



Elkader • Monona • Postville • Waukon

CRA Public File

Branches Opened

2023 There were no branches opened in 2023.
2022 There were no branches opened in 2022.
2021 There were no branches opened in 2021.

Branches Closed

Branch closed 1/31/2024
1798 Old Stage Rd, Ste 2
Decorah, Iowa 52101

2023 There were no branches closed in 2023.
2022 There were no branches closed in 2022.
2021 There were no branches closed in 2021.



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FreedomBank Deposit Accounts

Personal Products

- FreedomExpress
- Freedom4U
- FreedomPlus
- Community Advantage Club
- Money Market
- Savings Account
- Freedom Savers Kids Club
- Christmas Club Savings
- Certificate of Deposit Account (CD)
- Health Savings Account (HSA)
- Individual Retirement Accounts (IRA)
 - Traditional
 - Roth
 - CESA

Business and Commercial Products

- FreedomExpress
- Freedom4U
- FreedomPlus
- Savings Account
- Money Market
- Certificate of Deposit Accounts (CD)
- Individual Retirement Accounts (IRA)



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FreedomBank Loan Products

Consumer:

- Residential Real Estate Loans including Home Equity and Lines of Credit
- Auto Loans
- Ready Reserve
- Consumer Personal, Installment Loans, and Single Payment Loans
- (USDA) 1st Time Home Buyer Loans. Loans of these types are sold to Federal Home Loan Mortgage Corporation.

Business:

- Agricultural Real Estate, Installment, Single Payment Loans and Lines of Credit
- Commercial Real Estate, Operating, Investment, Small Business, Installment loans and Lines of Credit
- Indirect Dealer Paper – Select Locations – Currently Postville & Waukon
- Small Business Administration (SBA)
- Farm Service Agency (FSA) and Federal Agricultural Mortgage Corporation (Farmer Mac)
- Originates and services long-term fixed rate home mortgage loans for qualified applicants that include United States Department of Agriculture Rural Development
- During Local, State and Federal disasters we can offer lower in-house interest rates to businesses and families affected can help them work through these challenging times.



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FREEDOMBANK – COMMUNITY REINVESTMENT ACT (12 CFR 345)

PUBLIC COMMENTS

2020 FreedomBank has not received any written CRA comments.
2021 FreedomBank has not received any written CRA comments.
2022 FreedomBank has not received any written CRA comments.
2023 FreedomBank has not received any written CRA comments.



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FreedomBank Locations & ATMs

All Offices have loan and deposit operations available.

	MSA Code	State Code	County Code	Census Tract Code
210 South Main Street PO Box 830 Elkader, Iowa 52043	NA	19	043	0703.00
106 South Main Street PO Box 607 Monona, Iowa 52159	NA	19	043	0702.00
135 West Tilden Street PO Box 130 Postville, Iowa 52162	NA	19	005	9605.00
201 West Main Street PO Box 9 Waukon, Iowa 52172	NA	19	005	9603.00

All ATM locations are the same as the bank's physical address, except for Waukon. The address for Waukon's ATM is:

22 2 nd St. NW Waukon, Iowa 52172	NA	19	005	9603.00
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All ATMs accept deposits from FreedomBank customers only.

Ratio of Net Loans to Deposits

QTR Ending	RATIO
3/31/2020	100.47%
6/30/2020	97.73%
9/30/2020	95.09%
12/31/2020	84.89%
3/31/2021	81.80%
6/30/2021	77.97%
9/30/2021	74.79%
12/1/2021	72.35%
3/31/2022	72.73%
6/30/2022	73.49%
9/30/2022	76.49%
12/31/2022	80.03%
3/31/2023	79.08%
6/30/2023	80.33%
9/30/2023	84.16%
12/31/2023	85.96%



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FREEDOMBANK'S CRA ASSESSMENT AREA

Allamakee County Census Tracts – 9601, 9602, 9603, 9604 and 9605

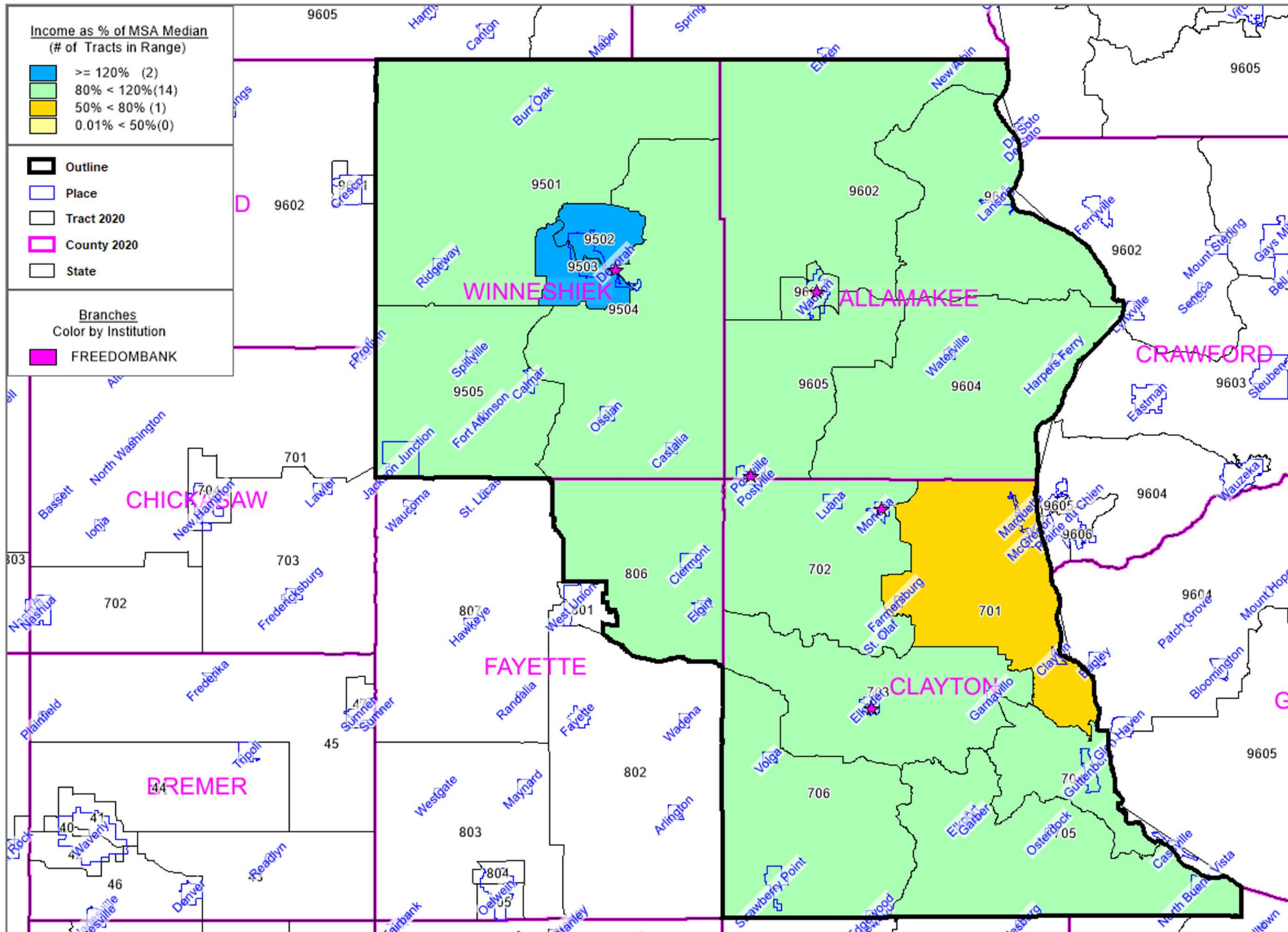
Clayton County Census Tracts – 701,702,703,704,705, and 706

Winneshiek County Census Tracts – 9501, 9502, 9503, 9504 and 9505

Fayette County Census Tract - 806

NONPUBLIC//FDIC BUSINESS

FreedomBank, Elkader, Iowa – #11767 CRA Assessment Area – Map Based on Income as % of MSA Median



PUBLIC DISCLOSURE

November 27, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FreedomBank
Certificate Number: 11767

210 South Main Street
Elkader, Iowa 52043

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

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

FreedomBank's satisfactory Community Reinvestment Act (CRA) performance under both the Lending and Community Development Tests supports the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

- The institution's performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

DESCRIPTION OF INSTITUTION

FreedomBank is a full-service financial institution headquartered in Elkader, Iowa and is wholly owned by one-bank holding company, FreedomBank Shares, Inc., which is also located in Elkader. Through common ownership, the bank is affiliated with one non-bank subsidiary. FreedomBank has no other affiliates or subsidiaries that examiners considered in the CRA evaluation. FreedomBank received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated October 13, 2020, based on Interagency Small Institution Examination Procedures.

FreedomBank operates four full-service branches, including a retail branch within a Wal-Mart store. The main office is located in Elkader, Iowa with remaining locations in the surrounding areas of Decorah, Monona, Postville, and Waukon, Iowa. No branches were closed during the review period, and no merger or acquisition activity occurred.

FreedomBank's credit offerings include agricultural, commercial, residential real estate, and consumer loans, with a primary lending focus on agricultural lending. Additionally, the bank assists with special financing alternatives through various standard and specialized programs. These programs are generally designed to assist small farms, small businesses, and other individuals that may not qualify for loans through conventional financing methods. Secondary market financing options are also available for qualifying home mortgage loans. Further, FreedomBank participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in 2021. This program provided financial assistance to businesses and farms adversely impacted by the COVID-19 pandemic.

FreedomBank provides a variety of deposit-related products, including checking, savings, money market, health savings, individual retirement accounts, and certificates of deposit. Alternative services include telephone, online, and mobile banking, as well as electronic bill payment and statements. From the bank's website, printable applications for consumer and home mortgage loans are available. Finally, the bank offers insurance services.

Assets totaled approximately \$423.1 million as of September 30, 2023, representing a decrease of 2.7 percent since the June 30, 2020, Consolidated Reports of Condition and Income (Call Report). Total deposits equaled approximately \$360.5 million, representing a 4.7 percent increase, and total loans were approximately \$306.8 million, representing a 9.6 percent decrease during the same timeframe. Composition of the loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	8,064	2.6
Secured by Farmland	82,386	26.9
Secured by 1-4 Family Residential Properties	57,441	18.7
Secured by Multifamily (5 or more) Residential Properties	373	0.1
Secured by Nonfarm Nonresidential Properties	39,487	12.9
Total Real Estate Loans	187,751	61.2
Commercial and Industrial Loans	40,814	13.3
Agricultural Production and Other Loans to Farmers	68,510	22.3
Consumer Loans	9,046	2.9
Obligations of State and Political Subdivisions in the U.S.	523	0.2
Other Loans	181	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	306,825	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. FreedomBank has defined one assessment area within the nonmetropolitan areas of Iowa, consisting of all of Allamakee, Clayton, and Winneshiek counties, as well as census tract 806 in Fayette County. Assessment area boundaries have not changed since the prior evaluation.

Economic and Demographic Data

As a result of the 2020 U.S. Census, the income designations of certain census tracts in FreedomBank’s assessment area changed. According to 2020 U.S. Census data, the assessment area is comprised of one moderate-, 14 middle-, and two upper-income census tracts. According to 2015 American Community Survey Census data used at the prior evaluation, the assessment area consisted of one moderate-, 15 middle-, and one upper-income geographies. Census tract 9605 in Allamakee County changed from moderate to middle income; census tract 701 in Clayton County changed from middle to moderate income; and census tract 9502 in Winneshiek County changed from middle to upper income.

In 2020 and 2021, all of Clayton County and census tracts 9501, 9502, 9504, and 9505 in Winneshiek County were classified as underserved middle-income nonmetropolitan geographies. In 2022 and 2023, Clayton County census tract 701 and Winneshiek County census tract 9502 lost that designation. 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)	17	0.0	5.9	82.4	11.8	0.0
Population by Geography	53,534	0.0	5.3	78.2	16.4	0.0
Housing Units by Geography	27,136	0.0	6.3	80.3	13.4	0.0
Owner-Occupied Units by Geography	17,549	0.0	5.9	80.1	14.0	0.0
Occupied Rental Units by Geography	5,158	0.0	7.6	74.0	18.4	0.0
Vacant Units by Geography	4,429	0.0	5.9	88.8	5.3	0.0
Businesses by Geography	6,487	0.0	5.5	75.9	18.6	0.0
Farms by Geography	1,168	0.0	7.4	88.2	4.5	0.0
Family Distribution by Income Level	14,216	17.1	17.1	24.8	41.1	0.0
Household Distribution by Income Level	22,707	21.9	16.7	18.8	42.6	0.0
Median Family Income - Nonmetropolitan Iowa		\$71,763	Median Housing Value			\$150,067
			Median Gross Rent			\$662
			Families Below Poverty Level			5.8%

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%.*

According to 2022 D&B data, service industries represent the largest portion of businesses and farms at 28.3 percent; followed by non-classifiable establishments at 20.6 percent; agricultural, forestry and fishing at 15.3 percent; and retail trade at 10.1 percent. In addition, 65.7 percent of assessment area farms and businesses have four or fewer employees, and 92.9 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 median family income levels for nonmetropolitan areas of Iowa are presented in the following table by year.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
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
2023 (\$86,300)	<\$43,150	\$43,150 to <\$69,040	\$69,040 to <\$103,560	≥\$103,560

Source: FFIEC

Competition

FreedomBank’s assessment area is moderately competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2023 reflects that 23 insured institutions operate from 53 offices within the assessment area counties. These institutions range from small

community banks to larger financial institutions operating branch offices in the area. Of these institutions, FreedomBank ranked 3rd with 8.4 percent of the deposit market share. The top two banks held 42.2 percent of the deposit market share.

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 reviewed a community contact interview with an individual possessing specific knowledge of the economic conditions within a portion of the assessment area.

According to the contact, land prices have risen in recent years, making it difficult for some potential borrowers to provide the larger required down payments. Current economic conditions are more challenging for dairy farmers as prices are oftentimes not enough to cover expenses. Agricultural-related credit needs in the area include financing for year-to-year crop operating inputs, farm purchases, hog confinement units, and beef mono-slope buildings. The community representative stated that local banks are competitive, and although there is not a lack of credit available in the area, there is a lack of experienced agricultural lenders. This can create a challenge when partnering with other agencies or programs, which find that newer lenders need training on most stages of specialized loan transactions. The contact also stated that community outreach efforts have not resumed to pre-pandemic levels in most industries, creating additional challenges.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans are primary credit needs of the assessment area. Call Reports filed by area financial institutions also support this assertion. Finally, opportunities for community development lending, investments, and services exist in the area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated October 13, 2020, to the current evaluation dated November 27, 2023. Examiners used Intermediate Small Institution Examination Procedures to evaluate FreedomBank's CRA performance. Intermediate small institutions are evaluated under the Lending Test and Community Development Test, which are described in the Appendices. Examiners conducted a full-scope review of the bank's assessment area to evaluate performance. Performance reviews considered the institution's lending activities in relation to demographics and credit needs of the assessment area.

Activities Reviewed

Examiners determined the bank's major product lines to be agricultural, commercial, and residential real estate loans. This conclusion considered Call Report data, the number and dollar volume of reported loans during the evaluation period, and the bank's business strategy. Portfolio concentrations remained largely consistent throughout the evaluation period. Therefore, small farm,

small business, and home mortgage lending were reviewed at the current evaluation. In consideration of the aforementioned factors, examiners gave the greatest weight to small farm lending performance.

For the Assessment Area Concentration review, examiners evaluated lending performance based on all small farm, small business, and home mortgage loans originated or renewed during calendar year 2022. For the Geographic Distribution review, examiners evaluated lending performance based on all small farm, small business, and home mortgage loans originated or renewed inside the bank’s defined assessment area during calendar year 2022. Borrower Profile performance for small farm, small business, and home mortgage lending was evaluated using a sample of loans originated or renewed inside the assessment area during calendar year 2022. Management agreed that the loan activity reviewed in 2022 was representative of the institution’s performance during the evaluation period. The following table provides universe and sample information.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	532	49,447	65	5,338
Small Business	231	20,234	58	3,526
Home Mortgage	255	28,865	55	5,925
<i>Source: Bank Data</i>				

For small farm and small business conclusions, 2022 D&B data provided a standard of comparison. When arriving at home mortgage conclusions, 2020 U.S. Census data provided a standard of comparison. Examiners obtained the data necessary for this evaluation from institution loan data and other records, individual customer loan files, interviews with bank management, and information gathered as part of the examination process. Examiners analyzed lending performance by both the number and dollar volume of loans; however, the performance by number of loans was emphasized as it is generally a better indicator of the number of farms, businesses, and individuals served.

For the Community Development Test, examiners reviewed data presented by management on community development loans, qualified investments, and community development services provided since the prior CRA evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FreedomBank demonstrated overall satisfactory performance under the Lending Test. The bank’s performance under the Loan-to-Deposit Ratio and Borrower Profile criteria primarily supports this conclusion. The following is a discussion of each performance criterion and its support for the rating.

Loan-to-Deposit Ratio

FreedomBank's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, assessment area credit needs, and in comparison to similarly-situated institutions. The institution's net loan-to-deposit ratio, calculated from Call Report data, averaged 79.4 percent over the 12 calendar quarters from June 30, 2020, to September 30, 2023. The net loan-to-deposit ratio ranged from a high of 95.1 percent as of September 30, 2020, to a low of 72.4 percent as of December 31, 2021. The ratio fluctuated during the review period. Management ascribed the influx of deposits to payments made to individuals and businesses because of government stimulus measures. Management further commented that although net loans have rallied due to new loan officer employment, the decreasing trend in net loans resulted from a combination of portfolio management, less borrowing demand due to government stimulus payments, strong agriculture profits, and loan officer turnover.

Examiners compared FreedomBank's average net-loan-to-deposit ratio with those of three similarly-situated institutions to evaluate the institution's performance. Examiners selected comparable institutions based on similarities in lending focus, asset size, or markets served. As shown in the following table, FreedomBank's ratio is similar to comparable institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2023 \$ (000s)	Average Net Loan-to-Deposit Ratio (%)
FreedomBank, Elkader, Iowa	423,139	79.4
Decorah Bank and Trust Company, Decorah, Iowa	678,814	88.4
Kerndt Brothers Savings Bank, Lansing, Iowa	374,523	74.6
Waukon State Bank, Waukon, Iowa	412,130	86.4

Source: Call Reports 9/30/2020 through 9/30/2023

The institution also originates and subsequently sells mortgage loans through secondary market relationships; these loans are not included in the institution's ratio. FreedomBank reported originating and selling 191 loans totaling approximately \$34.0 million on the secondary market from October 14, 2020, through September 20, 2023. 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 the assessment area's credit needs by providing long-term home mortgage financing.

Assessment Area Concentration

FreedomBank extended a substantial majority of reviewed loans, particularly small farm loans, by number and dollar volume, inside the assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	498	93.6	34	6.4	532	44,054	89.1	5,393	10.9	49,447
Small Business	203	87.9	28	12.1	231	17,072	84.4	3,162	15.6	20,234
Home Mortgage	219	85.9	36	14.1	255	24,745	85.7	4,120	14.3	28,865

Source: Bank Data.
Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout assessment area. The bank's excellent small farm loan dispersion provides support for the overall conclusion given the greater weight provided to this product's conclusions. The analysis includes only loans originated to borrowers inside the assessment area with a particular focus on lending in the one moderate-income census tract.

Small Farm Loans

The geographic distribution of small farm lending reflects excellent dispersion. As shown in the following table, the institution's lending in the moderate-income census tract exceeds demographic data.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	7.4	60	12.0	4,987	11.3
Middle	88.2	438	88.0	39,067	88.7
Upper	4.5	0	0.0	0	0.0
Totals	100.0	498	100.0	44,054	100.0

Source: 2022 D&B Data; Bank Data.
Due to rounding, totals may not equal 100.0%.

Small Business Loans

The geographic distribution of small business lending reflects reasonable dispersion. As shown in the following table, the institution's lending in the moderate-income census tract is similar to demographic data. Examiners noted a decrease in dispersion when compared to the last evaluation. In this case, the 2020 Census income designation change made an impact as much of the bank's small business activity continues to come out of Allamakee County, which included one census tract that was previously categorized as moderate income.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	5.5	10	4.9	946	5.5
Middle	75.9	191	94.1	15,866	92.9
Upper	18.6	2	1.0	260	1.5
Totals	100.0	203	100.0	17,072	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The geographic distribution of home mortgage lending reflects reasonable dispersion. As shown in the following table, the institution's lending in the moderate-income census tract is modestly better than demographic data. Compared to the prior evaluation, examiners noted a decrease in dispersion. In this case, the 2020 Census income designation change made an impact as much of the bank's home mortgage activity continues to come out of Allamakee County, which included one census tract that was previously categorized as moderate income.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	5.9	18	8.2	2,168	8.8
Middle	80.1	198	90.4	21,875	88.4
Upper	14.0	3	1.4	702	2.8
Total	100.0	219	100.0	24,745	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

The distribution of borrowers reflects an overall reasonable penetration among farms and businesses of different sizes and home mortgage borrowers of different income levels. This conclusion is supported by the bank's reasonable performance in all three products. Emphasis is placed on the bank's record of lending to farms and businesses with gross annual revenues of \$1.0 million or less and to low- and moderate-income borrowers.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different revenue levels. As demonstrated in the following table, FreedomBank's level of lending to small farms generating gross annual revenues of \$1.0 million or less compares reasonably with D&B demographics.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.4	62	95.4	4,748	88.9
>\$1,000,000	1.0	3	4.6	590	11.1
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	65	100.0	5,338	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue levels. As demonstrated in the following table, the bank's level of lending to small businesses generating gross annual revenues of \$1.0 million or less compares reasonably with D&B demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	88.2	53	91.4	2,881	81.7
>\$1,000,000	3.4	5	8.6	645	18.3
Revenue Not Available	8.4	0	0.0	0	0.0
Total	100.0	58	100.0	3,526	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The distribution of home mortgage lending in the assessment area reflects reasonable penetration to individuals of different income levels, including low- and moderate-income individuals. The bank's percentage of lending by number of loans to moderate-income borrowers exceeds comparable data, but falls below demographic data for low-income borrowers. According to 2020 Census data, the median housing value in Allamakee and Winneshiek counties is \$184,173; however the median housing value Clayton and Fayette counties is \$92,400. With a majority of the bank's lending deriving from Allamakee and Winneshiek counties and 5.8 percent of families in the assessment area live below the poverty level, low-income borrowers may face challenges with affordability and home mortgage loan qualification. Management agreed that a shortage of affordable housing may limit opportunities for lending to low- and moderate-income borrowers. Collectively, lending to low- and moderate-income individuals showed similar performance when compared to the last evaluation.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.1	6	10.9	320	5.4
Moderate	17.1	14	25.5	662	11.2
Middle	24.8	13	23.6	1,282	21.6
Upper	41.1	17	30.9	3,465	58.5
Not Available	0.0	5	9.1	196	3.3
Total	100.0	55	100.0	5,925	100.0

*Source: 2020 U.S. Census; Bank Data.
Due to rounding, totals may not equal 100.0%.*

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

FreedomBank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities to evaluate the bank’s performance under this test. Because the bank was responsive to the community development needs of its assessment area, community development activities benefitting the broader statewide or regional area were included in the analysis.

Information from performance evaluations of three similarly-situated intermediate small banks conducted during the evaluation period was used for comparative purposes to assess the bank’s overall performance under the Community Development Test. The comparable institutions were chosen due to similarities in asset size, business focus, and types of areas served. FreedomBank’s overall community development performance is comparable to these similarly-situated institutions when considering available community development opportunities in the assessment area, and that one of the similarly-situated institutions received an Outstanding Community Development Test rating.

Community Development Loans

FreedomBank originated 650 community development loans totaling approximately \$20.0 million during the evaluation period. Of the bank’s total, 634 loans totaling \$10.5 million were originated as part of the SBA’s PPP. These loans helped to promote economic development by financing small businesses and farms as they struggled with the impact of the COVID-19 pandemic. The overall total also includes 47 community development loans totaling approximately \$2.8 million benefitting the broader statewide or regional area. FreedomBank extended loans to entities to promote economic development by supporting permanent job creation, retention, and/or improvement for low- and moderate-income persons; community services; affordable housing; and aid revitalization or stabilization efforts.

FreedomBank’s total community development loans represent 4.7 percent of total assets and 6.6 percent of net loans, as of September 30, 2023. The comparable institutions had community development loans to total assets ratios ranging from 4.9 percent to 8.6 percent, and community development loans to net loans ratios ranging from 6.2 percent to 15.9 percent. FreedomBank’s ratios are on the lower end of the range, but compare reasonably to these institutions. All comparable institutions’ community development lending activity also included PPP loans. The following tables reflect the number and dollar volume of community development lending in each category by assessment area and activity 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	2	308	1	71	599	16,642	1	104	603	17,125
Statewide	0	0	0	0	24	337	0	0	24	337
Regional	0	0	0	0	23	2,495	0	0	23	2,495
Total	2	308	1	71	646	19,474	1	104	650	19,957

Source: Bank Records

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial Year)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	639	14,000	0	0	639	14,000
2022	1	140	1	71	4	4,620	1	104	7	4,935
2023 (Year-to-Date)	1	168	0	0	3	854	0	0	4	1,022
Total	2	308	1	71	646	19,474	1	104	650	19,957

Source: Bank Records

The following is an example of a notable community development loan:

- Provided funding for an agricultural-related business expansion that supports economic development through permanent job creation, retention, or improvement. The majority of jobs impacted were low- and moderate-income wage earners. Support of agricultural-related businesses is considered especially responsive given challenges faced in the agriculture section identified by the community contact. Additionally, the business is located in a moderate-income geography, which will help revitalize the area by attracting residents and businesses.

Qualified Investments

During the evaluation period, FreedomBank recorded 62 qualified investments totaling nearly \$1.6 million. Qualified donations and investments funded since the previous evaluation were considered under this component, as well as qualifying investments purchased prior to the evaluation period that remain outstanding. The total primarily consists of qualified investments, but also includes qualified donations of \$105,000. As the bank was responsive to assessment area community

development needs, these totals also include six investments totaling approximately \$1.1 million benefitting the broader statewide area.

FreedomBank’s qualified investments represented 0.4 percent of the bank’s total assets and 1.9 percent of securities, as of September 30, 2023. Comparable institutions reported qualified investments to total assets and qualified investments to securities ratios ranging from 0.4 percent to 2.1 percent and from 1.9 percent to 13.8 percent, respectively. FreedomBank’s ratios are on the lower end of the range, but compare reasonably to these institutions.

Through its investments and donations, FreedomBank supported community development needs through revitalize or stabilization efforts, economic development, and community services to low- and moderate-income individuals. The following tables reflect the number and dollar volume of qualified investments in each category by area and activity 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	0	0	19	15	14	53	23	437	56	505
Statewide Activities	0	0	0	0	6	1,071	0	0	6	1,071
Total	0	0	19	15	20	1,124	23	437	62	1,576

Source: Bank Data

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	6	1,071	0	0	6	1,071
2020 (Partial Year)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023 (Year-to-Date)	0	0	0	0	0	0	1	400	1	400
Subtotal	0	0	0	0	6	1,071	1	400	7	1,471
Qualified Grants & Donations	0	0	19	15	14	53	22	37	55	105
Total	0	0	19	15	20	1,124	23	437	62	1,576

Source: Bank Data

Examples of qualified investments where the bank has been most responsive to community development needs include:

- An equity investment for the purchase/renovation of a structure for housing in an underserved middle-income geography.
- Multiple large-dollar donations provided to three local organizations that would provide essential daycare and education services to assessment area families. One in particular, went towards the construction of a new facility, which fosters economic development

- through low- or moderate-income job creation, retention, and improvement.
- Multiple donations were provided to organizations whose resources are dedicated toward providing community services to low- and moderate-income people for essential living services.

Community Development Services

The institution received consideration for a total of 26 community development services. FreedomBank personnel provided technical or financial expertise to these organizations in many ways, all related to their employment with the institution. Employees dedicated their time and resources to eight different organizations over the evaluation period. These organizations 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 and develop small businesses; and the revitalization and stabilization of underserved or moderate-income areas. Most notably, in six of these entities, bank employees served in a board member or officer capacity.

Comparable institutions provided between 6 and 87 services; FreedomBank compares reasonably to these institutions. The following table illustrates the bank’s community development services by activity year. All community development services were provided inside the assessment area.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	0	1	2	2	5
2021	0	1	3	3	7
2022	1	1	3	2	7
2023 (Year-to-Date)	1	1	3	2	7
Total	2	4	11	9	26

Source: Bank Data

FreedomBank offers retail services that increase access to financial services in the assessment area, which include the alternative services described under this document’s Description of Institution. These services are generally free of charge to bank customers, which benefits low- and moderate-income individuals. FreedomBank’s Elkader and Monona branches are located in underserved middle-income geographies within Clayton County. Additionally, the Decorah branch location in Winneshiek County was designated as an underserved middle-income census tract for a portion of the review period; and the Waukon branch location in Allamakee County was designated as a moderate-income census tract for a portion of the review period.

As mentioned previously, the bank participates in various lending programs that aid small farms, small businesses, and potential homeowners. Specific programs utilized during the review period where data was provided included Farm Services Agency and U.S. Department of Agriculture. The bank originated 30 loans totaling over \$10.6 million during the evaluation period using these programs.

The institution also invests in, and is involved with, numerous other community activities that do not specifically meet the definition of community development; however, bank personnel are commended for their involvement in these other community events.

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

INTERMEDIATE SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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.

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.