



PUBLIC DISCLOSURE

February 8, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Farmers Bank of Northern Missouri
RSSD# 303952**

**1604 Main Street
Unionville, Missouri 63565**

**Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198**

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

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated: **SATISFACTORY**
The Lending Test is rated: **SATISFACTORY**
The Community Development Test is rated: **SATISFACTORY**

Farmers Bank of Northern Missouri (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests.

- The bank's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas (AAs).
- A majority of the bank's loans are originated inside its AAs.
- An excellent distribution of loans occurs throughout the bank's South Central Iowa AA.
- Lending reflects a reasonable penetration among businesses and farms of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any CRA-related complaints since the previous evaluation.
- Community development (CD) activity reflects adequate responsiveness to CD needs of the bank's AAs.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics, and credit needs. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio.
- A statistical sample of 144 small farm loans from a universe of 498 loans, as well as 81 small business loans from a universe of 134 loans; all originated from January 1, 2019 through December 31, 2019.
- CD loans, qualified investments, and CD services from December 5, 2016 through December 31, 2020. For this evaluation, performance was assessed using the full-scope review procedures for each of the bank's AAs in Missouri (Northern Missouri AA) and Iowa (South Central Iowa AA). In determining the institution's overall CRA rating, more weight was placed on the bank's performance within its Northern Missouri AA, as a majority of the bank's loan products, deposits, and branches are in this AA. Additionally, the bank's small farm lending performance was given greater consideration than small business lending.

DESCRIPTION OF INSTITUTION

The bank is an interstate financial institution headquartered in Unionville, Missouri. Characteristics of the bank include:

- The bank is wholly owned by Harrison County Bancshares, Inc., which in turn, is owned by Northern Missouri Bancshares, Inc., both of Unionville, Missouri.
- As of September 30, 2020, the bank reported total assets of \$423.6 million (MM).
- In addition to its main office, the bank has five additional branches in Missouri, as well as two branch offices located in Iowa.
- The bank also operates 11 cash-only automated teller machines (ATMs) throughout its two AAs.
- The bank’s primary business focus is agricultural lending.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF SEPTEMBER 30, 2020		
Loan Type	\$(000)	%
Agricultural	149,979	65.1
Commercial	37,369	16.2
Residential Real Estate	34,948	15.2
Consumer	6,433	2.8
Other	1,540	0.7
Gross Loans	230,269	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its December 5, 2016 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank’s overall performance under the CRA is satisfactory. In the following sections, the performance evaluation first discusses the bank’s overall performance based on the bank’s NLTD ratio and level of lending, including CD activities, within its delineated AAs. This information is followed by a more in-depth analysis of the bank’s record of lending and CD activities in each state and specific AA that received a full-scope review.

LENDING TEST

The bank’s overall performance under the lending test is satisfactory. The lending test performance in the states of Missouri and Iowa were each similarly rated satisfactory.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and location. Overall, the bank’s NLTD ratio is reasonable. While the bank’s NLTD ratio is below that of two similarly situated banks, it is considered reasonable based on economic and competitive factors present in the bank’s AAs.

TABLE 2 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			17- Quarter Average
Farmers Bank of Northern Missouri	Unionville, MO	423,619	68.9
Iowa Trust & Savings Bank	Centerville, IA	203,304	57.7
Putnam County State Bank	Unionville, MO	239,416	98.3
BTC Bank	Bethany, MO	622,750	95.3

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. A majority of the bank’s loans, by number and dollar, are originated inside its two AAs.

TABLE 3 LENDING INSIDE AND OUTSIDE THE AAs								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Small Business Loans	73	3,186	90.1	77.2	8	940	9.9	22.8
Small Farm Loans	109	6,901	75.7	72.8	35	2,575	24.3	27.2
Total Loans	182	10,088	80.9	74.2	43	3,515	19.1	25.8

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

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts. The bank’s overall geographic distribution of lending is considered excellent, with excellent geographic distribution noted in the state of Iowa. For this evaluation, a geographic distribution analysis was not performed for the state of Missouri, as the Northern Missouri AA consists entirely of 13 middle-income census tracts and, therefore, would not provide a meaningful analysis.

Lending to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank’s lending to businesses and farms of different revenue sizes. The bank’s lending has an overall reasonable penetration among businesses and farms of different sizes. The borrower distribution in the states of Missouri and Iowa is also considered reasonable.

COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank’s responsiveness to the CD needs of its AAs through CD loans, qualified investments, and CD services, considering the bank’s capacity and the need and availability of such opportunities in the bank’s AAs. The bank’s overall CD performance demonstrates adequate responsiveness and is rated satisfactory. The bank’s CD performance in the states of Missouri and Iowa were each similarly rated satisfactory. The majority of the bank’s CD loans, services, and qualified investments occurred in the state of Missouri, where most of the bank’s loans, deposits, and branches are located.

In addition to the bank’s evaluated CD activities, acknowledgement is given to the bank’s lending-related response measures that secured funding for customers via Paycheck Protection Program loans offered through the Small Business Administration. In total, 257 customers received \$11.5 MM in funding, with the median loan size being \$14,800. While these loans were not considered in determining the ratings noted in this CRA evaluation, the bank’s response measures to the significant financial burden placed on consumers, small businesses, and small farms related to the COVID-19 health pandemic warrant special mention in this evaluation.

TABLE 4 COMMUNITY DEVELOPMENT ACTIVITIES									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	0	0	0	0	0	0	3
Community Services	7	996	9	1,845	64	51	73	1,896	26
Economic Development	0	0	0	0	6	15	6	15	15
Revitalization and Stabilization	37	2,623	8	957	6	12	14	969	6
Totals	44	3,619	17	2,802	76	78	93	2,880	50

NOTE: Numbers may not add up to 100.0 due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**STATE OF MISSOURI
NORTHERN MISSOURI ASSESSMENT AREA
NONMETROPOLITAN AREA
(Full-Scope Review)**

CRA RATING FOR MISSOURI: **SATISFACTORY**
The Lending Test is rated: **SATISFACTORY**
The Community Development Test is rated: **SATISFACTORY**

Major factors supporting the rating include:

- Lending levels reflect a reasonable penetration among businesses and farms of different sizes.
- CD activity reflects adequate responsiveness to the CD needs of the bank's AA.

SCOPE OF EXAMINATION

A full-scope review was conducted for the state of Missouri/Northern Missouri AA. Lending test conclusions for the state of Missouri were based on an evaluation of 55 small business loans and 92 small farm loans. However, the review did not include an evaluation of the bank's geographic distribution of loans, as the bank's sole AA in the state is comprised entirely of middle-income census tracts and, therefore, would not provide a meaningful analysis. For this evaluation, the state performance is discussed concurrently with the assessment of the bank's small farm and small business lending and CD activities in the Northern Missouri AA, as this is the sole AA for the state.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MISSOURI/NORTHERN MISSOURI AA

The bank's AA is comprised of Daviess, Grundy, Harrison, Mercer, and Putnam counties in their entirety. Refer to Appendix A for a map of the AA.

- The AA consists entirely of 13 middle-income census tracts. Ten of the census tracts in the AA are designated as underserved areas.
- The bank operates six of its eight banking offices in the Northern Missouri AA, with offices located in Unionville, Mercer, Trenton, Bethany, Gallatin, and Cainsville, Missouri.
- The bank also has six cash-only ATMs in the AA, with four ATMs located at branches in Unionville, Trenton, Bethany, and Gallatin, Missouri, as well as two off-site ATMs located in convenience stores in Mercer and Winston, Missouri.
- According to the June 30, 2020 FDIC Deposit Market Share Report, the bank had a 57.4 percent market share among all FDIC-insured financial institutions with offices operating in the AA, ranking first out of ten institutions. One interview was conducted with a community member within the AA to ascertain the credit needs of the communities, the responsiveness

of area banks in meeting those credit needs, and the local economic conditions. The community member represented an organization focused on economic development.

**TABLE 5
POPULATION CHANGE**

Area	2010 Population	2015 Population	Percent Change
Daviess County, MO	8,433	8,277	(1.8)
Grundy County, MO	10,261	10,256	0.0
Harrison County, MO	8,957	8,722	(2.6)
Mercer County, MO	3,785	3,718	(1.8)
Putnam County, MO	4,979	4,895	(1.7)
State of Missouri	5,988,927	6,045,448	0.9

Source: 2010 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey

- Area demographics reflect a significant elderly population. Adults aged 65 years and older comprised 20.6 percent of the total AA population, compared to 15.0 percent for the state of Missouri.
- A community member stated that younger people living within the AA typically move away after completing their high school education to either pursue additional schooling or seek employment opportunities in larger cities.

**TABLE 6
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Daviess County, MO	48,839	50,369	3.1
Grundy County, MO	45,959	50,086	9.0
Harrison County, MO	47,788	49,449	3.5
Mercer County, MO	43,750	50,742	16.0
Putnam County, MO	42,971	44,018	2.4
State of Missouri	57,661	60,809	5.5

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The AA contained a higher number of families living below the poverty line at 13.0 percent, compared to the statewide average of 11.1 percent.
- According to 2015 American Community Survey (ACS) data, 37.1 percent of families living in the AA were designated as low- and moderate-income (LMI), which aligned with the statewide average of 39.3 percent.

**TABLE 7
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Daviess County, MO	99,100	102,500	3.4	529	566	7.0
Grundy County, MO	71,700	79,800	11.3	436	566	29.8
Harrison County, MO	77,700	74,300	(4.4)	474	588	24.1
Mercer County, MO	69,600	77,500	11.4	445	496	11.5
Putnam County, MO	98,200	82,800	(15.7)	530	478	(9.8)
State of Missouri	137,700	138,400	0.5	667	746	11.8

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The AA's affordability ratio¹ of 47.4 percent was higher than the statewide ratio of 34.8 percent, indicating significantly more affordable housing in the AA relative to the rest of the state.
- A community member indicated that most homes in the AA are older and likely occupied by individuals on fixed incomes.

**TABLE 8
UNEMPLOYMENT RATES**

Region	2015	2016	2017	2018	2019
Daviess County, MO	4.5	3.8	3.3	3.0	3.3
Grundy County, MO	4.1	4.6	3.6	3.6	3.5
Harrison County, MO	5.1	4.2	3.5	3.1	3.3
Mercer County, MO	4.4	4.6	3.7	3.1	3.2
Putnam County, MO	4.0	4.5	3.8	3.4	3.7
State of Missouri	5.0	4.5	3.8	3.2	3.3

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Major employers in the AA include Smithfield Hog Production, Wright Memorial Hospital, and Nestle Inc.
- Key employment industries include agriculture, food manufacturing, healthcare, sales and distribution, automotive production, and transportation.

¹ The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio indicates that housing is generally less affordable.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MISSOURI/NORTHERN MISSOURI AA

LENDING TEST

The bank's performance under the lending test for the state of Missouri is satisfactory.

Geographic Distribution of Loans

As previously stated, the geographic distribution of loans was not analyzed as part of this performance evaluation, as the AA is comprised entirely of middle-income census tracts and would not provide a meaningful analysis.

Lending to Businesses and Farms of Different Sizes

The bank's lending has a reasonable penetration among businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to businesses with gross annual revenues of \$1MM or less was significantly below the percentage of small businesses operating in the AA. However, a community member indicated that a majority of the small businesses located in the AA are generally noncomplex and concentrated among a few owners. Additionally, the community member stated there is currently a lack of demand for credit from the AA's small businesses.

**TABLE 9
DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
BY REVENUE SIZE OF BUSINESSES
NORTHERN MISSOURI AA**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	27	936	49.1	38.5	90.6
Over \$1 Million	12	1,021	21.8	42.0	6.1
Not Known	16	472	29.1	19.4	3.3
Total	55	2,429	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	51	1,743	92.7	71.7	
\$100,001 – \$250,000	4	687	7.3	28.3	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	55	2,429	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	27	936	100.0	100.0	
\$100,001 – \$250,000	0	0	0.0	0.0	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	27	936	100.0	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>NOTE: Percentages and number totals may not add up to 100.0 due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with gross annual revenues of \$1MM or less was comparable to the percentage of small farms operating in the AA.

**TABLE 10
DISTRIBUTION OF 2019 SMALL FARM LENDING
BY REVENUE SIZE OF FARMS
NORTHERN MISSOURI AA**

	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	83	5,094	90.2	95.3	99.0
Over \$1 Million	0	0	0.0	0.0	0.8
Not Known	9	250	9.8	4.7	0.3
Total	92	5,344	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	80	2,514	87.0	47.0	
\$100,001 – \$250,000	7	1,060	7.6	19.8	
\$250,001 – \$500,000	5	1,770	5.4	33.1	
Total	92	5,344	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	72	2,414	86.7	47.4	
\$100,001 – \$250,000	6	910	7.2	17.9	
\$250,001 – \$500,000	5	1,770	6.0	34.7	
Total	83	5,094	100.0	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>NOTE: Percentages and number totals may not add up to 100.0 due to rounding.</i>					

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test for the state of Missouri is satisfactory. The bank demonstrates an adequate level of responsiveness to CD needs through its CD loans, qualified investments, and CD services in the Northern Missouri AA. Table 11 summarizes the bank’s total CD activity in the AA, while details on certain types of CD activities are provided below.

The bank originated seven CD loans within AA counties with a disaster designation. The loans helped support local revitalization and stabilization efforts by providing drought related financing to assist small farms with irrigation and livestock feed. In addition, the bank’s qualified investments helped support essential community needs, including police and fire departments, county road maintenance, and school and library construction and expansion. The bank’s employees also utilized their financial knowledge and leadership to provide both agricultural and small business education and fundraising expertise to local organizations in the AA. Furthermore, the bank’s AA donations primarily assisted LMI school programs, as well as provided funds for food and transportation for residents of need, including veterans.

TABLE 11 COMMUNITY DEVELOPMENT ACTIVITIES NORTHERN MISSOURI AA									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	0	0	0	0	0	0	1
Community Services	5	587	6	1,285	49	34	55	1,319	19
Economic Development	0	0	0	0	4	1	4	1	9
Revitalization and Stabilization	31	2,098	8	957	4	7	12	964	6
Totals	36	2,685	14	2,242	57	42	71	2,284	35
<i>NOTE: Numbers may not add up to 100.0 due to rounding.</i>									

**STATE OF IOWA
SOUTH CENTRAL IOWA ASSESSMENT AREA
NONMETROPOLITAN AREA
(Full-Scope Review)**

CRA RATING FOR IOWA: **SATISFACTORY**
The Lending Test is rated: **SATISFACTORY**
The Community Development Test is rated: **SATISFACTORY**

Major factors supporting the rating include:

- An excellent distribution of loans occurs throughout the bank's AA.
- Lending levels reflect a reasonable penetration among businesses and farms of different sizes.
- CD activity reflects adequate responsiveness to the CD needs of the bank's AA.

SCOPE OF EXAMINATION

A full-scope review was conducted for the state of Iowa/South Central Iowa AA. The review was consistent with the overall scope of the institution. Lending test conclusions for the state of Iowa were based on an evaluation of 18 small business loans and 17 small farm loans. For this evaluation, the state performance is discussed concurrently with the assessment of the bank's small farm and small business lending and CD activities in the South Central Iowa AA, as this is the sole AA for the state.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA/SOUTH CENTRAL IOWA AA

The bank's AA is comprised of Appanoose, Decatur, and Wayne counties in their entireties. Refer to Appendix A for a map of the AA.

- The AA consists of three moderate- and eight middle-income census tracts.
- A total of four census tracts in the AA are designated as underserved middle-income areas. Two of the census tracts are in Decatur County and two census tracts are located in Wayne County.
- The bank operates two of its eight banking offices in the South Central Iowa AA, with offices located in Leon and Centerville, Iowa. Each branch office also has an ATM.
- According to the June 30, 2020 FDIC Deposit Market Share Report, the bank had a 6.2 percent market share among all FDIC-insured financial institutions with offices operating in the AA, ranking fifth out of ten institutions.

- One previously conducted interview with a community member within the AA was referenced to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community member represented an agricultural services organization.

TABLE 12 POPULATION CHANGE			
Area	2010 Population	2015 Population	Percent Change
Appanoose County, IA	12,887	12,669	(1.7)
Decatur County, IA	8,457	8,249	(2.5)
Wayne County, IA	6,403	6,384	(0.3)
State of Iowa	3,046,355	3,093,526	1.5

*Source: 2010 U.S. Census Bureau Decennial Census
2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- The main population center in the AA is Centerville (5,458 residents), located in Appanoose County.
- The AA is characterized as having large areas of farmland and grassland, as well as smaller, less populated communities.

TABLE 13 MEDIAN FAMILY INCOME CHANGE			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Appanoose County, IA	41,250	55,727	35.1
Decatur County, IA	48,015	51,322	6.9
Wayne County, IA	44,784	58,397	30.4
State of Iowa	61,804	67,466	9.2

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- According to 2015 ACS data, 44.2 percent of AA families were designated as LMI, surpassing the statewide figure of 37.6 percent.
- Additionally, Decatur County is one of the poorest counties in Iowa. Approximately 13.6 percent of families live below the poverty line, exceeding the statewide figure of 8.1 percent.
- However, median family income growth in Appanoose and Wayne Counties has aligned with the demographic shifts resulting from residents' pursuit of job opportunities. According to available Laborshed data, many residents in the region commute out of these counties to cities north of the AA for employment opportunities, which often have higher starting wages than many positions available within the smaller communities in the AA.

**TABLE 14
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Appanoose County, IA	72,400	78,200	8.0	516	536	3.9
Decatur County, IA	69,300	81,500	17.6	507	462	(8.9)
Wayne County, IA	60,500	70,600	16.7	432	476	10.2
State of Iowa	119,200	129,200	8.4	617	697	13.0

Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey

- The AA's affordability ratio of 53.4 percent was higher than the statewide ratio of 41.2 percent, indicating more affordable housing in the AA relative to rest of the state.
- Further, renters with costs exceeding 30.0 percent of income, at 34.6 percent, was below the statewide figure of 40.8 percent.

**TABLE 15
UNEMPLOYMENT RATES**

Region	2015	2016	2017	2018	2019
Appanoose County, IA	5.0	4.8	3.8	3.3	3.6
Decatur County, IA	3.3	3.3	2.6	2.2	2.2
Wayne County, IA	4.0	3.9	3.1	2.7	2.6
State of Iowa	3.8	3.7	3.1	2.5	2.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The main source of employment within the AA is agriculture and related services. Several light manufacturing businesses are also located in and around Centerville and include Hill Phoenix and Amcor.
- Other employment sources include Walmart and other retail businesses, healthcare providers, and local school districts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA/SOUTH CENTRAL IOWA AA

LENDING TEST

The bank's performance under the lending test for the state of Iowa is satisfactory.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects excellent dispersion among the different census tracts within the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank’s lending was comparable to the percentage of businesses operating in each respective income level of census tract. No significant gaps or lapses in lending were identified in the dispersion of small business lending.

**TABLE 16
DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
BY INCOME LEVEL OF GEOGRAPHY
SOUTH CENTRAL IOWA AA**

Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	6	247	33.3	32.6	31.1
Middle	12	510	66.7	67.4	68.9
Upper	0	0	0.0	0.0	0.0
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Farm Lending

The geographic distribution of small farm lending is excellent. The bank’s lending exceeded the percentage of farms in moderate-income census tracts. No significant gaps or lapses in lending were identified in the dispersion of small farm lending. It was noted that no small farm loans were originated in the only moderate-income census tract in Appanoose County. However, the lack of originations is indicative of reduced farm lending opportunities, as the census tract is in the city of Centerville, Iowa, where a limited number of farms are located.

**TABLE 17
 DISTRIBUTION OF 2019 SMALL FARM LENDING
 BY INCOME LEVEL OF GEOGRAPHY
 SOUTH CENTRAL IOWA AA**

Census Tract Income Level	Bank Small Farm Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	5	204	29.4	13.1	15.5
Middle	12	1,354	70.6	86.9	84.5
Upper	0	0	0.0	0.0	0.0
Unknown	0	0	0.0	0.0	0.0
Not Reported	0	0	0.0	0.0	0.0

Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

Lending to Businesses and Farms of Different Sizes

The bank’s lending has a reasonable penetration among businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank’s lending to businesses with gross annual revenues of \$1MM or less was comparable to the percentage of small businesses operating in the AA.

**TABLE 18
DISTRIBUTION OF 2019 SMALL BUSINESS LENDING
BY REVENUE SIZE OF BUSINESSES
SOUTH CENTRAL IOWA AA**

	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	16	592	88.9	78.2	91.3
Over \$1 Million	2	165	11.1	21.8	5.8
Not Known	0	0	0.0	0.0	2.9
Total	18	757	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	18	757	100.0	100.0	
\$100,001 – \$250,000	0	0	0.0	0.0	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	18	757	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	16	592	100.0	100.0	
\$100,001 – \$250,000	0	0	0.0	0.0	
\$250,001 – \$1 Million	0	0	0.0	0.0	
Total	16	592	100.0	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank's lending to farms with gross annual revenues of \$1MM or less was comparable to the percentage of small farms operating in the AA.

**TABLE 19
DISTRIBUTION OF 2019 SMALL FARM LENDING
BY REVENUE SIZE OF FARMS
SOUTH CENTRAL IOWA AA**

	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	16	1,543	94.1	99.0	99.4
Over \$1 Million	0	0	0.0	0.0	0.6
Not Known	1	15	5.9	1.0	0.0
Total	17	1,558	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	13	518	76.5	33.2	
\$100,001 – \$250,000	2	390	11.8	25.0	
\$250,001 – \$500,000	2	650	11.8	41.7	
Total	17	1,558	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	12	503	75.0	32.6	
\$100,001 – \$250,000	2	390	12.5	25.3	
\$250,001 – \$500,000	2	650	12.5	42.1	
Total	16	1,543	100.0	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i> NOTE: Percentages may not add up to 100.0 due to rounding.					

COMMUNITY DEVELOPMENT TEST

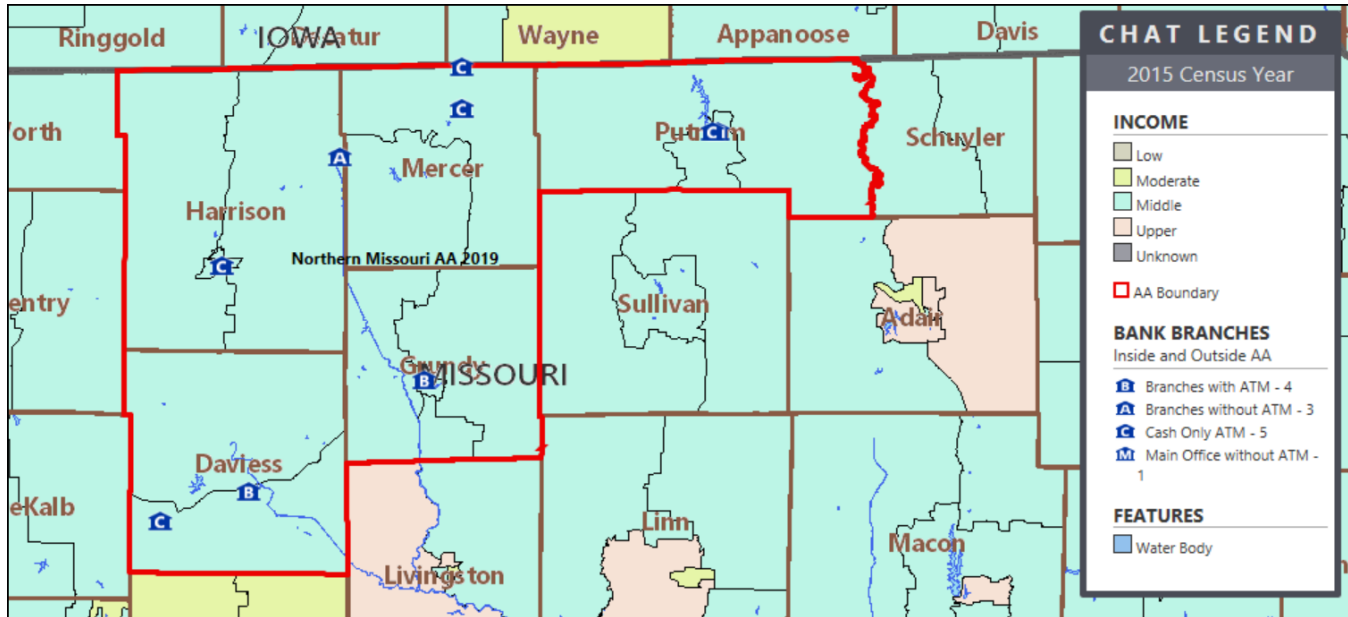
The bank’s performance under the CD test for the state of Iowa is satisfactory. The bank demonstrates an adequate level of responsiveness to CD needs through its CD loans, qualified investments, and CD services in the South Central Iowa AA. Table 20 summarizes the bank’s total CD activity in the AA, while details on certain types of CD activities are provided below.

The bank made one new investment during the evaluation period. Additionally, most of the bank’s CD loans were originated to a development corporation to help support revitalization and stabilization efforts within the AA. The bank’s donations were primarily to local schools where a majority of students received free or reduced lunches. Furthermore, bank personnel performed a variety of CD services, with most activities benefiting local economic development organizations and organizations providing direct food and transportation assistance to LMI individuals.

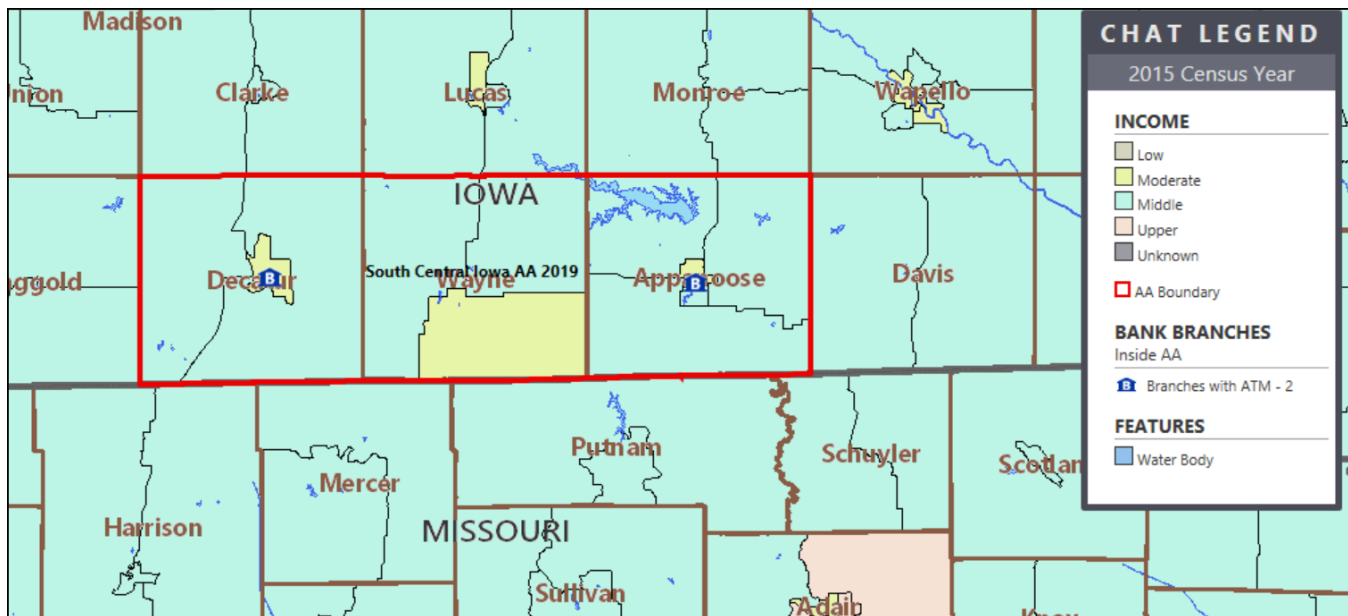
TABLE 20 COMMUNITY DEVELOPMENT ACTIVITIES SOUTH CENTRAL IOWA AA									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services #
	#	\$(000)	Investments		Donations		Total Investments		
			#	\$(000)	#	\$(000)	#	\$(000)	
Affordable Housing	0	0	0	0	0	0	0	0	2
Community Services	2	408	3	559	15	18	18	577	7
Economic Development	0	0	0	0	2	14	2	14	6
Revitalization and Stabilization	6	561	0	0	2	4	2	4	0
Totals	8	969	3	559	19	36	22	595	15

APPENDIX A – MAPS OF THE ASSESSMENT AREAS

2019 Northern Missouri AA



2019 South Central Iowa AA



APPENDIX B – DEMOGRAPHIC INFORMATION

TABLE B-1 2019 NORTHERN MISSOURI AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,899	20.0
Moderate	0	0.0	0	0.0	0	0.0	1,624	17.1
Middle	13	100.0	9,498	100.0	1,233	13.0	2,176	22.9
Upper	0	0.0	0	0.0	0	0.0	3,799	40.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13	100.0	9,498	100.0	1,233	13.0	9,498	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	18,651	10,605	100.0	56.9	3,772	20.2	4,274	22.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	18,651	10,605	100.0	56.9	3,772	20.2	4,274	22.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,561	100.0	1,414	100.0	95	100.0	52	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,561	100.0	1,414	100.0	95	100.0	52	100.0
Percentage of Total Businesses:				90.6		6.1		3.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	400	100.0	396	100.0	3	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	400	100.0	396	100.0	3	100.0	1	100.0
Percentage of Total Farms:				99.0		0.8		0.3
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i> NOTE: Percentages may not add up to 100.0 due to rounding.								

**TABLE B-2
2019 SOUTH CENTRAL IOWA AA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,597	22.7
Moderate	3	27.3	1,636	23.2	209	12.8	1,514	21.5
Middle	8	72.7	5,410	76.8	467	8.6	1,694	24.0
Upper	0	0.0	0	0.0	0	0.0	2,241	31.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	7,046	100.0	676	9.6	7,046	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,553	1,700	20.8	47.8	1,256	35.4	597	16.8
Middle	10,086	6,491	79.2	64.4	1,774	17.6	1,821	18.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	13,639	8,191	100.0	60.1	3,030	22.2	2,418	17.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	436	31.1	393	30.8	33	40.7	10	24.4
Middle	964	68.9	885	69.2	48	59.3	31	75.6
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,400	100.0	1,278	100.0	81	100.0	41	100.0
Percentage of Total Businesses:			91.3		5.8		2.9	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	53	15.5	53	15.5	0	0.0	0	0.0
Middle	290	84.5	288	84.5	2	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	343	100.0	341	100.0	2	100.0	0	0.0
Percentage of Total Farms:			99.4		0.6		0.0	
<p>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

APPENDIX C – GLOSSARY

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

Census tract: A small subdivision 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. Census tracts 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.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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

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 nonrelatives 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 householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): 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 population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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