and regular opportunities to earn extra cash, as well as an opportunity to sign up for our free annual Lemon Boss program.

GO! Program



Our Go! Program is for teens 12-17 years old. They might not be old enough to sign up for an account on their own, but they're always on the GO! – and they still need to save and spend cash.

- Free Hills Bank Online™ access
- Free debit card

College Saver CD



The CollegeSaver CD offers the **deposit convenience** of a savings account and the earning power of a certificate of deposit. **It can be opened** for your child or grandchild with a **term of two or four years** for only \$100. **You can make additional deposits** into the CD as often as you like, with as little as \$25.

A CollegeSaver CD carries your scholar's name and social security number and is automatically renewable until age 21.

APPLY NOW



1-800-445-5725



Chat Here - [hillsbank.com](https://www.hillsbank.com)



Visit with a banker



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Rev. 4-21



HILLS BANK ONLINE



Hills Bank's online and mobile banking are **easy to use** and **give you greater control** of your finances. Enjoy access to your accounts 24/7 for convenience and security wherever you are. You'll need to enroll before you can start enjoying the benefits of banking from anywhere; visit hillsbank.com/hillsbankonline for more details.

Deposit Checks Remotely

- Deposit a check directly into your account using the Hills Bank Online app by simply taking a picture of the front and back of your check.



Turn Debit Card On/Off

- Lost your card? No need to worry. Simply log in, select Hills Bank Cards, and click Turn Debit Card On/Off. If you find your card later, you can turn it back on by just repeating the process!

Transfer Funds to Another Person

- Send a person-to-person transfer to another Hills Bank customer or to someone at another financial institution.



Manage Your Finances

- Your personal financial management software is just a click away. You can include accounts from other financial institutions, add credit cards, and create budgets – letting you plan for the future while you manage your funds. Visit hillsbank.com/hillsbankonline for an interactive demo!

How to Self-Enroll

1. Visit hillsbank.com and click on **Enroll**.
2. Enter the information requested to begin the enrollment process.
3. Next you will select a method to receive a secure access code. You can receive this by text message or phone call.
4. Enter the **secure access code** received. This will allow you to personalize your password.



HILLS BANK



HILLS BANK ONLINE



Goals

- Prepare for the unexpected or save for something special with the Goals feature in Hills Bank Online. Set saving goals and start setting aside money automatically with regular transfers. You'll see a visual reminder of your saving every time you log into your account. It can be motivating to see you're reaching your goals – and you barely have to lift a finger!



Bill Payment

- Bill payment is free, with unlimited payments each month. However, fees will be deducted from your account if you opt for expedited payments or gift checks. Sign up for bill payment through Hills Bank Online by logging in and clicking Payments/Transfers, then Pay My Bills and complete the enrollment process.

Send Secure Messages and Chat

- Upload documents, send messages, and chat with our banking staff – safely and securely. Whatever questions you have, we stand ready to answer them.

Receive statements and notices electronically

- Receive email alerts when statements and notices are ready and view them within Hills Bank Online. You can access up to 18 months of statements by logging in, opening the “Services” tab, and clicking on “Statements.” Here, you can sign up for electronic statements and see a list of your monthly statements when they're ready to view.

For the best online banking experience, please use the official Hills Bank Online mobile app or make sure your desktop web browser is up-to-date.



HILLS BANK ONLINE



Hills Bank's online and mobile banking are **easy to use** and **give you greater control** of your finances. Enjoy access to your accounts 24/7 for convenience and security wherever you are. You'll need to enroll before you can start enjoying the benefits of banking from anywhere; visit hillsbank.com/hillsbankonline for more details.

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- Upload documents, send messages, and chat with our banking staff – safely and securely. Whatever questions you have, we stand ready to answer them.

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How to Self-Enroll

1. Visit hillsbank.com and click on **Enroll**.
2. Enter the information requested to begin the enrollment process.
3. Next you will select a method to receive a secure access code. You can receive this by text message or phone call.
4. Enter the **secure access code** received. This will allow you to personalize your password.

For the best online banking experience, please use the official Hills Bank Online mobile app or make sure your desktop web browser is up-to-date.

PUSH BUTTON BANKER



Do you want access to your account right from your phone, but aren't able to install the Hills Bank Mobile app? Push Button Banker is for you. Enjoy immediate access to your accounts, using your phone's keypad to:

- Hear your account balance
- Search for specific transactions
- Make transfers between your accounts
- Be connected to a customer service representative

GETTING STARTED IS EASY

Just call **(319) 679-5522** or **(800) 345-8118** and select the type of account you will use to log in. Then enter your account number followed by the pound (#) key. You'll be prompted for an additional security measure and to set a security code. Once your Push Button Banker is set up and you've logged in, use the directions to the right.

To inquire on your checking or money market account	Press 1
On your savings account	Press 2
On your loan	Press 3
On your certificate of deposit	Press 4
To return to the previous menu	Press 8
To repeat this menu	Press 9
To speak with a customer service representative	Press 0

Additional directions on following pages.



PUSH BUTTON BANKER



Checking & Money Market Information

A list of accounts will be given

- For balance information **Press 1**
- For your most recent withdrawal transactions **Press 2**
- For your most recent deposit transactions **Press 3**
- For your most recent ATM transactions **Press 4**
- To inquire on a specific transaction **Press 5**

Transaction Menu

- To inquire by check number **Press 1**
Please enter check number followed by the # key
- To inquire by amount **Press 2**
Please enter the amount of the item to search for, followed by the # key
- To inquire by date **Press 3**
Please enter the six digit date to search for in month, day, and year followed by the # key
- To return to the previous menu **Press 8**
- To repeat this menu **Press 9**
- To speak with a customer service representative **Press 0**

Savings Account Information Menu

A list of accounts will be given

- For balance information **Press 1**
- For your most recent withdrawal transactions **Press 2**
- For your most recent deposit transactions **Press 3**
- For your most recent ATM transactions **Press 4**
- To inquire on a specific transaction **Press 5**

Transaction Menu

- To inquire by amount **Press 1**
Please enter the amount of the item to search for, followed by the # key
- To inquire by date **Press 2**
Please enter the six digit date to search for in month, day, and year followed by the # key
- For interest information **Press 6**
- To transfer funds **Press 7**
- To return to the previous menu **Press 8**
- To repeat this menu **Press 9**
- To speak with a customer service representative **Press 0**



PUSH BUTTON BANKER



Loan Account Information Menu

A list of accounts will be given

For balance information For your last payment date	Press 1
payment information For your next payment date	Press 2
payment information	Press 3
For your payment amount	Press 4
For interest information	Press 5
To return to the previous menu	Press 8
To repeat this menu	Press 9
To speak with a customer service representative	Press 0

Certificate of Deposit/IRA Information Menu

A list of accounts will be given

For balance information	Press 1
For the last interest paid	Press 2
For the maturity date	Press 3
For interest information	Press 4
To return to the previous menu	Press 8
To repeat this menu	Press 9
To speak with a customer service representative	Press 0

Funds Transfer Menu

From Account

A list of accounts with withdraw rights will be given

To return to the previous menu	Press 8
To repeat this menu	Press 9
To speak with a customer service representative	Press 0

To Account

A list of accounts with deposit rights will be given

To return to the previous menu	Press 8
To repeat this menu	Press 9
To speak with a customer service representative	Press 0

To transfer funds, please enter the amount to transfer in dollars and cents followed by the {#} key.

Note: System assumes there is a decimal place

You will then hear the following message:

You have requested a funds transfer from

{account type} account {account number} to {account type} account {account number} in the amount of {amount}.

If this is correct, press 1 to receive a tracking number. Otherwise, press 2 to be returned to the beginning of the transfer menu.



HILLS BANK

PUSH BUTTON BANKER



Loan Account Information Menu

A list of accounts will be given

- | | |
|---|----------------|
| For balance information
For your last payment date | Press 1 |
| payment information
For your next payment date | Press 2 |
| payment information | Press 3 |
| For your payment amount | Press 4 |
| For interest information | Press 5 |
| To return to the previous menu | Press 8 |
| To repeat this menu | Press 9 |
| To speak with a customer
service representative | Press 0 |

Certificate of Deposit/IRA Information Menu

A list of accounts will be given

- | | |
|--|----------------|
| For balance information | Press 1 |
| For the last interest paid | Press 2 |
| For the maturity date | Press 3 |
| For interest information | Press 4 |
| To return to the previous menu | Press 8 |
| To repeat this menu | Press 9 |
| To speak with a customer
service representative | Press 0 |

Funds Transfer Menu

From Account

A list of accounts with withdraw rights will be given

- | | |
|--|----------------|
| To return to the previous menu | Press 8 |
| To repeat this menu | Press 9 |
| To speak with a customer
service representative | Press 0 |

To Account

A list of accounts with deposit rights will be given

- | | |
|--|----------------|
| To return to the previous menu | Press 8 |
| To repeat this menu | Press 9 |
| To speak with a customer
service representative | Press 0 |

To transfer funds, please enter the amount to transfer in dollars and cents followed by the {#} key.

Note: System assumes there is a decimal place

You will then hear the following message:

You have requested a funds transfer from

{account type} account {account number} to {account type} account {account number} in the amount of {amount}.

If this is correct, press 1 to receive a tracking number. Otherwise, press 2 to be returned to the beginning of the transfer menu.



CLASSROOM CASH



Classroom Cash makes it easy to support an area private school or public school district of your choice every time you use your debit card. It's simple: you make debit card purchases – and we make donations! It's just a great way for us to make a difference in our community schools together.

You can sign up by visiting with a banker at one of our locations, or by chatting with us online at hillsbank.com

Classroom Cash Totals Earned Since 2004

Iowa City Community School District	\$519,428
Mid Prairie Community School District	\$127,384
Cedar Rapids Community School District	\$109,914
Mount Vernon Community School District	\$68,411
Clear Creek -Amana Community School District	\$64,521
Regina Educational Center	\$50,082

\$1,415,559
earned by
schools since
2004



To view totals earned by more schools visit: www.hillsbank.com/classroom-cash



Hills Bank® wants to help make sure your information and transactions are safe and secure while banking online. As an additional layer of protection, Hills Bank Online™ users can now download IBM Security Trusteer Rapport™, a free security software that's downloaded to your computer and protects your online banking account from fraud.

What is Trusteer Rapport™?

Trusteer Rapport™ provides additional protection to your online banking session by helping protect your computer from financial-specific malware and blocking malicious attempts to access your information or money. Updates for Trusteer Rapport™ are automatic and are done in the background. It's a small piece of software that won't slow down your computer or interfere with your applications. Trusteer Rapport™ doesn't replace anti-virus software, but works alongside it to add an additional layer of protection.


Why should I download Trusteer Rapport™?

- **Protects your login credentials** and personal information from key-logging and screen capture attempts.
- **Stops phishing attacks** from stealing your data and credentials.
- **Removes existing financial malware** from your computer immediately.
- **Helps prevent** future malware infections.
- **Defends against threats** that anti-virus solutions can't detect or remove.
- **Notifies the bank of threat activity** to further drive fraud prevention.
- **Easy to install** and only takes a few minutes. No need to restart your computer or configure Trusteer Rapport™.
- **Free** to all Hills Bank customers.

How do I download Trusteer Rapport™?

Go to HillsBank.com, find the Business tab, find Services, then click Trusteer. Scroll to the bottom of the page and click Download Now. At this time, Trusteer Rapport™ is only available to PCs and Macs.

How do I know I'm protected by Trusteer Rapport™?

Once you've downloaded Trusteer Rapport™, a green icon  will appear in the address line of your internet browser when you are viewing a website protected by Trusteer Rapport.

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CONSUMER LOANS



In addition to the standard banking services you know and love, Hills Bank also offers a variety of personal loan options designed to help strivers like you reach their goals. Whether you're looking to purchase or refinance a car, boat, or RV, take a vacation, or finish a personal project, our loans will meet your needs – without hassle or hidden fees.

We offer:

- Auto loans
- Home equity loans
- Personal loans
- Ready Reserve (overdraft protection)
- Unsecured loans



The Hills Bank Advantage:

- **Easy application process**
- **Fast, local decision making**
- **Flexible options**, including Certificate of Deposit-secured loans
- **Competitive rates**
- **No prepayment penalties**
- **Automatic payments** available

Apply Now:

- **Chat Here:** hillsbank.com
- **Visit with a banker**
- **1-800-445-5725 (1-800-HILLSBK)**

Credit Cards

We proudly offer Visa® Platinum Cards with all the benefits you deserve, including:

- Personalized service
- Easy online payment
- Low introductory rates

You can apply for a credit card by connecting with a banker at any of our locations or through Chat [HERE](https://hillsbank.com) on hillsbank.com.

For our current personal loan rates, visit HillsBank.com/personal-loan-rates



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CONSUMER LOAN PRODUCTS (TRANSACTION FEES)

Secured loan (\$13.50-\$25 lien notation fee, etc.) – loan for purchase, refinance, debt consolidation, or other miscellaneous purposes using automobiles, boats, motorcycles, RV's, etc. These loans are usually fixed rate products for no longer than six years and amortized no more than six years.

Unsecured loan (\$0 fee) – small loan for miscellaneous purposes that are not secured by collateral and based on the credit worthiness of the borrower. These loans are generally no longer than 36 months in term and are fixed-rate products.

CD loan (\$0 fee) – loan for miscellaneous purposes that are secured by a Hills Bank certificate of deposit. Loans are made for 3.25% above the rate of the CD and for a term less than CD term. Balloon loans are acceptable with final repayment of principal made by cashing in the CD or writing a new loan with the renewed CD.

Home Equity loan & HELOC (\$395-\$1150 depending if appraisal is needed) – loans to make home improvements, pay for tuition, debt consolidation, etc., which are secured by a borrower's primary residence. Home equity loans are set up for fixed rates only with terms of up to 66 months and amortizations not to exceed 15 years. HELOCs are revolving lines of credit with a fixed rate and 60 month term. Payments may be set up as interest only or amortizing payments with full principal and outstanding interest due at the maturity date.

Unsecured Line of Credit (\$0 fee) – Lines of credit that are not secured by collateral with a fixed rate and a 24 month term. Payments may be set up as interest only or amortizing payments with full principal and outstanding interest due at the maturity date. Lines may be set up for \$1,000 up to \$5,000.

Credit Cards (\$0-\$15 annual fee) – revolving line of credit, which may be secured or unsecured depending on creditworthiness of the borrower.



REAL ESTATE LOAN PRODUCTS (TRANSACTION FEES)

Fixed rate mortgage loan (\$2,076 - \$3,106) appraisal fee, credit report, title work, recording fee, etc.) – loan for purchase, rate/term refinance, cash out refinance, etc. secured by real estate. These loans offer fixed interest rates with terms that vary from 10 to 30 years.

Adjustable rate mortgage loan (ARM) (\$2,051 - \$3,081) - appraisal fee, credit report, title work, recording fee, etc. – loan for purchase, rate/term refinance, cash out refinance, etc. secured by real estate. These loans offer interest rates that are fixed for an initial term and then are adjusted in subsequent years.

Piggyback closed end second mortgage (\$245) - recording fee – these loans are provided to go along with a first mortgage loan. They are fixed rate fully amortized or adjustable rate loans secured by real estate. Loans are amortized from 5 to 25 years depending on credit score.

Piggyback fixed rate home equity line of credit (\$245) - recording fee – these loans are provided to go along with a first mortgage loan. These loans have interest only payments and carry a 5 year term with full principal and outstanding interest due at maturity. Loans are secured by real estate.

Construction loan (\$3,508 - \$4,738) – loans to construct real estate. Loans are typically fixed rate draw lines of credit with a single payment due at maturity.





HILLS BANK

Connection is here.

Account Benefits

Minimum Balance

\$0



Earnings credit is earned on average daily collected balance and offsets monthly account fees.

\$0



Tiered Interest Rates:
\$2,500 - 14,999.99
\$15,000 - \$49,999.99
\$50,000 - \$99,999.99
\$100,000 - \$499,999.99
\$500,000 and above

No basic fee with eStatement.
If balance is less than the \$250 average daily collected balance:
- \$5 basic fee with check safekeeping (plus tax).
- \$10 basic fee with returned check images (plus tax).

No basic fee with eStatement.
If balance is less than the \$2,500 average daily collected balance:
- \$5 basic fee with check safekeeping (plus tax).
- \$10 basic fee with returned check images (plus tax).

Monthly Basic Fee

X

\$10
(Included in account analysis plus tax)

Monthly Transaction Fee

Electronic items are free.
Transactions include deposit tickets, checks deposited, and checks written; ACH and business debit items are free.
- First 250 transactions are free.
- 250+ transactions \$0.25 each (plus tax).

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Transactions include deposit tickets, checks deposited, and checks written; ACH and business debit items are free.
- First 250 transactions are free.
- 250+ transactions \$0.25 each (plus tax).

Unlimited check writing

Electronic items are free.
Debit items counted include paper funds transfers, check, wire transfer and chargeback.
- Debit \$0.15 each (plus tax)
- Credit \$0.15 each (plus tax)
Deposited item fees:
- Hills Bank item no fee.
- Non-Hills Bank \$0.15 per item (plus tax).

No Minimum to Open
Free Business Debit Card
Free Paper Statements
Unlimited ATM Transactions
Hills Bank Online Banking



Other

Monthly account and analysis statement.

Business Checking

Business Interest Checking

Non-Profit Investment Checking

Commercial Checking

BUSINESS TREASURY MANAGEMENT SERVICES

As a community bank, Hills Bank is proud to offer the following services:

- **Account Reconciliation** - Balancing a business checking account by matching checks written to checks that have cleared the account.
- **ACH Origination** - Send and receive payments electronically through the Automated Clearing House (ACH). Files are used to create payroll, direct debit, and payments.
- **ACH Positive Pay** - Create and maintain a list of ACH debits that the business authorized to debit the account. Service prevents ACH debit fraud.
- **Business Credit Cards** - VISA credit cards designed especially for business and commercial customers in need of purchasing, fleet, or commercial credit cards.
- **Business Debit Cards** - Use as a form of payment anywhere VISA is accepted and the funds come right from your business checking account.
- **Check Positive Pay** - Verify the checks written and pay only those that are authorized. Tool to help combat internal and external fraud.
- **Direct Merchant** - Deposit funds from a business location using an image scanner. The check images are sent electronically to Hills Bank for processing.
- **Gift, Prepaid, and Payroll Cards** - Hills Bank provides several card options including gift, prepaid, and payroll cards.
- **Lockbox** - Process your customer payments by handling the preparation and deposit of your accounts receivable payments.
- **Merchant Processing** - Accept credit and debit card payments with a customized merchant processing system.
- **Online/Mobile Banking** - Hills Bank's online banking, bill payment, and mobile banking are easy to use and give you control of finances, while providing convenience and security with 24/7 access.
- **Wiring Money** - Process incoming and outgoing wires transfers with Hills Bank.



Fraud Mitigation Tools



Check Positive Pay

Designed to help businesses mitigate check fraud, Check Positive Pay is managed by your business through Hills Bank Online and enables users to authorize and verify checks that are presented for payment.

How it works:

1. Hills Bank Online users input check information into online banking manually or by generating and uploading a check file from your accounting software.
2. As checks are presented for payment, they are verified against the check information that was uploaded through online banking.
3. If discrepancies are found, the check is flagged as an exception item and an electronic notification is generated early the following business day.
4. Users are prompted to log into online banking and decide to “pay” or “return” the transaction before the 11:00 a.m. deadline.

ACH Positive Pay

Designed to help businesses mitigate electronic fraud, ACH Positive Pay is managed by your business through Hills Bank Online and enables users to pay or return ACH transactions that debit your account(s).

How it works:

1. Hills Bank Online users create a list of authorized vendors with the option to set a dollar thresholds for certain vendors.
2. When a company initiates an ACH Debit from your account, the company ID is matched to the list of authorized vendors.
3. If an unauthorized ACH transaction attempts to debit your account, or the amount of the transaction exceeds the set limit, the transaction is flagged as an exception item and an electronic notification is generated early the following business day.
4. Users are prompted to log in to online banking and decide to “pay” or “return” the transaction before the 11:00 am deadline.

Note: As users make decisions on exception items, they can also add that company to the list of authorized vendors so that future transactions will not trigger an exception alert.

Scan Code to
Learn More.



Fraud Prevention



Signature Positive Pay

Signature Positive Pay is a tool to help manage an account requiring two signatures per check. Additionally, it simplifies processes for accounts requiring multiple signatures for checks written over a specified dollar amount.



How it works:

1. You meet with Hills Bank treasury management to determine which aspects of Signature Positive Pay will work for your business needs.
2. Dependent on which aspect of Signature Positive Pay you use, checks will be presented as an exception in Hills Bank Online.
3. You must either “pay” or “return” by 11am the following business day.

Account Reconciliation

With Account Reconciliation, you can conveniently balance your account through Hills Bank Online.

How it works:

1. You download reconciliation files from Hills Bank Online and upload them to your accounting system.
2. Bank activity is matched against the accounting system.
3. This determines outstanding items, resulting in a balanced account.

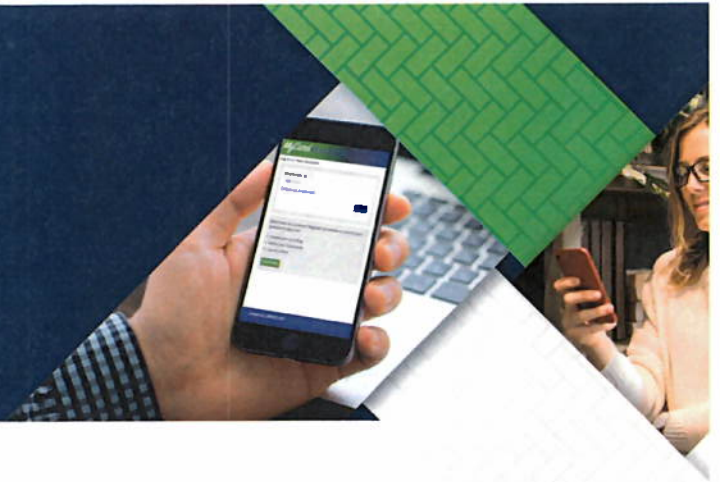


Connection is here.

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BUSINESS CREDIT CARD



VISAone Commercial Credit Card

Select the right business credit card for your needs. No matter which card you choose, you'll be able to track employee spending, earn rewards and have access to an online management tool.

Commercial Credit Card

- Offer payment capabilities for almost any business-related transaction
- Variety of billing and payment options available
- Monitor employee compliance with company policies on spending
- Audit trail and enhanced data for monitoring card use
- Add company logo using Picture Perfect



Purchasing Credit Card

- Significantly reduces the time and cost associated with paying for goods and services by eliminating paper-based purchase orders and invoice processing
- Select from a variety of options, including card enhancements and tailored reporting solutions
- Establish spending and transaction limits by employee
- Restrict cards to specific types of purchasing

Fleet Credit Card

- Pay, monitor and manage your vehicle related expenses – used for fuel and maintenance only
- Enhanced data capabilities for specialized reporting
- Centralized and individual billing and payment options
- Advanced security, with options to require ID numbers, VIN numbers or odometer reading when used at the pump



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CREDIT CARD ONLINE ACCESS



eZ Business Card Management

Designed for businesses with more than one business credit card, eZ Business Card Management is an online tool to help manage all of a business's credit cards.

Features/Benefits:

- View transaction history and statements for all cards
- Make payments online
- Make inquiries, disputes, request replacement cards, and close cards
- Request new card(s)/cardholder(s)
- Adjust card limits within the master limit
- Enhanced reporting
- Provides day-to-day accountability to charges occurring
- Activity alerts available



MyCardStatement

MyCardStatement is an online portal that businesses can use to manage a single credit card. It does not allow multiple credit cards to be accessed under one login, but you can have a login for each card.

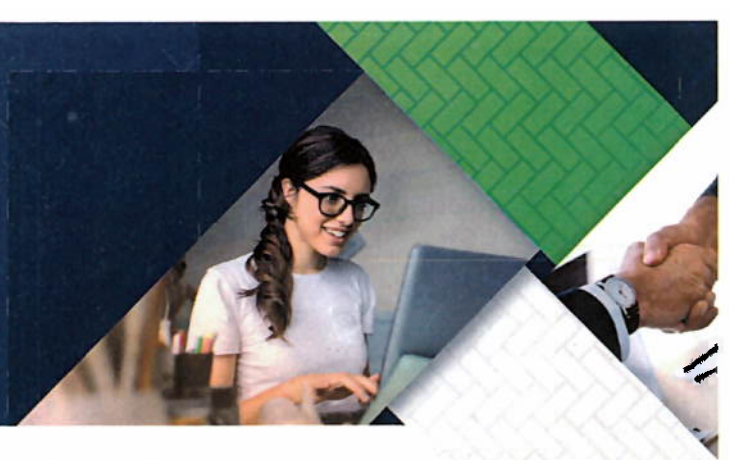
Features/Benefits:

- View transaction history and statements for one card
- Make payments online
- Make inquiries, disputes, request replacement cards
- Provides day-to-day accountability to charges occurring
- Activity alerts available



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DIRECT MERCHANT



Make deposits without leaving the office with our Direct Merchant program. Using a check scanner, your business checks are sent electronically to Hills Bank for processing. Funds will be credited to your account on the same-day if processed by 6 p.m. CST.

Types of Customers

- Property Management Companies
- Service organizations
- Non-Profit organizations
- Businesses with multiple locations

Benefits of Hills Bank Direct Merchant:

Consolidate multiple banking relationships to Hills Bank

- Concentration of funds
- Using all available funds to offset account fees
- Only one set of bank statements to reconcile
- No need to transfer funds from remote offices via checks or ACH (Automated Clearing House)



Reduce the number of trips to the bank

- Employees are more productive because they are spending less time away from the office.

Improved cash flow

- Receive same-day credit for deposits made prior to cut-off time

Security

- No need to worry about the security of transporting deposits to the bank

Confidence in your deposit

- We'll send an email confirmation when the deposit has been presented to our Operations Center

Successful balancing before submitting to the bank

- No need to have to worry about adjustments or corrections to the deposit



Automated Clearing House (ACH)



Payments. Collections. Payroll. ACH pass-thru.

Payments

- Pay bills electronically monthly
- No need to write checks to pay bills
- Automated recurring payments

Benefits of Accepting Automatic Payments (Collections)

- Payments in your account on the due date
- Immediate access to your funds
- No need to send additional notices or resort to using a bill collection service

Payroll Benefits (Payroll)

- One debit to your business account to pay employees, which means to payroll checks to reconcile at month end
- Less check stock used and no need to sign paychecks
- No need to reissue payroll checks or place stop payments on lost payroll checks

Simplified Fund Management Among Multiple Financial Institutions

- Electronically transfer funds among different financial institutions
- No need to write checks between accounts

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Marion • Mount Vernon • North Liberty • Washington • Wellman
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Connection is here.

Rev 8/19

BUSINESS & AG LOANS



Professional Solutions

- Customized banking products designed to make a difference to the professional community
- Deposit solutions are provided through cash management products
- Money management needs
- Competitive financing solutions
- Asset protection solutions for retirement, wealth management, and insurance

Commercial Construction and Real Estate Development

- Specialized Construction Loan Department
- Experienced in all areas of construction lending: 1-4 Family (built-to-spec and presold), Multi-Family, Commercial, Real Estate Development



Agriculture Financing

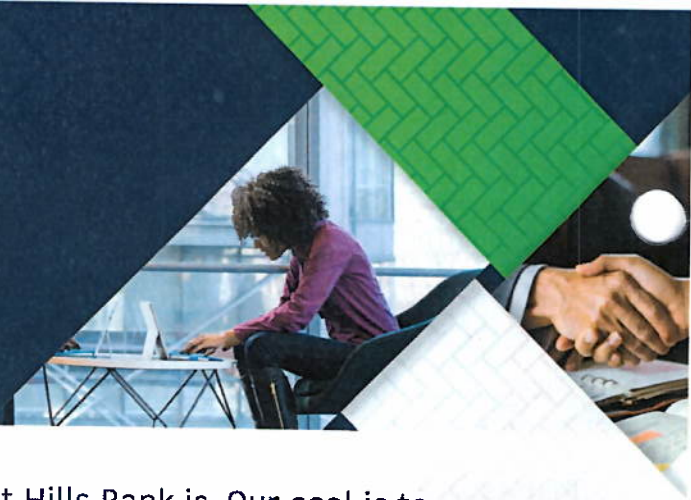
We also offer a variety of customized agriculture banking products and services to meet the specific needs of your farming operation. Whether you are looking to purchase the farm from your grandparents or you need to replace your old tractor, together we can find a hassle-free solution for your farm to succeed.

Business Credit Cards

Hills Bank proudly offers VISAone® credit cards designed especially for business and commercial customers in need of purchasing, fleet, or commercial credit cards. You can even customize your card with a company logo or employee head shot, or pick a background from our Picture Perfect Catalog.



BUSINESS & AG LOANS



Running a business is not easy, but banking at Hills Bank is. Our goal is to provide hassle-free banking while taking a sincere interest in helping you, your family, and your business be successful. Our team of lending experts has the knowledge and experience to find the right loan options for your needs.

As a local community bank, Hills Bank will provide:

- Local decision making
- Competitive rates
- Convenient hours
- No application fees
- Quick approval time



Quickly Access Capital

From startups and business acquisitions to equipment and operating loans, we have the loan solutions for your business.

If you have an ongoing need for capital, consider a Hills Bank business line of credit. With it, you can:

- Purchase additional inventory
- Finance company growth
- Cover unexpected expenses
- Meet seasonal, fluctuating cash needs



COMMERCIAL CONSTRUCTION LOANS

Hills Bank has been supporting local home builders and real estate developers since 1904. We offer loans to meet the needs of your various construction and real estate development projects with one-on-one service you can depend on.

Why choose Hills Bank?

- Competitive terms and pricing with no origination fee.
- Waived interest payments during the construction period.
- Free construction loan draws. Draws are processed and deposited directly to your Hills Bank checking account within 24 hours of receipt with immediate availability.
- Local loan approval by experienced lenders.
- Speedy approval for presold projects under \$300,000.
- Our specialized Construction Loan Department will be your contact to promptly process loan draws, payoffs, and partial releases.

Connect with a Commercial Banker to learn more about how construction loans can help you reach your goals today.



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Rev. 9-20

1031 TAX EXCHANGE ACCOUNT

Section 1031 of the United States Internal Revenue Code allows sellers of business or investment property to postpone paying tax on the gain if sellers reinvest the proceeds in a similar property as part of a qualifying like-kind exchange. When the replacement property is ultimately sold (not as part of another exchange), the original deferred gain, plus any additional gain realized since the purchase of the replacement property, is subject to tax. To complete the exchange, an agreement is made between the Seller, Buyer and Qualified Intermediary (QI) before the sale of the property to be exchanged. The Seller closes the sale of property and escrows the proceeds of the sale with the QI. The Seller cannot receive the proceeds or take constructive receipt of the funds in any way without disqualifying the exchange. The proceeds are then used to purchase a replacement property identified by the Seller. Hills Bank and Trust Company is a Qualified Intermediary.

1031 Timeline

- The Buyer, Seller and Hills Bank® as the Qualified Intermediary enter into an Exchange Agreement.
- An original, signed and attorney-prepared exchange agreement is delivered to Hills Bank before the closing of the relinquished property.
- Sale proceeds are made payable to “Hills Bank and Trust Company as Qualified Intermediary.”
- A copy of the closing statement, showing the disbursement of proceeds, is delivered to Hills Bank.
- Hills Bank opens an interest-bearing escrow account.
- The Seller has 45 days from the date of sale of the relinquished property to notify Hills Bank, in writing, of replacement property.
- The Seller has 180 days from the date of sale of the relinquished property to close on the replacement property.

Features

- Insured money market account
- Pays interest at a variable rate
- Monthly statements
- 1099-INT will be issued

Please contact your tax advisor for the qualifications of a 1031 Tax Exchange transaction.



Wealth Management Services

- ✓ Financial and Retirement Planning
- ✓ IRAs, Roth IRAs and 401(k) Rollovers
- ✓ University Retirement Plan Counseling
- ✓ Investment Counseling
 - Active Portfolio Management
 - Enhanced Index Portfolio available
 - Environmental, Social, and Corporate Governance Investing (ESG) available
- ✓ Trust + Estate Administration
- ✓ Non-Endowed Donor Advised Gift Fund

Meet our Wealth Management Team at:
hillsbank.com/wealthmanagement



Non-deposit investment products are not FDIC insured,
carry no bank guarantee, and may go down in value.

No commissions or transaction fees, just honest advice from a trusted fiduciary who's been serving the Corridor for over 115 years.

- ✓ Personalized service provided by high quality staff.
- ✓ Investment counseling that is grounded on:
 - Realistic market forecasting
 - Sound security selection
 - Solid returns
- ✓ Clear and concise statements and performance reporting.
- ✓ Reasonable, competitive and fully disclosed 'all-in' cost structure.

Consolidate your retirement and investment accounts with Hills Bank today!

Call or email to meet with one of our Wealth Management Officers.

1-800-899-8858

wealthmanagement@hillsbank.com



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OTHER

Home Mortgage Disclosure Act (HMDA)

HMDA Disclosure Statements may be obtained on the Consumer Financial Protection Bureau's website at www.consumerfinance.gov/hmda

Community Reinvestment Act (CRA)

The CRA Disclosure Statements pertaining to Hills Bank & Trust may be obtained from the Federal Financial Institution Examination Council's website at www.ffiec.gov