

PUBLIC DISCLOSURE

August 23, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank
RSSD# 376442

316 East Bremer Avenue
Waverly, Iowa 50677

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

TABLE OF CONTENTS

PERFORMANCE EVALUATION 2

SCOPE OF EXAMINATION 2

DESCRIPTION OF ASSESSMENT AREA 3

DESCRIPTION OF INSTITUTION 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA 6

 LENDING TEST 6

 COMMUNITY DEVELOPMENT TEST 8

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 9

WATERLOO-CEDAR FALLS, IA MSA – FULL REVIEW10

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN WATERLOO-CEDAR FALLS, IA MSA 10

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WATERLOO-CEDAR FALLS, IA MSA
 16

IOWA NON-MSA – FULL REVIEW22

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN IOWA NON-MSA 22

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA NON-MSA 27

APPENDIX A – MAPS OF ASSESSMENT AREAS33

APPENDIX B – SCOPE OF EXAMINATION34

APPENDIX C - ASSESSMENT AREA DEMOGRAPHICS; ADDITIONAL TABLES35

APPENDIX D – GLOSSARY39

INSTITUTION'S RATING

First Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

First Bank is meeting the credit needs of its community based on an analysis of lending and community development activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending-related activities are in the bank's assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither First Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

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

SCOPE OF EXAMINATION

First Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). The evaluation was performed within the context of information about the institution and its assessment area including asset size, financial condition, competition, and economic and demographic characteristics.

The bank maintains two delineated assessment areas, the Waterloo-Cedar Falls, IA Metropolitan Statistical Area #47940 (Waterloo-Cedar Falls, IA MSA) and the Iowa Non-Metropolitan Statistical Area (Iowa Non-MSA). A full scope evaluation was selected for both assessment areas based on the bank's deposit market share, branch concentration, volume of Home Mortgage Disclosure Act (HMDA) reportable loans, small business and small farm lending, economic and demographic characteristics, and an evaluation of the needs of assessment area communities. Additional weight was given to the Waterloo-Cedar Falls, IA MSA given the deposit and loan volume for that area in addition to the bank operating in the Iowa Non-MSA assessment area for a limited time since the previous evaluation.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 13 quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2019 - December 31, 2020, and samples of small business and small farm loans originated from January 1, 2020 - December 31, 2020 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans from January 1, 2019 - December 31, 2020 and samples of small business and small farm loans from January 1, 2020 - December 31, 2020 originated within the assessment area were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank’s HMDA-reportable loans from January 1, 2019 - December 31, 2020 and samples of small business and small farm loans from January 1, 2020 - December 31, 2020 originated within the assessment area were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from May 30, 2018 – August 23, 2021 was reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: agricultural, economic, and community development.

DESCRIPTION OF ASSESSMENT AREA

First Bank operates in two individual assessment areas in the northern portion of the state of Iowa: Waterloo-Cedar Falls, IA Metropolitan Statistical Area #47940 (Waterloo-Cedar Falls, IA MSA) and the Iowa Non-Metropolitan Statistical Area (Iowa Non-MSA). The combined assessment area has

expanded since the previous CRA exam from one assessment area (Waterloo-Cedar Falls, IA MSA) comprised of 19 contiguous census tracts to include a second non-contiguous assessment area (Iowa Non-MSA). The Waterloo-Cedar Falls, IA MSA remains unchanged; however, due to the acquisition of Security Savings Bank in August 2019, First Bank is now serving the entirety of Wright County, which comprises the Iowa Non-MSA assessment area. Additional information regarding these assessment areas is provided in the table below:

| Assessment Area | Geographic Description | # of Branches | Review Type |
|------------------------------|--|---------------|-------------|
| Waterloo-Cedar Falls, IA MSA | Partial Black Hawk County (9 of 38 census tracts) Partial Bremer County (7 of 8 census tracts) Partial Butler County (2 of 5 census tracts) Partial Chickasaw County (1 of 4 census tracts) | 5 | Full |
| Iowa Non-MSA | Full Wright County (5 of 5 census tracts) | 4 | Full |

There are no low- or moderate-income designations among the 24 census tracts comprising the combined assessment areas. There are two underserved middle-income census tracts located in Butler County within the Waterloo-Cedar Falls, IA MSA assessment area.

Of the 20,853 families residing in the combined assessment area; 13.5 percent are low-income, and 16.1 percent are moderate-income. Businesses and farms with revenues under \$1 million represent 89.7 and 99.1 percent, respectively. This information is indicative of lending opportunities for low- and moderate-income families as well as small businesses and farms within the assessment areas.

Community representatives identified a significant need of affordable housing throughout both assessment areas, including new construction and rehabilitation of aged housing stock. The median age of housing stock in the Waterloo-Cedar Falls, IA MSA assessment area is 54 years and the median age of housing stock in the Iowa Non-MSA assessment area is 61 years. Both ages exceed the median age of housing stock in the state of Iowa at 48 years.

DESCRIPTION OF INSTITUTION

First Bank is a wholly owned subsidiary of First Waverly Corporation, a one-bank holding company headquartered in Waverly, Iowa. First Bank’s branch network, including the main office, consists of seven full-service branch offices and two limited-service branch offices. The bank operates seven ATMs, of which five are full-service and two are cash-only. The main office, one full-service branch, and one limited-service branch are located in Waverly and the remainder of bank branches are in the following cities in Iowa: Clarion, Eagle Grove, Goldfield, Cedar Falls, and Plainfield. No branches are in low- or moderate-income census tracts.

As of June 30, 2021, the bank reported total assets of \$628.6 million based on the Uniform Banking Performance Report (UBPR), representing approximately 63.0 percent growth since the previous evaluation. This growth is largely attributed to the acquisition of Security Savings Bank on August 17, 2019. First Bank is primarily a commercial and agricultural lender, as represented by the loan

portfolio table on page 5. The bank offers a variety of lending products including agricultural, commercial, residential real estate, consumer installment, and open-ended lines of credit. Furthermore, the bank offers standard, non-complex deposit and savings products for individuals and businesses. Customers may conduct banking transactions through the bank's website www.firstiowa.bank.

| Composition of Loan Portfolio as of June 30, 2021 (000's) | | |
|---|---------|-------|
| Type | \$ | % |
| Residential Real Estate | 55,199 | 14.1 |
| Commercial | 169,018 | 43.1 |
| Agriculture | 150,896 | 38.5 |
| Consumer | 6,780 | 1.7 |
| Other | 10,273 | 2.6 |
| Total | 392,166 | 100.0 |

Note: Percentages may not total 100.0 percent due to rounding.

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **outstanding** under the CRA at its previous evaluation conducted on May 29, 2018.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

First Bank's performance relative to the lending test is **Satisfactory**. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and combined assessment area credit needs. A majority of loans and other lending-related activities are in the assessment area. The geographic distribution of loans reflects reasonable distribution throughout the assessment area. The loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Loan-to-Deposit Ratio

First Bank had a reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, the credit needs of its assessment area, and considering, as appropriate, other lending-related activities such as loan originations for sale to the secondary market and community development loans and qualified investments.

As of June 30, 2021, the bank's LTD ratio averaged 86.1 percent over a 13-quarter period, which is slightly above the average of peer lenders in the area, suggesting the bank is meeting the credit needs of the community. While the LTD ratio decreased since the prior evaluation (93.8 percent), the decrease is largely attributed to increased deposits experienced by a majority of institutions in the area. The following table compares the bank's LTD ratio to its local competitors.

| Comparative Loan-to-Deposit Ratios as of June 30, 2021 | |
|---|------------------------|
| Comparative Data | 13 Quarter Average (%) |
| First Bank | 86.1 |
| Competitor Average | 82.5 |
| Competitors | |
| First Citizens Bank | 79.1 |
| Security State Bank | 56.9 |
| First State Bank | 94.6 |
| Lincoln Savings Bank | 95.7 |
| Farmers State Bank | 102.6 |
| First Security Bank and Trust | 71.1 |
| Fidelity Bank and Trust | 77.6 |

Assessment Area Concentration

First Bank made a majority of its loans, and as appropriate, other lending-related activities, within its combined assessment area. During the review period, First Bank originated 66.3 percent of all

loans by number and 62.9 percent of all loans by dollar amount within the assessment area. The bank originated 63.9 percent by number and 60.6 percent by dollar of its HMDA-reportable loans inside its assessment area. Additionally, the bank originated 69.0 percent by number and 65.7 percent by dollar of its small business loans inside its assessment area. The loan type with the highest concentration of loans originated in the assessment area was small farm loans (70.3 percent by number and 65.0 percent by dollar). Overall, the percentage of HMDA-reportable, small business and small farm originations within the assessment area indicates the bank is actively serving the credit needs of its communities.

The following table summarizes First Bank’s lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2019 to December 31, 2020, and small business and small farm loans from January 1, 2020 to December 31, 2020.

| Loan Types | Inside | | | | Outside | | | |
|---------------------------------|------------|-------------|-----------------|-------------|------------|-------------|-----------------|-------------|
| | # | % | \$(000s) | % | # | % | \$(000s) | % |
| Home Improvement | 19 | 79.2 | \$543 | 87.4 | 5 | 20.8 | \$78 | 12.6 |
| Home Purchase - Conventional | 73 | 59.3 | \$6,958 | 49.8 | 50 | 40.7 | \$7,000 | 50.2 |
| Multi-Family Housing | 14 | 58.3 | \$3,149 | 75.2 | 10 | 41.7 | \$1,041 | 24.8 |
| Refinancing | 71 | 67.0 | \$9,291 | 65.7 | 35 | 33.0 | \$4,842 | 34.3 |
| Total HMDA related | 177 | 63.9 | \$19,941 | 60.6 | 100 | 36.1 | \$12,961 | 39.4 |
| Small Business | 69 | 69.0 | \$10,488 | 65.7 | 31 | 31.0 | \$5,466 | 34.3 |
| Total Small Bus. related | 69 | 69.0 | \$10,488 | 65.7 | 31 | 31.0 | \$5,466 | 34.3 |
| Small Farm | 71 | 70.3 | \$9,904 | 65.0 | 30 | 29.7 | \$5,328 | 35.0 |
| Total Small Farm related | 71 | 70.3 | \$9,904 | 65.0 | 30 | 29.7 | \$5,328 | 35.0 |
| TOTAL LOANS | 317 | 66.3 | \$40,333 | 62.9 | 161 | 33.7 | \$23,754 | 37.1 |

Geographic and Borrower Distribution

First Bank’s geographic distribution of loans reflects reasonable distribution throughout the combined assessment area. As the bank’s assessment areas are comprised only of middle- and upper-income census tracts, a meaningful geographic distribution analysis could not be performed. However, the dispersion of the loans was reviewed to determine if the bank is sufficiently serving assessment area census tracts. No conspicuous unexplained gaps in contiguous census tracts were identified.

The bank’s distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank’s assessment area. Further details on geographic and borrower distribution can be found in the individual assessment area sections.

Response to Complaints

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is **Satisfactory**.

Lending, Investment, and Services Activities

First Bank demonstrates adequate responsiveness to the community development needs of its combined assessment area through community development loans, qualified investments, and community development services.

During the evaluation period, First Bank originated 25 qualified loans totaling approximately \$14.0 million throughout the combined assessment area and broader statewide and regional area. This is consistent with the \$14.0 million in community development loans originated during the previous evaluation. The majority of loans were for the purposes of economic development. Additionally, the bank showed excellent responsiveness to the COVID-19 pandemic credit needs of its communities by issuing over 1,700 Payment Protection Program (PPP) loans totaling approximately \$66.6 million to businesses throughout the combined assessment areas and broader statewide regional area.

The bank made seven new qualified investments during the evaluation period totaling \$2.8 million for the purposes of economic development and revitalization and stabilization of the community. Additionally, the bank maintained two qualified investments for the purpose of affordable housing from the previous evaluation period with an outstanding balance of \$36,355. The total amount in the combined assessment area and broader statewide regional area reflects a significant increase from the prior evaluation in which the bank had approximately \$660,000 in qualified investments.

There were 18 qualified donations for community development purposes that totaled \$22,611. The donations exclusively benefited organizations that focus on community services. This is consistent with the \$20,000 in qualified donations made during the previous evaluation.

Qualified community development service hours totaled 1,626 for 18 different organizations that focus on economic development, affordable housing, and community services. The bank's service hours were offered to an increased number of organizations since the previous evaluation, when hours were offered to four organizations. Additional information with respect to the bank's community development services is found within the individual assessment area sections.

| Community Development Activities May 30, 2018 – August 23, 2021 | | | | | | | | |
|--|-----------|-------------------|-------------|------------------|-----------|---------------|-----------|--------------|
| Assessment Area | Loans | | Investments | | Donations | | Services | |
| | # | \$ | # | \$ | # | \$ | # | Hours |
| Full Review | | | | | | | | |
| Waterloo-Cedar Falls, IA MSA | 16 | 11,899,758 | 2 | 760,000 | 17 | 22,361 | 14 | 1,407 |
| Iowa Non-MSA | 2 | 265,533 | 3 | 1,085,000 | 0 | 0 | 1 | 120 |
| Broader Statewide/Regional Area | | | | | | | | |
| State of Iowa | 7 | 1,797,930 | 4 | 991,382 | 1 | 250 | 3 | 99 |
| Total Qualified | 25 | 13,963,221 | 9 | 2,836,355 | 18 | 22,611 | 18 | 1,626 |

Further details on community development activities are discussed in the individual assessment area sections.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

WATERLOO-CEDAR FALLS, IA MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the Waterloo-Cedar Falls, IA MSA assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, please refer to the “Scope of Examination” section on page 2.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WATERLOO-CEDAR FALLS, IA MSA

First Bank’s Waterloo-Cedar Falls, IA MSA assessment area includes the main office, four branch locations, and four ATMs (three full-service and one cash-only). The assessment area is comprised of 19 contiguous census tracts spanning four partial counties: Black Hawk, Bremer, Butler, and Chickasaw Counties. There are no low- or moderate-income census tracts in the delineated assessment area. The Waterloo-Cedar Falls, IA MSA does include one unknown census tract in Black Hawk County where the University of Northern Iowa is located. This assessment area remains unchanged since the previous evaluation.

In 2020, First Bank ranked 15th among 134 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 80 HMDA-reportable loans. By comparison, the first ranked organization by HMDA-reportable loans is Veridian Credit Union with 1,062 originated or purchased home mortgage loans.

The June 30, 2020 FDIC Deposit Market Share Report ranks First Bank third of 28 FDIC-insured depository institutions operating in the bank’s assessment area with a market share of 8.9 percent. For reference and comparison, the first ranked financial institution by market share is Farmers State Bank at 19.2 percent.

Key 2020 assessment area demographics are provided in the following table. Assessment area demographics for 2019 can be found in Appendix C.

| Assessment Area: 2020 Waterloo-Cedar Falls, IA MSA 47940 | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,141 | 12.3 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,635 | 15.1 |
| Middle-income | 9 | 47.4 | 7,474 | 42.8 | 314 | 4.2 | 3,915 | 22.4 |
| Upper-income | 9 | 47.4 | 9,889 | 56.6 | 512 | 5.2 | 8,772 | 50.2 |
| Unknown-income | 1 | 5.3 | 100 | 0.6 | 4 | 4.0 | 0 | 0.0 |
| Total Assessment Area | 19 | 100.0 | 17,463 | 100.0 | 830 | 4.8 | 17,463 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 12,228 | 8,692 | 42.8 | 71.1 | 2,720 | 22.2 | 816 | 6.7 |
| Upper-income | 17,314 | 11,533 | 56.8 | 66.6 | 4,536 | 26.2 | 1,245 | 7.2 |
| Unknown-income | 497 | 63 | 0.3 | 12.7 | 381 | 76.7 | 53 | 10.7 |
| Total Assessment Area | 30,039 | 20,288 | 100.0 | 67.5 | 7,637 | 25.4 | 2,114 | 7.0 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 1,337 | 41.2 | 1,203 | 41.1 | 116 | 41.4 | 18 | 40.9 |
| Upper-income | 1,881 | 57.9 | 1,695 | 58.0 | 161 | 57.5 | 25 | 56.8 |
| Unknown-income | 30 | 0.9 | 26 | 0.9 | 3 | 1.1 | 1 | 2.3 |
| Total Assessment Area | 3,248 | 100.0 | 2,924 | 100.0 | 280 | 100.0 | 44 | 100.0 |
| | Percentage of Total Businesses: | | | 90.0 | | 8.6 | | 1.4 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 232 | 57.1 | 229 | 56.8 | 3 | 100.0 | 0 | 0.0 |
| Upper-income | 174 | 42.9 | 174 | 43.2 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 406 | 100.0 | 403 | 100.0 | 3 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 99.3 | | 0.7 | | 0.0 |

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Population Change

The table below represents population changes in the counties comprising the assessment area from 2010 to 2015. The assessment area, the MSA, and the state of Iowa all exhibited an increase in population. The lone county to exhibit a declining population is Chickasaw County, which experienced a 1.6 percent decline in population. Community representatives stated there is a general redistribution of population occurring as families in rural counties migrate toward larger cities and metropolitan areas. Further, Chickasaw County experienced issues with attracting and retaining residents due to a limited housing supply, aging housing stock, and few job opportunities outside of specialized manufacturing.

| Population Change | | | |
|--|-----------------|----------------------|-------------------|
| Area | 2010 Population | 2011-2015 Population | Percentage Change |
| Assessment Area | 73,596 | 75,079 | 2.0 |
| Black Hawk County, IA | 131,090 | 132,496 | 1.1 |
| Bremer County, IA | 24,276 | 24,539 | 1.1 |
| Butler County, IA | 14,867 | 14,966 | 0.7 |
| Chickasaw County, IA | 12,439 | 12,244 | -1.6 |
| Waterloo-Cedar Falls, IA MSA | 167,819 | 169,442 | 1.0 |
| State of Iowa | 3,046,355 | 3,093,526 | 1.5 |
| <i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i> | | | |

Income Characteristics

According to 2020 FFIEC Census Data, the assessment area is comprised of 17,463 families, including 12.3 percent low-income, 15.1 percent moderate-income, 22.4 percent middle-income and 50.2 percent upper-income. Approximately 4.8 percent of families residing within the assessment area live below the poverty line, which is lower than the MSA and state of Iowa poverty rates of 7.9 percent and 8.1 percent, respectively. This data suggests that although the majority of families in the assessment area are upper-income, opportunities are present for the institution to lend to low- and moderate-income families in the area.

The following table compares the median family income (MFI) for the assessment area, the MSA, and the state of Iowa. According to the 2011-2015 American Community Survey (ACS), the MFI in Bremer County is significantly above the rest of the counties comprising the assessment area, the MSA, and the state of Iowa. Community contacts attributed this to the prominence of the city of Waverly, which contains nearly half of the county population and several high-wage jobs, particularly at the local college of Wartburg. Although Chickasaw County has the lowest MFI in the assessment area, it experienced the most growth from 2010 to 2015. This is largely attributed to

county employers increasing wages in order to compete for workers as they struggle to fill open positions.

| Median Family Income Change | | | |
|--|---|---|------------------------------|
| Area | 2006-2010 Median Family Income (In 2010 Dollars) | 2011-2015 Median Family Income (In 2015 Dollars) | Percentage Change |
| Assessment Area | NA | 77,428 | NA |
| Black Hawk County, IA | 57,495 | 63,011 | 9.6 |
| Bremer County, IA | 68,602 | 78,551 | 14.5 |
| Butler County, IA | 59,641 | 63,710 | 6.8 |
| Chickasaw County, IA | 50,530 | 61,472 | 21.7 |
| Waterloo-Cedar Falls, IA MSA | 60,582 | 65,749 | 8.5 |
| State of Iowa | 61,804 | 67,466 | 9.2 |
| <i>Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i> | | | |

Housing Characteristics

There are 30,039 housing units within the assessment area. The majority of housing units are owner-occupied at 67.5 percent, while 25.4 percent are rental, and 7.0 percent are vacant units. The state of Iowa has similar percentages with the majority of housing units being owner occupied (65.3 percent), followed by rental (26.0 percent) and vacant units (8.7 percent).

According to the 2011-2015 ACS, Bremer County had the highest median housing value of \$151,600 yet maintained a low median gross rent of \$591. The median housing value in Bremer County outpaced the growth in the state of Iowa, the MSA, and all other counties within the assessment area excluding Butler County. Community contacts attributed the lower rent in Bremer County to college students, rent controlled facilities, and low-rent housing in the city of Waverly while higher housing values is attributed to the affluent area.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratio for the assessment area is 0.36, which is below the MSA and state of Iowa ratios of 0.38 and 0.41, respectively. The ratios indicate that housing in the assessment area is less affordable when compared to the MSA and state, which is evident in the comparison of median housing values and median gross rent prices. The following table presents recent trends in housing costs within the assessment area, MSA, and state of Iowa.

| Trends in Housing Costs 2006-2010 and 2011-2015 | | | | | | | |
|---|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 | % Change | 2011-2015 |
| Assessment Area | NA | 162,410 | NA | NA | 711 | NA | 0.36 |
| Black Hawk County, IA | 118,600 | 130,200 | 9.8 | 617 | 700 | 13.5 | 0.37 |
| Bremer County, IA | 132,800 | 151,600 | 14.2 | 584 | 591 | 1.2 | 0.41 |
| Butler County, IA | 90,900 | 107,400 | 18.2 | 537 | 566 | 5.4 | 0.49 |
| Chickasaw County, IA | 93,800 | 103,400 | 10.2 | 468 | 556 | 18.8 | 0.45 |
| Waterloo-Cedar Falls, IA MSA | 120,007 | 133,286 | 11.1 | 610 | 684 | 12.1 | 0.38 |
| State of Iowa | 119,200 | 129,200 | 8.4 | 617 | 697 | 13.0 | 0.41 |
| <i>Source: 2006-2010— U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i> | | | | | | | |

Foreclosure Inventory Rate

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

Foreclosure inventory rates in the assessment area and in the state of Iowa have declined steadily since the previous examination, with the lone exception being Butler County. The continued declining percentage of properties in the process of foreclosure since the prior evaluation indicates housing sector improvements within the overall assessment area and state. The following table presents recent foreclosure inventory rates within the assessment area and the state of Iowa.

| Foreclosure Inventory Rate | | |
|--|--------------|--------------------|
| Area | May 2018 (%) | September 2019 (%) |
| Black Hawk County, IA | 1.0 | 1.0 |
| Bremer County, IA | 1.0 | 0.3 |
| Butler County, IA | 1.4 | 1.8 |
| Chickasaw County, IA | 1.3 | 0.8 |
| State of Iowa | 0.7 | 0.6 |
| <i>Source: Federal Reserve Bank of Chicago</i> | | |

Employment Characteristics

The following table presents the unemployment trends for the assessment area counties, the MSA, and the state of Iowa from 2016 to 2019. The counties comprising the assessment area, the MSA,

and the state of Iowa all experienced a decline in unemployment rates between 2016 and 2018, with a slight uptick in 2019. The overall trend during this evaluation period is indicative of a healthy, stabilizing economy. Local community representatives noted that unemployment rose recently, and the hospitality industry is struggling from the COVID-19 pandemic. In prior years, the area had a need for skilled labor, but currently there is a need for low-skilled labor due to ongoing volatility and a remaining skill gap for certain higher paying jobs. There is a higher demand for jobs than those seeking employment, primarily in the manufacturing, healthcare, and service industries. Representatives further noted that local community colleges are offering flexible programs targeted toward manufacturing skills to meet the job needs; however, the COVID-19 pandemic has led to an increased number of people voluntarily exiting the labor force.

| Recent Unemployment Rates (%) | | | | |
|-------------------------------|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Black Hawk County, IA | 4.7 | 3.7 | 2.8 | 3.2 |
| Bremer County, IA | 3.7 | 2.8 | 2.0 | 2.3 |
| Butler County, IA | 4.4 | 3.6 | 2.7 | 3.2 |
| Chickasaw County, IA | 4.5 | 3.2 | 2.7 | 2.9 |
| Waterloo-Cedar Falls, IA MSA | 4.5 | 3.5 | 2.6 | 3.1 |
| State of Iowa | 3.7 | 3.1 | 2.5 | 2.7 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)

Industry Characteristics

According to Location Quotients (LQ) developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of manufacturing, goods producing, and agriculture. LQs are ratios that allow an area's distribution of wages by industry to be compared to a reference area (United States) and to be easily compared to each other. The most prominent industries according LQs and community representatives in the assessment area agriculture, meat processing, and manufacturing.

Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions of this assessment area. The representatives provided information on affordable housing, employment, and economic development needs within the assessment area. Representatives stated that the volume of job openings is greater than the demand to fill the roles in both low- and high-skilled professions, providing a challenge for local employers. The current housing market is tight, similar to most of the country, with demand outpacing supply. There is a need for housing units of all types, including affordable housing, depending on the location within the assessment area, with the greater need being rehabilitation of aged housing stock. According

to the local representatives, the financial institutions in the area, including First Bank, remain actively involved in meeting the needs of the communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WATERLOO-CEDAR FALLS, IA MSA

LENDING TEST

First Bank's performance relative to the lending test in Waterloo-Cedar Falls, IA MSA is reasonable.

Geographic Distribution of Loans

First Bank's lending reflects reasonable geographic distribution throughout the assessment area. As the assessment area is comprised only of middle- and upper-income census tracts, a meaningful geographic distribution analysis could not be performed. However, the dispersion of the loans was reviewed to determine if the bank is sufficiently serving assessment area census tracts. No conspicuous unexplained gaps in contiguous census tracts were identified.

Lending to Borrowers of Different Income Levels and to Businesses or Farms of Different Sizes

The bank demonstrates reasonable distribution of loans and, as appropriate, other lending-related activities to individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes given the demographics of the assessment area.

HMDA-Reportable Loans

The distribution of 2020 HMDA-reportable loans to individuals of different income levels is reasonable. The bank's HMDA data contains several loans to borrowers with unknown income levels. The volume of loans originated to borrowers of unknown income is due to loans originated to businesses, which although HMDA-reportable loans, banks are not required to report income for business entity borrowers. The bank's primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products will not be evaluated due to low volumes of originations.

Borrower distribution of 2019 HMDA-reportable loans is comparable to the bank's performance in 2020, as shown in Appendix C.

Home Purchase

In 2020, First Bank originated zero home purchase loans to low-income borrowers, which is significantly below aggregate lenders at 8.0 percent, and lower than the percentage of low-income families in the assessment area at 12.3 percent. Conversely, home purchase loans to moderate-income borrowers (26.1 percent) outperformed both aggregate lenders (20.1 percent) and the demographic percentage of moderate-income families (15.1 percent) in the assessment area. First Bank originated 30.4 percent of home purchase loans to middle-income borrowers, which was above aggregate lenders and the demographic of families at 23.6 and 22.4 percent, respectively. The bank originated 21.7 percent of its home purchase loans to upper-income borrowers, which was below aggregate (36.2 percent) and the demographic (50.2 percent).

The borrower distribution of HMDA-reportable home purchase loans in 2019 was consistent with the bank's performance in 2020, with the notable exception being loans to low-income borrowers in 2019 (12.5 percent) outperformed aggregate lenders (8.9 percent) and was consistent with the demographic of low-income families in the area (12.3 percent). Please refer to Appendix C for the 2019 borrower distribution lending table.

Refinance

In 2020, First Bank originated 2.9 percent of refinance loans to low-income borrowers, which is comparable to aggregate lending (2.8 percent) but below the demographic percentage of low-income families (12.3 percent). The bank originated 14.3 percent of its refinance loans to moderate-income borrowers, which is above aggregate lending (12.3 percent) and comparable to the demographic of families (15.1 percent). First Bank originated 20.0 percent of refinance loans to middle-income borrowers, which is comparable to both the aggregate and demographic of middle-income families at 21.4 percent and 22.4 percent, respectively. The bank originated 48.6 percent of refinance loans to upper-income borrowers, which was in line with both the aggregate lending and the demographic of families at 47.6 percent and 50.2 percent, respectively.

The borrower distribution of HMDA-reportable refinance loans in 2020 was largely consistent with the pattern of lending in 2019, with a notable increase in refinance transactions to upper-income borrowers in 2020. The bank's 2019 HMDA-reportable lending is included in Appendix C.

The following table summarizes the bank's 2020 borrower distribution of HMDA-reportable lending in the assessment area.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|-----------------------------|--------------|
| Assessment Area: 2020 Waterloo-Cedar Falls, IA MSA 47940 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2020 | | | Dollar | | | |
| | | Count Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 8.0 | 0 | 0.0 | 4.2 | 12.3 |
| | Moderate | 6 | 26.1 | 20.1 | 332 | 14.4 | 14.7 | 15.1 |
| | Middle | 7 | 30.4 | 23.6 | 737 | 32.0 | 21.9 | 22.4 |
| | Upper | 5 | 21.7 | 36.2 | 622 | 27.0 | 45.5 | 50.2 |
| | Unknown | 5 | 21.7 | 12.1 | 613 | 26.6 | 13.8 | 0.0 |
| | Total | | 23 | 100.0 | 100.0 | 2,304 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.9 | 2.8 | 52 | 1.0 | 1.3 | 12.3 |
| | Moderate | 5 | 14.3 | 12.3 | 455 | 9.1 | 8.4 | 15.1 |
| | Middle | 7 | 20.0 | 21.4 | 820 | 16.4 | 17.8 | 22.4 |
| | Upper | 17 | 48.6 | 47.6 | 2,936 | 58.7 | 55.3 | 50.2 |
| | Unknown | 5 | 14.3 | 15.9 | 740 | 14.8 | 17.2 | 0.0 |
| | Total | | 35 | 100.0 | 100.0 | 5,003 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 6.5 | 0 | 0.0 | 2.9 | 12.3 |
| | Moderate | 5 | 62.5 | 19.1 | 267 | 79.9 | 14.4 | 15.1 |
| | Middle | 2 | 25.0 | 25.6 | 60 | 18.0 | 27.8 | 22.4 |
| | Upper | 0 | 0.0 | 48.4 | 0 | 0.0 | 54.9 | 50.2 |
| | Unknown | 1 | 12.5 | 0.5 | 7 | 2.1 | 0.1 | 0.0 |
| | Total | | 8 | 100.0 | 100.0 | 334 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 12.3 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 15.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.4 |
| | Upper | 4 | 57.1 | 9.3 | 541 | 30.6 | 0.8 | 50.2 |
| | Unknown | 3 | 42.9 | 90.7 | 1,228 | 69.4 | 99.2 | 0.0 |
| | Total | | 7 | 100.0 | 100.0 | 1,769 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 4.5 | 0 | 0.0 | 2.5 | 12.3 |
| | Moderate | 0 | 0.0 | 16.8 | 0 | 0.0 | 10.5 | 15.1 |
| | Middle | 0 | 0.0 | 22.9 | 0 | 0.0 | 20.4 | 22.4 |
| | Upper | 0 | 0.0 | 51.4 | 0 | 0.0 | 62.1 | 50.2 |
| | Unknown | 0 | 0.0 | 4.5 | 0 | 0.0 | 4.4 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 13.5 | 0 | 0.0 | 4.3 | 12.3 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 21.6 | 15.1 |
| | Middle | 0 | 0.0 | 12.5 | 0 | 0.0 | 13.2 | 22.4 |
| | Upper | 0 | 0.0 | 49.0 | 0 | 0.0 | 60.9 | 50.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 12.3 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 15.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 50.2 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 1 | 1.4 | 5.1 | 52 | 0.6 | 2.2 | 12.3 |
| | Moderate | 16 | 21.9 | 15.6 | 1,054 | 11.2 | 10.0 | 15.1 |
| | Middle | 16 | 21.9 | 22.0 | 1,617 | 17.2 | 17.8 | 22.4 |
| | Upper | 26 | 35.6 | 43.2 | 4,099 | 43.6 | 47.6 | 50.2 |
| | Unknown | 14 | 19.2 | 14.1 | 2,588 | 27.5 | 22.3 | 0.0 |
| | Total | | 73 | 100.0 | 100.0 | 9,410 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Businesses with \$1 million or less in annual revenue comprise 56.8 percent of small business loan originations by number, which is significantly below the demographic of total small businesses (90.0 percent) in the assessment area. This is attributed to high competition throughout the assessment area which provides challenges for the bank to be able to increase its small business lending. However, of the 25 loans originated to small businesses, 84.0 percent were in dollar amounts of \$100,000 or less, which is deemed most beneficial to small business borrowers, thus indicating the bank’s willingness to meet the credit needs of small businesses.

The following table presents the borrower distribution of small business loans from January 1, 2020 through December 31, 2020.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|--|--|-------------------------------|--------------|----------------|--------------|--------------------------|--------------|
| Assessment Area: 2020 Waterloo-Cedar Falls, IA MSA 47940 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses % | |
| Revenue | Loan Size | Count Bank | | Dollar Bank | | | |
| | | # | % | \$ 000s | \$ % | | |
| Small Business | Revenue | \$1 Million or Less | 25 | 56.8 | 1,885 | 22.4 | 90.0 |
| | | Over \$1 Million | 19 | 43.2 | 6,535 | 77.6 | 8.6 |
| | | Unknown | 0 | 0.0 | 0 | 0.0 | 1.4 |
| | | Total | 44 | 100.0 | 8,420 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 29 | 65.9 | 1,056 | 12.5 | |
| | | \$100,001 - \$250,000 | 5 | 11.4 | 722 | 8.6 | |
| | | \$250,001 - \$1 Million | 10 | 22.7 | 6,643 | 78.9 | |
| | | Total | 44 | 100.0 | 8,421 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 21 | 84.0 | 685 | 36.3 | |
| | | \$100,001 - \$250,000 | 2 | 8.0 | 258 | 13.7 | |
| \$250,001 - \$1 Million | | 2 | 8.0 | 942 | 50.0 | | |
| Total | | 25 | 100.0 | 1,885 | 100.0 | | |
| Originations & Purchases | | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. Of the 59 farm loan originations in the lending sample, 83.1 percent were to farms with gross revenues equal to or less than \$1 million. Although this is below the demographic composition of total small farms (99.3 percent) in the assessment area, 59.2 percent of the small farm loans were originated in amounts of \$100,000 or less, which is considered most beneficial to small farm

borrowers, thus indicating the bank’s willingness to meet the credit needs of small farms.

The following table presents the borrower distribution of small farm loans from January 1, 2020 through December 31, 2020.

| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|-----------|--------------|--------------|--------------|--------------|
| Assessment Area: 2020 Waterloo-Cedar Falls, IA MSA 47940 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Farms | |
| | Revenue | Count | | Dollar | | | |
| | | Bank | | Bank | | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Farm | Revenue | \$1 Million or Less | 49 | 83.1 | 6,096 | 77.5 | 99.3 |
| | | Over \$1 Million | 9 | 15.3 | 1,757 | 22.3 | 0.7 |
| | | Unknown | 1 | 1.7 | 10 | 0.1 | 0.0 |
| | | Total | 59 | 100.0 | 7,863 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 33 | 55.9 | 1,608 | 20.5 | |
| | | \$100,001 - \$250,000 | 18 | 30.5 | 3,441 | 43.8 | |
| | | \$250,001 - \$500,000 | 8 | 13.6 | 2,814 | 35.8 | |
| | | Total | 59 | 100.0 | 7,863 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 29 | 59.2 | 1,362 | 22.3 | |
| | | \$100,001 - \$250,000 | 14 | 28.6 | 2,722 | 44.7 | |
| | | \$250,001 - \$500,000 | 6 | 12.2 | 2,012 | 33.0 | |
| | | Total | 49 | 100.0 | 6,096 | 100.0 | |

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

Lending, Investment, and Services Activities

First Bank’s community development activities are adequate. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The bank made the majority of loans to help promote economic development. The majority of the remaining community development activities were devoted to community services for low- and moderate-income individuals and families.

Lending

During the evaluation period, the bank originated 16 qualified loans totaling approximately \$11.9 million for community development purposes, with a heavy focus on economic development. The bank decreased community development lending in the Waterloo-Cedar Falls, IA MSA assessment

area since the previous evaluation period in which the bank made 17 community development loans totaling \$14 million. Although the community development lending decreased slightly, the bank’s involvement with the Small Business Administration’s (SBA’s) Paycheck Protection Program (PPP) in response to the COVID-19 pandemic accounts for an approximate \$66.6 million in total (including the combined assessment areas and broader regional area). This involvement is exceptionally responsive to the needs of the community, as identified by local representatives in the area who indicated a need for participation and tailoring of products to benefit those impacted by COVID-19.

Investments

The bank made two new qualified investments during the evaluation period totaling \$760,000. The two new investments were intended to revitalize and stabilize underserved rural communities in the area. In comparison, the bank made two new investments for \$565,000 along with two prior period investments of \$95,000 during the previous evaluation.

In addition, the bank made 17 qualified donations totaling \$22,361 to community organizations with a focus on community services that benefit low- and moderate-income individuals and families within the assessment area. Although the number of donations decreased, the dollar amount increased since the previous evaluation where the bank made 43 qualified donations for a total of \$20,000.

Services

The bank logged 1,408 hours of community development services for 14 different organizations during the evaluation period, which represents an increase in total number of organizations served during the previous exam (4). Community development service hours were dedicated to organizations with a focus on economic development, community service, and affordable housing in the assessment area.

The following table presents the bank’s community development activities within the Waterloo-Cedar Falls, IA MSA assessment area during the evaluation period.

| Community Development Activities May 30, 2018 – August 23, 2021 | | | | | | | | | | |
|--|--------------------|----------|----------------------|------------|--------------------------------------|----------|--------------------|----------|--------|------------|
| Type of Activity | Affordable Housing | | Economic Development | | Activities that Revitalize/Stabilize | | Community Services | | Totals | |
| | # | \$/Hours | # | \$/Hours | # | \$/Hours | # | \$/Hours | # | \$/Hours |
| Lending | 1 | 210,000 | 15 | 11,689,758 | 0 | 0 | 0 | 0 | 16 | 11,899,758 |
| Investment | 0 | 0 | 0 | 0 | 2 | 760,000 | 0 | 0 | 2 | 760,000 |
| Donations | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 22,361 | 17 | 22,361 |
| Services | 1 | 137 | 4 | 808 | 0 | 0 | 9 | 463 | 14 | 1,408 |

IOWA NON-MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the Iowa Non-MSA assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, please refer to the “Scope of Examination” section on page 2.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN IOWA NON-MSA

First Bank’s Iowa Non-MSA assessment area includes four branch locations (three full-service and one limited-service) and three ATMs (two full-service and one cash-only). The assessment area is comprised of Wright County in its entirety. There are no low- or moderate-income census tracts or distressed or underserved tracts in the delineated assessment area. This assessment area is new since the previous examination due to the acquisition of Security Savings Bank in August 2019.

In 2020, First Bank ranked second among 47 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 21 HMDA-reportable loans. By comparison, the first ranked organization by HMDA-reportable loans is Iowa Bankers Mortgage Corporation with 41 originated or purchased home mortgage loans.

The June 30, 2020 FDIC Deposit Market Share Report ranks First Bank second of seven FDIC-insured depository institutions operating in the bank’s assessment area with a market share of 19.8 percent. For reference and comparison, the first ranked financial institution by market share is First Citizens Bank at 31.1 percent.

Key 2020 assessment area demographics are provided in the following table. Assessment area demographics for 2019 can be found in Appendix C.

| Assessment Area: 2020 IA Non MSA | | | | | | | | |
|----------------------------------|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 678 | 20.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 715 | 21.1 |
| Middle-income | 5 | 100.0 | 3,390 | 100.0 | 233 | 6.9 | 693 | 20.4 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,304 | 38.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5 | 100.0 | 3,390 | 100.0 | 233 | 6.9 | 3,390 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 6,510 | 4,140 | 100.0 | 63.6 | 1,355 | 20.8 | 1,015 | 15.6 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,510 | 4,140 | 100.0 | 63.6 | 1,355 | 20.8 | 1,015 | 15.6 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | % |
| Low-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| Moderate-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| Middle-income | 629 | 554 | 100.0 | 100.0 | 62 | 100.0 | 13 | 100.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 629 | 554 | 100.0 | 100.0 | 62 | 100.0 | 13 | 100.0 |
| | Percentage of Total Businesses: | | | 88.1 | | 9.9 | | 2.1 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | % |
| Low-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| Moderate-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| Middle-income | 176 | 174 | 100.0 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 176 | 174 | 100.0 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.9 | | 1.1 | | 0.0 |

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Population Change

The table below represents population changes in the assessment area and the state of Iowa from 2010 to 2015. The assessment area experienced a declining population (-2.2 percent) while the state of Iowa exhibited an increase in population (1.5 percent). Community representatives stated that the younger population is moving to larger cities and metropolitan areas for education and employment opportunities. Further, Wright County has recently experienced a large employer plant closure, providing additional challenges for attracting and retaining residents.

| Population Change | | | |
|--|-----------------|----------------------|-------------------|
| Area | 2010 Population | 2011-2015 Population | Percentage Change |
| Wright County | 13,229 | 12,936 | -2.2 |
| State of Iowa | 3,046,355 | 3,093,526 | 1.5 |
| <i>Source: 2010—U.S. Census Bureau: Decennial Census</i> <i>2011-2015—U.S. Census Bureau: American Community Survey</i> | | | |

Income Characteristics

According to 2020 FFIEC Census Data, the assessment area is comprised of 3,390 families, including 20.0 percent low-income, 21.1 percent moderate-income, 20.4 percent middle-income, and 38.5 percent upper-income. Approximately 6.9 percent of families residing within the assessment area live below the poverty line, which is lower than the state of Iowa poverty rate of 8.1 percent. This data suggests that although the upper-income families comprise the largest segment in the assessment area, opportunities are present for the institution to lend to low- and moderate-income families in the area.

The following table compares the MFI for the assessment area and the state of Iowa. According to the 2011-2015 ACS, the MFI in the assessment area remains below the state of Iowa but exhibited similar growth over the same period. Community representatives attributed the lower assessment area MFI to the lower cost of living in rural areas. Community representatives further stated that new packing plants, along with other employers competing for employees, have driven up wages in recent years.

| Median Family Income Change | | | |
|--|--|--|-------------------|
| Area | 2006-2010 Median Family Income (In 2010 Dollars) | 2011-2015 Median Family Income (In 2015 Dollars) | Percentage Change |
| Wright County | 53,890 | 59,263 | 10.0 |
| State of Iowa | 61,804 | 67,466 | 9.2 |
| <i>Source: 2006-2010—U.S. Census Bureau: American Community Survey</i> <i>2011-2015—U.S. Census Bureau: American Community Survey</i> | | | |

Housing Characteristics

There are 6,510 housing units within the assessment area. The majority of housing units are owner-occupied at 63.6 percent, while 20.8 percent are rental, and 15.6 percent are vacant units. While the state of Iowa has similar percentages with owner-occupied and rental units at 65.3 and 26.0 percent, respectively, vacant units in the assessment area are nearly double the rate of the state (8.7 percent).

According to the 2011-2015 ACS, Wright County had a median housing value of \$73,400, which is far lower than the state of Iowa (\$129,900). The median housing value in the assessment area exhibited only 1.0 percent growth from 2010 to 2015, while the state of Iowa experienced 8.4 percent growth. During the same period, median gross rent in the assessment area increased by 24.3 percent, which is nearly double the increase experienced by the state (13.0 percent). Community representatives state there is a significant need for housing of all varieties in the assessment area, with the biggest need being multifamily housing. Another community representative stated there is a housing shortage and need for housing rehabilitation and new construction in the area. The aged housing stock is unmaintained and does not feature the desirable size or condition to retain the younger population in the area. Further, migrant workers pay inflated rental prices for single bedroom units, leading to significant growth in median gross rent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratio for the assessment area is 0.60, which is above the state of Iowa ratio of 0.41. The ratios indicate that housing in the assessment area is more affordable when compared to the state, which is evident in the comparison of median housing values and median gross rent prices. The following table presents recent trends in housing costs within the assessment area and the state of Iowa.

| Trends in Housing Costs 2006-2010 and 2011-2015 | | | | | | | |
|---|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 | % Change | 2011-2015 |
| Wright County | 72,700 | 73,400 | 1.0 | 457 | 568 | 24.3 | 0.60 |
| State of Iowa | 119,200 | 129,200 | 8.4 | 617 | 697 | 13.0 | 0.41 |
| Source: 2006-2010— U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey | | | | | | | |

Foreclosure Inventory Rate

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

Foreclosure inventory rates in the assessment area and in the state exhibited fluctuation but remained relatively steady since the previous examination. The overall low percentage of properties in the process of foreclosure since the prior evaluation indicates housing sector improvements within the overall assessment area and state of Iowa. The following table presents recent foreclosure inventory rates within the assessment area and the state of Iowa.

| Foreclosure Inventory Rate | | |
|--|--------------|--------------------|
| Area | May 2018 (%) | September 2019 (%) |
| Wright County | 0.5 | 1.1 |
| State of Iowa | 0.7 | 0.6 |
| <i>Source: Federal Reserve Bank of Chicago</i> | | |

Employment Characteristics

The following table presents the unemployment trends for the assessment area and the state of Iowa from 2016 to 2019. The assessment area and the state of Iowa both experienced fluctuating, yet low unemployment rates between 2016 and 2019 that exhibited an overall decline. Local community representatives noted that unemployment rose recently, and the hospitality industry is struggling due to COVID-19 pandemic. Community representatives further stated that people are retiring and there are sufficient workers to replace those positions in the area. The area has large meat packing producers, and given the nature of that work, the industry struggles to attract and retain employees. In 2020, a large manufacturing company closed, leading to job loss for 185 individuals.

| Recent Unemployment Rates (%) | | | | |
|--|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Wright County | 4.2 | 3.4 | 2.6 | 2.6 |
| State of Iowa | 3.7 | 3.1 | 2.5 | 2.7 |
| <i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)</i> | | | | |

Industry Characteristics

According to Location Quotients (LQ) developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of manufacturing, goods producing, and agriculture. LQs are ratios that allow an area's distribution of wages by industry to be compared to a reference area (United States) and to be easily compared to each other. The most prominent industries according LQs and community representatives in the area are agriculture, meat processing, and manufacturing.

Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions. The representatives provided information on affordable housing, employment, and economic development needs within the assessment area. One representative stated their community has been able to maintain jobs and experienced a limited spike in unemployment, despite what was happening in other parts of the country throughout the pandemic. Moreover, the volume of job openings now is greater than the demand to fill the roles, providing a challenge for local employers. The community's current housing market is tight, similar to most of the country, with demand outpacing supply. There is a need for housing units of all types, including affordable housing, depending on the location within the assessment area, with the greater need being rehabilitation of aged housing stock. Local representatives further stated the area is in need of community services such as child daycare services. According to the local representatives, the financial institutions in the area, including First Bank, remain actively involved in meeting the needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA NON-MSA

LENDING TEST

First Bank's performance relative to the lending test in Iowa Non-MSA assessment area is reasonable.

Geographic Distribution of Loans

First Bank's geographic distribution of loans reflects reasonable distribution throughout the assessment area. As the assessment area is comprised only of middle- and upper-income census tracts, a meaningful geographic distribution analysis could not be performed. However, the dispersion of the loans was reviewed to determine if the bank is sufficiently serving assessment area census tracts. No conspicuous unexplained gaps in contiguous census tracts were identified.

Lending to Borrowers of Different Income Levels and to Businesses or Farms of Different Sizes

First Bank demonstrates a reasonable distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes given the demographics of the assessment area.

HMDA-Reportable Loans

The borrower distribution of 2020 HMDA-reportable loans to individuals of different income levels is reasonable. The bank's HMDA data contains several loans to borrowers with unknown income levels. The volume of loans originated to borrowers of unknown income reflects loans to businesses, which although are HMDA-reportable loans, banks are not required to report income for business entity borrowers. The bank's primary HMDA-reportable product during the review period was home purchase loans. The remaining HMDA-reportable products will not be evaluated due to low volumes of originations.

Borrower distribution of 2019 HMDA-reportable loans is comparable to the bank's performance in 2020, as shown in Appendix C.

Home Purchase

In 2020, First Bank originated zero home purchase loans to low-income borrowers, which is significantly below aggregate lenders at 6.8 percent, and lower than the percentage of low-income families in the assessment area at 20.0 percent. The bank's home purchase lending to moderate-income borrowers (18.2 percent) was consistent with the demographic of moderate-income families in the assessment area (21.1 percent), but below the performance of aggregate lenders (28.8 percent). First Bank originated 54.5 percent of home purchase loans to middle-income borrowers, which significantly exceeds the rate of aggregate lenders and the demographic of families at 28.0 and 20.4 percent, respectively. Further, the bank originated 18.2 percent of its home purchase loans to upper-income borrowers, which was below aggregate lending (24.6 percent) and below the demographic of families (38.5 percent).

The borrower distribution of HMDA-reportable home purchase loans in 2019 was not consistent with the bank's performance in 2020. Notably, the bank did not originate any home purchase loans to low- moderate- or middle-income borrowers in 2019. However, only seven total home purchase loans were originated in 2019, and no meaningful analysis can be derived from low origination volume. Please refer to Appendix C for the 2019 borrower distribution lending table.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|-----------------------------|--------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2020 | | | Dollar | | | |
| | | Count Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 6.8 | 0 | 0.0 | 4.7 | 20.0 |
| | Moderate | 2 | 18.2 | 28.8 | 65 | 8.7 | 19.2 | 21.1 |
| | Middle | 6 | 54.5 | 28.0 | 451 | 60.3 | 26.1 | 20.4 |
| | Upper | 2 | 18.2 | 24.6 | 171 | 22.9 | 37.5 | 38.5 |
| | Unknown | 1 | 9.1 | 11.9 | 61 | 8.2 | 12.5 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 748 | 100.0 | 100.0 |
| Refinance | Low | 1 | 50.0 | 8.0 | 120 | 54.5 | 3.9 | 20.0 |
| | Moderate | 0 | 0.0 | 16.0 | 0 | 0.0 | 9.0 | 21.1 |
| | Middle | 0 | 0.0 | 18.7 | 0 | 0.0 | 14.2 | 20.4 |
| | Upper | 1 | 50.0 | 40.0 | 100 | 45.5 | 53.9 | 38.5 |
| | Unknown | 0 | 0.0 | 17.3 | 0 | 0.0 | 19.1 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 220 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 25.0 | 0 | 0.0 | 8.7 | 20.4 |
| | Upper | 0 | 0.0 | 50.0 | 0 | 0.0 | 81.5 | 38.5 |
| | Unknown | 2 | 100.0 | 25.0 | 49 | 100.0 | 9.7 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 49 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.5 |
| | Unknown | 5 | 100.0 | 100.0 | 329 | 100.0 | 100.0 | 0.0 |
| | Total | | 5 | 100.0 | 100.0 | 329 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 9.6 | 21.1 |
| | Middle | 0 | 0.0 | 25.0 | 0 | 0.0 | 17.5 | 20.4 |
| | Upper | 0 | 0.0 | 50.0 | 0 | 0.0 | 72.8 | 38.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 50.0 | 0 | 0.0 | 56.7 | 21.1 |
| | Middle | 0 | 0.0 | 50.0 | 0 | 0.0 | 43.3 | 20.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.5 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 1 | 5.0 | 6.4 | 120 | 8.9 | 4.1 | 20.0 |
| | Moderate | 2 | 10.0 | 21.9 | 65 | 4.8 | 13.8 | 21.1 |
| | Middle | 6 | 30.0 | 23.3 | 451 | 33.5 | 19.7 | 20.4 |
| | Upper | 3 | 15.0 | 29.7 | 271 | 20.1 | 44.3 | 38.5 |
| | Unknown | 8 | 40.0 | 18.7 | 439 | 32.6 | 18.1 | 0.0 |
| | Total | | 20 | 100.0 | 100.0 | 1,346 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Businesses with \$1 million or less in annual revenue comprise 88.0 percent of small business loan originations by number, which is consistent with the demographic of total small businesses (88.1 percent) in the assessment area. Of the 22 loans made to small businesses, 72.7 percent were in dollar amounts of \$100,000 or less, which is deemed most beneficial to small business borrowers, thus indicating the bank’s willingness to meet the credit needs of small businesses.

The following table presents the borrower distribution of small business loans from January 1, 2020 through December 31, 2020.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|--------------|--------------|--------------|------------------|--------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses | |
| | Revenue | Count | | Dollar | | | % |
| | | Bank | | Bank | | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 22 | 88.0 | 1,641 | 79.4 | 88.1 |
| | | Over \$1 Million | 1 | 4.0 | 140 | 6.8 | 9.9 |
| | | Unknown | 2 | 8.0 | 287 | 13.9 | 2.1 |
| | | Total | 25 | 100.0 | 2,068 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 17 | 68.0 | 529 | 25.6 | |
| | | \$100,001 - \$250,000 | 6 | 24.0 | 979 | 47.3 | |
| | | \$250,001 - \$1 Million | 2 | 8.0 | 560 | 27.1 | |
| | | Total | 25 | 100.0 | 2,068 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 16 | 72.7 | 502 | 30.6 | |
| | | \$100,001 - \$250,000 | 5 | 22.7 | 839 | 51.1 | |
| \$250,001 - \$1 Million | | 1 | 4.5 | 300 | 18.3 | | |
| Total | | 22 | 100.0 | 1,641 | 100.0 | | |

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. Of the 12 farm loan originations in the lending sample, 83.3 percent were to farms with gross revenues equal to or less than \$1 million. Although this is below the demographic composition of small farms in the assessment area (98.9 percent), 50.0 percent of small farm loans were originated in amounts of \$100,000 or less, which is considered most beneficial to small farms, thus indicating the bank’s willingness to meet the credit needs of small farms.

The following table presents the borrower distribution of small farm loans from January 1, 2020 through December 31, 2020.

| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|-----------|--------------|--------------|--------------|--------------|
| Assessment Area: 2020 IA Non MSA | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Farms | |
| Revenue | Loan Size | Count | Dollar | | | | |
| | | Bank | Bank | \$ 000s | \$ % | % | |
| # | % | | | | | | |
| Small Farm | Revenue | \$1 Million or Less | 10 | 83.3 | 1,556 | 76.2 | 98.9 |
| | | Over \$1 Million | 0 | 0.0 | 0 | 0.0 | 1.1 |
| | | Unknown | 2 | 16.7 | 485 | 23.8 | 0.0 |
| | | Total | 12 | 100.0 | 2,041 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 6 | 50.0 | 321 | 15.7 | |
| | | \$100,001 - \$250,000 | 3 | 25.0 | 610 | 29.9 | |
| | | \$250,001 - \$500,000 | 3 | 25.0 | 1,110 | 54.4 | |
| | | Total | 12 | 100.0 | 2,041 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 5 | 50.0 | 271 | 17.4 | |
| | | \$100,001 - \$250,000 | 3 | 30.0 | 610 | 39.2 | |
| | | \$250,001 - \$500,000 | 2 | 20.0 | 675 | 43.4 | |
| | | Total | 10 | 100.0 | 1,556 | 100.0 | |

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

COMMUNITY DEVELOPMENT TEST

Lending, Investments, and Services Activities

First Bank’s community development activities are adequate. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The Iowa Non-MSA assessment area is new to First Bank since the previous evaluation. As such, all community development activities for this assessment area represent an increase since the previous evaluation. The majority of community development activities were devoted to economic development in the area.

Lending

During the evaluation period, the bank originated two qualified loans totaling \$265,533 for the community development purposes of affordable housing and economic development. As previously noted, the bank’s involvement with PPP loans in response to the COVID-19 pandemic accounts for an approximate \$66.6 million in total lending (including the combined assessment areas and broader regional area). This involvement is exceptionally responsive to the needs of the

community, as identified by a representative in the area who indicated a need for participation and tailoring of products to benefit those impacted by COVID-19.

Investments

The bank made four new investments during the evaluation period totaling \$1.6 million. The four new investments were made with a primary focus on economic development and revitalization and stabilization of underserved rural communities in the area. No qualified donations were made within the assessment area.

Services

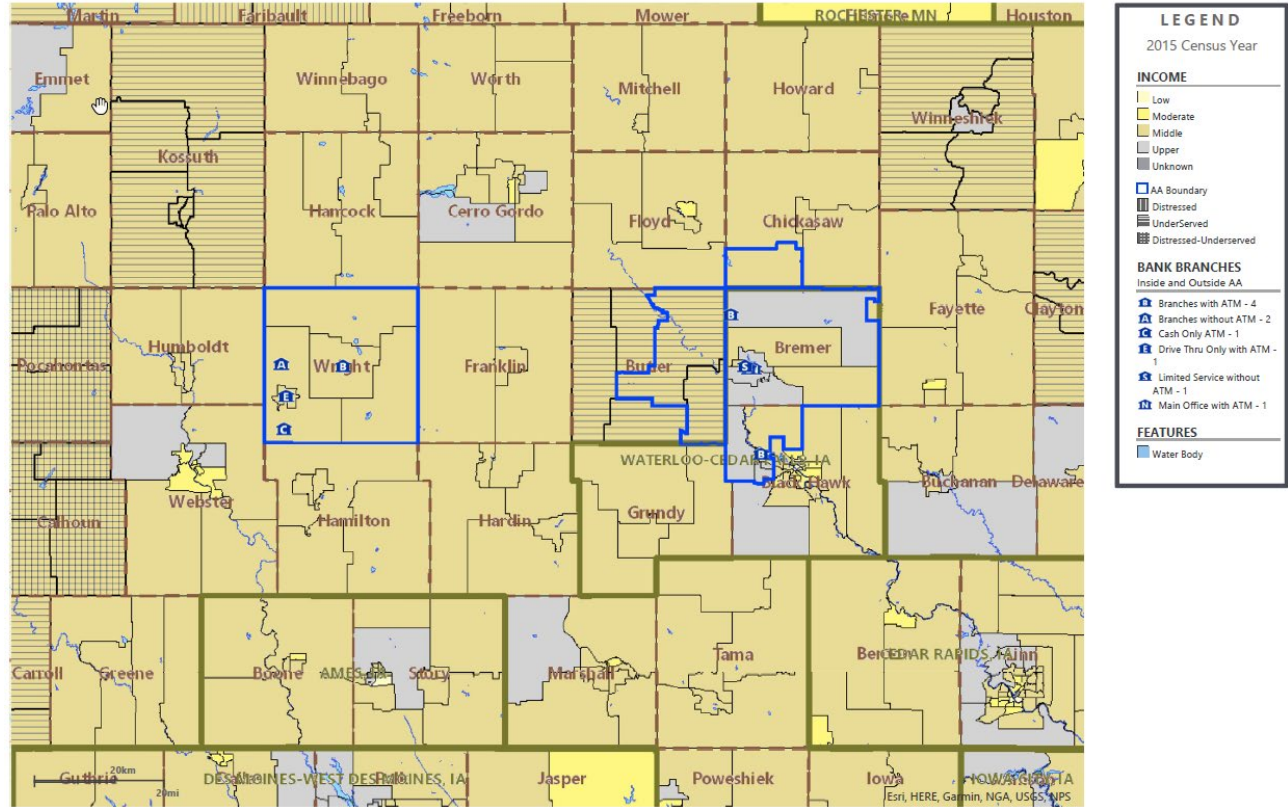
During the evaluation period, the bank logged 120 hours of community development services for one economic development organization.

The following table presents the bank’s community development activities within the Iowa Non-MSA assessment area during the evaluation period.

| Community Development Activities May 30, 2018 – August 23, 2021 | | | | | | | | | | |
|--|--------------------|----------|----------------------|-----------|--------------------------------------|----------|--------------------|----------|--------|-----------|
| Type of Activity | Affordable Housing | | Economic Development | | Activities that Revitalize/Stabilize | | Community Services | | Totals | |
| | # | \$/Hours | # | \$/Hours | # | \$/Hours | # | \$/Hours | # | \$/Hours |
| Lending | 1 | 115,533 | 1 | 150,000 | 0 | 0 | 0 | 0 | 2 | 265,533 |
| Investment | 0 | 0 | 3 | 1,085,000 | 1 | 560,000 | 0 | 0 | 4 | 1,645,000 |
| Donations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Services | 0 | 0 | 1 | 120 | 0 | 0 | 0 | 0 | 1 | 120 |

APPENDIX A – Maps of Assessment Areas

Combined Assessment Area



APPENDIX B – Scope of Examination

| SCOPE OF EXAMINATION | | | |
|--|--|-------------------------|---|
| TIME PERIOD REVIEWED | HMDA-Reportable Lending: January 1, 2019-December 31, 2020 Small Business Lending: January 1, 2020-December 31, 2020 Small Farm Lending: January 1, 2020-December 31, 2020 Community Development Activities: May 30, 2018 – August 23, 2021 | | |
| FINANCIAL INSTITUTION | | | PRODUCTS REVIEWED |
| First Bank | | | HMDA Reportable Small Business Small Farm Community Development Loans Community Development Investments Community Development Services |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | | PRODUCTS REVIEWED |
| None | NA | | NA |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| Waterloo-Cedar Falls, IA MSA | Full Scope | None | NA |
| Iowa Non-MSA | Full Scope | None | The scope of examination for nonmetropolitan rural Iowa branches encompassed activities since August 2019, coinciding with the acquisition date of Security Savings Bank. |

APPENDIX C - ASSESSMENT AREA DEMOGRAPHICS; ADDITIONAL TABLES

| Assessment Area: 2019 Waterloo-Cedar Falls, IA MSA 47940 | | | | | | | | |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,141 | 12.3 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,635 | 15.1 |
| Middle-income | 9 | 47.4 | 7,474 | 42.8 | 314 | 4.2 | 3,915 | 22.4 |
| Upper-income | 9 | 47.4 | 9,889 | 56.6 | 512 | 5.2 | 8,772 | 50.2 |
| Unknown-income | 1 | 5.3 | 100 | 0.6 | 4 | 4.0 | 0 | 0.0 |
| Total Assessment Area | 19 | 100.0 | 17,463 | 100.0 | 830 | 4.8 | 17,463 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 12,228 | 8,692 | 42.8 | 71.1 | 2,720 | 22.2 | 816 | 6.7 |
| Upper-income | 17,314 | 11,533 | 56.8 | 66.6 | 4,536 | 26.2 | 1,245 | 7.2 |
| Unknown-income | 497 | 63 | 0.3 | 12.7 | 381 | 76.7 | 53 | 10.7 |
| Total Assessment Area | 30,039 | 20,288 | 100.0 | 67.5 | 7,637 | 25.4 | 2,114 | 7.0 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 1,328 | 41.2 | 1,196 | 41.1 | 115 | 41.5 | 17 | 42.5 |
| Upper-income | 1,869 | 57.9 | 1,688 | 58.0 | 159 | 57.4 | 22 | 55.0 |
| Unknown-income | 29 | 0.9 | 25 | 0.9 | 3 | 1.1 | 1 | 2.5 |
| Total Assessment Area | 3,226 | 100.0 | 2,909 | 100.0 | 277 | 100.0 | 40 | 100.0 |
| Percentage of Total Businesses: | | | 90.2 | | 8.6 | | 1.2 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 259 | 60.1 | 257 | 59.9 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 172 | 39.9 | 172 | 40.1 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 431 | 100.0 | 429 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | 99.5 | | 0.5 | | 0.0 | |

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2019 Waterloo-Cedar Falls, IA MSA 47940 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2019 | | | Dollar | | | |
| | | Count Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 4 | 12.5 | 8.9 | 191 | 5.3 | 4.8 | 12.3 |
| | Moderate | 9 | 28.1 | 23.1 | 710 | 19.8 | 16.6 | 15.1 |
| | Middle | 4 | 12.5 | 22.8 | 645 | 18.0 | 21.5 | 22.4 |
| | Upper | 8 | 25.0 | 33.8 | 1,073 | 29.9 | 43.8 | 50.2 |
| | Unknown | 7 | 21.9 | 11.5 | 968 | 27.0 | 13.3 | 0.0 |
| | Total | | 32 | 100.0 | 100.0 | 3,587 | 100.0 | 100.0 |
| Refinance | Low | 3 | 15.8 | 4.3 | 274 | 9.6 | 1.9 | 12.3 |
| | Moderate | 2 | 10.5 | 14.7 | 317 | 11.1 | 9.1 | 15.1 |
| | Middle | 5 | 26.3 | 22.3 | 785 | 27.5 | 20.3 | 22.4 |
| | Upper | 4 | 21.1 | 45.8 | 901 | 31.6 | 53.6 | 50.2 |
| | Unknown | 5 | 26.3 | 12.8 | 575 | 20.2 | 15.2 | 0.0 |
| | Total | | 19 | 100.0 | 100.0 | 2,852 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 7.7 | 0 | 0.0 | 4.8 | 12.3 |
| | Moderate | 3 | 50.0 | 23.6 | 62 | 44.9 | 17.1 | 15.1 |
| | Middle | 1 | 16.7 | 26.3 | 17 | 12.3 | 23.9 | 22.4 |
| | Upper | 2 | 33.3 | 39.8 | 59 | 42.8 | 46.4 | 50.2 |
| | Unknown | 0 | 0.0 | 2.7 | 0 | 0.0 | 7.8 | 0.0 |
| | Total | | 6 | 100.0 | 100.0 | 138 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 12.3 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 15.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 50.2 |
| | Unknown | 1 | 100.0 | 100.0 | 1,000 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 1,000 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 10.2 | 0 | 0.0 | 7.5 | 12.3 |
| | Moderate | 0 | 0.0 | 15.1 | 0 | 0.0 | 8.2 | 15.1 |
| | Middle | 0 | 0.0 | 24.7 | 0 | 0.0 | 25.9 | 22.4 |
| | Upper | 0 | 0.0 | 47.0 | 0 | 0.0 | 56.4 | 50.2 |
| | Unknown | 0 | 0.0 | 3.0 | 0 | 0.0 | 2.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 7.9 | 0 | 0.0 | 3.6 | 12.3 |
| | Moderate | 0 | 0.0 | 19.1 | 0 | 0.0 | 13.4 | 15.1 |
| | Middle | 0 | 0.0 | 23.6 | 0 | 0.0 | 19.2 | 22.4 |
| | Upper | 0 | 0.0 | 46.1 | 0 | 0.0 | 56.8 | 50.2 |
| | Unknown | 0 | 0.0 | 3.4 | 0 | 0.0 | 6.9 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 12.3 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 15.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.4 |
| | Upper | 0 | 0.0 | 5.9 | 0 | 0.0 | 0.5 | 50.2 |
| | Unknown | 0 | 0.0 | 94.1 | 0 | 0.0 | 99.5 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 7 | 12.1 | 7.2 | 465 | 6.1 | 3.2 | 12.3 |
| | Moderate | 14 | 24.1 | 19.5 | 1,089 | 14.4 | 11.9 | 15.1 |
| | Middle | 10 | 17.2 | 22.7 | 1,447 | 19.1 | 19.0 | 22.4 |
| | Upper | 14 | 24.1 | 38.9 | 2,033 | 26.8 | 43.7 | 50.2 |
| | Unknown | 13 | 22.4 | 11.8 | 2,543 | 33.6 | 22.1 | 0.0 |
| | Total | | 58 | 100.0 | 100.0 | 7,577 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Assessment Area: 2019 IA Non MSA | | | | | | | | |
|----------------------------------|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 678 | 20.0 |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 715 | 21.1 |
| Middle-income | 5 | 100.0 | 3,390 | 100.0 | 233 | 6.9 | 693 | 20.4 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,304 | 38.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5 | 100.0 | 3,390 | 100.0 | 233 | 6.9 | 3,390 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 6,510 | 4,140 | 100.0 | 63.6 | 1,355 | 20.8 | 1,015 | 15.6 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,510 | 4,140 | 100.0 | 63.6 | 1,355 | 20.8 | 1,015 | 15.6 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 606 | 531 | 100.0 | 100.0 | 61 | 100.0 | 14 | 100.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 606 | 531 | 100.0 | 100.0 | 61 | 100.0 | 14 | 100.0 |
| | Percentage of Total Businesses: | | | 87.6 | | 10.1 | | 2.3 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 181 | 179 | 100.0 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 181 | 179 | 100.0 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.9 | | 1.1 | | 0.0 |

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2019 IA Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2019 | | | | | | |
| | | Count Bank | | Agg | Dollar Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 11.1 | 0 | 0.0 | 7.6 | 20.0 |
| | Moderate | 0 | 0.0 | 28.3 | 0 | 0.0 | 27.0 | 21.1 |
| | Middle | 0 | 0.0 | 22.2 | 0 | 0.0 | 21.1 | 20.4 |
| | Upper | 3 | 42.9 | 22.2 | 156 | 48.9 | 29.2 | 38.5 |
| | Unknown | 4 | 57.1 | 16.2 | 163 | 51.1 | 15.1 | 0.0 |
| | Total | | 7 | 100.0 | 100.0 | 319 | 100.0 | 100.0 |
| Refinance | Low | 1 | 6.7 | 2.9 | 40 | 3.3 | 0.9 | 20.0 |
| | Moderate | 2 | 13.3 | 16.2 | 70 | 5.8 | 9.8 | 21.1 |
| | Middle | 5 | 33.3 | 23.5 | 309 | 25.4 | 16.5 | 20.4 |
| | Upper | 3 | 20.0 | 41.2 | 540 | 44.4 | 56.2 | 38.5 |
| | Unknown | 4 | 26.7 | 16.2 | 257 | 21.1 | 16.7 | 0.0 |
| | Total | | 15 | 100.0 | 100.0 | 1,216 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 33.3 | 6.7 | 8 | 36.4 | 0.9 | 20.0 |
| | Moderate | 0 | 0.0 | 13.3 | 0 | 0.0 | 10.7 | 21.1 |
| | Middle | 0 | 0.0 | 6.7 | 0 | 0.0 | 14.7 | 20.4 |
| | Upper | 2 | 66.7 | 66.7 | 14 | 63.6 | 64.8 | 38.5 |
| | Unknown | 0 | 0.0 | 6.7 | 0 | 0.0 | 8.9 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 22 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.5 |
| | Unknown | 1 | 100.0 | 100.0 | 51 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 51 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 28.6 | 0 | 0.0 | 47.0 | 20.0 |
| | Moderate | 0 | 0.0 | 14.3 | 0 | 0.0 | 3.9 | 21.1 |
| | Middle | 0 | 0.0 | 14.3 | 0 | 0.0 | 6.5 | 20.4 |
| | Upper | 0 | 0.0 | 42.9 | 0 | 0.0 | 42.6 | 38.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 28.6 | 0 | 0.0 | 31.8 | 21.1 |
| | Middle | 0 | 0.0 | 57.1 | 0 | 0.0 | 47.3 | 20.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.5 |
| | Unknown | 0 | 0.0 | 14.3 | 0 | 0.0 | 20.9 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.5 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 2 | 7.7 | 8.1 | 48 | 3.0 | 4.7 | 20.0 |
| | Moderate | 2 | 7.7 | 22.2 | 70 | 4.4 | 18.6 | 21.1 |
| | Middle | 5 | 19.2 | 22.2 | 309 | 19.2 | 19.0 | 20.4 |
| | Upper | 8 | 30.8 | 31.8 | 710 | 44.2 | 41.8 | 38.5 |
| | Unknown | 9 | 34.6 | 15.7 | 471 | 29.3 | 15.9 | 0.0 |
| | Total | | 26 | 100.0 | 100.0 | 1,608 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

APPENDIX D – Glossary

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

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

¹ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.322 billion. Intermediate small bank means a small bank with assets of at least \$330 million as of December 31 of both of the prior two calendar years and less than \$1.322 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).