

PUBLIC DISCLOSURE

June 27, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank Hampton
RSSD# 786948

211 First Avenue Northwest
Hampton, Iowa 50441

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 INSTITUTION.....3

DESCRIPTION OF ASSESSMENT AREA 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA8

LENDING TEST 8

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....13

APPENDIX A – MAP OF ASSESSMENT AREA14

APPENDIX B – SCOPE OF EXAMINATION15

APPENDIX C – GLOSSARY16

BANK'S CRA RATING

First Bank Hampton is rated **Satisfactory**.

First Bank Hampton is meeting the credit needs of its community based on an analysis of the bank's lending activity. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans are originated inside the assessment area. Loan distribution reflects reasonable penetration among individuals of different income levels and among businesses and farms of different revenues. There were no CRA-related complaints received by the bank nor this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

First Bank Hampton's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for Small Institutions. Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

The evaluation included a full-scope review of the bank's one non-metropolitan assessment area, which consists of the entirety of Franklin County in the state of Iowa. Given the bank's loan portfolio composition, the products reviewed include small business loans, small farm loans, and home mortgage loans.

Performance in the assessment area was evaluated using a streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An 18-quarter average loan-to-deposit ratio from December 31, 2017, to March 31, 2022, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage, small business, and small farm loans originated from January 1, 2021, to December 31, 2021, was reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A limited analysis of a sample of the bank's home mortgage, small business, and small farm loans originated in the assessment area, from January 1, 2021, to December 31, 2021, was conducted to determine the extent to which loans are dispersed throughout the assessment area.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – A sample of the bank's home mortgage, small business, and small farm loans originated in

the assessment area, from January 01, 2021, to December 31, 2021, was 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.

In addition, two 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: economic development and agricultural focused.

DESCRIPTION OF INSTITUTION

First Bank Hampton, with total assets of \$229.2 million as of March 31, 2022, is a wholly owned subsidiary of A.M. Saylor Inc., a one-bank holding company in Hampton, Iowa. The bank operates in Franklin County, Iowa, with its main office located in a middle-income census tract in Hampton, Iowa, and a branch office location in a middle-income census tract in Latimer, Iowa. Both locations include a full-service ATM. The Latimer, Iowa branch is new since the previous CRA examination. The bank has not closed any branches since the previous CRA examination.

The bank offers a variety of standard and non-complex loan and deposit products to meet the banking needs of its consumers, small businesses, and small farms operating within its assessment area. The bank is primarily an agricultural and commercial lender, but also offers residential real estate and consumer loans. Deposit product offerings include checking, savings, money market, certificates of deposits (CD), and debit cards. The bank offers walk-in banking and a website providing customers with account access, loan payment, and email communication with the bank.

According to the Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share data report from June 30, 2021, First Bank Hampton holds 45.5 percent of the deposits within Franklin County. The bank is ranked first out of five depository institutions in its market. According to the market share report, the two largest competitors in the bank’s assessment area include United Bank and Trust Company which holds 33.0 percent, and First Security Bank and Trust Company which holds 11.4 percent of deposits in Franklin County.

As of the March 31, 2022, according to the bank’s Uniform Bank Performance Report (UBPR), the bank’s largest loan categories, by dollar amount as a percentage of gross loans and leases, are agriculture loans, commercial loans, and residential real estate loans. Details of the composition of the bank’s loan portfolio are shown in the table below.

Composition of Loan Portfolio as of March 31, 2022 (\$ are in 000s)		
Type	\$	%
Residential Real Estate	25,457	17.7
Commercial	48,196	33.5
Agriculture	61,263	42.6
Consumer	8,644	6.0
Other	285	0.2
Gross Loans	143,845	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

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 Satisfactory under the CRA at its previous evaluation conducted on June 4, 2018.

DESCRIPTION OF ASSESSMENT AREA

First Bank Hampton’s non-metropolitan assessment area (IA Non-MSA) is comprised of Franklin County, Iowa in its entirety and includes three middle-income census tracts. The assessment area remains unchanged since the previous CRA evaluation, and there have been no changes to its census tract income designations. Additionally, there are no distressed or underserved tracts in the assessment area.

The assessment area is home to 2,944 families; 41.7 percent are designated as low- or moderate-income, with a total of 10.2 percent living in poverty. Businesses with annual revenues under \$1 million represent 89.6 percent of all businesses in the assessment area, while farms with annual revenues under \$1 million represent 98.8 percent of total farms in the assessment area. Based on this information, the bank has sufficient lending opportunities to reach borrowers of different income levels and businesses and farms of different sizes throughout the assessment area. Additional assessment area demographic information is presented in the following table.

Assessment Area: 2021 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	564	19.2
Moderate-income	0	0.0	0	0.0	0	0.0	663	22.5
Middle-income	3	100.0	2,944	100.0	300	10.2	654	22.2
Upper-income	0	0.0	0	0.0	0	0.0	1,063	36.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3	100.0	2,944	100.0	300	10.2	2,944	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	4,865	3,159	100.0	64.9	1,099	22.6	607	12.5
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	4,865	3,159	100.0	64.9	1,099	22.6	607	12.5
	Total Businesses 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	509	100.0	456	100.0	40	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	509	100.0	456	100.0	40	100.0	13	100.0
Percentage of Total Businesses:				89.6		7.9		2.6
	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	172	100.0	170	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	172	100.0	170	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.8		1.2		0.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Characteristics

According to the 2015 American Community Survey (ACS) data, the population in the assessment area is 10,489. The assessment area population and total population of non-MSA Iowa decreased by 1.8 percent and 0.9 percent, respectively, from the 2010 to 2015 Census (non-MSA Iowa is defined as the population of the state of Iowa located outside of a metropolitan statistical area). Conversely, the state of Iowa experienced a slight increase in population of 1.5 percent over the same period. According to community representatives, the population loss in Franklin County is due to its rural nature and the attraction of nearby urban areas.

2020 IA Non MSA Population Change			
Area	2010 Population	2015 Population	Percentage Change
Franklin County	10,680	10,489	-1.8
Non-MSA Iowa	1,261,493	1,250,756	-0.9
State of Iowa	3,046,355	3,093,526	1.5

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

Income Characteristics

The table below compares income levels for Franklin County, the aggregate non-MSA Iowa, and the state of Iowa. Franklin County experienced an increase in median family income of 1.8 percent, which is slightly greater than both the non-MSA Iowa and state's increases in median family income of 0.7 percent and 0.2 percent, respectively. According to community representatives, the increase in median family income is attributed to both competitive pressures to increase wages to attract and retain workers due to the labor shortage; and increases in farm income over the past three years.

2020 IA Non MSA Median Family Income Change 2010 and 2015			
Area	2010 Median Family Income	2015 Median Family Income	Percentage Change
Franklin County	57,624	58,636	1.8
Non-MSA Iowa	61,224	61,681	0.7
State of Iowa	67,302	67,466	0.2

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

Housing Characteristics

According to the 2015 ACS data, 64.9 percent of the 4,865 housing units in the assessment area are owner-occupied. The state of Iowa's median gross rent of \$697 per month, and median housing value of \$129,200 remain higher than the median gross rent and housing value of the assessment area at \$574, and \$85,900, respectively.

A method in understanding poverty and housing outcomes is calculating housing cost burden, which is outlined in the table below. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios and assigns qualitative values to them. If a household’s housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

Across the assessment area, 24.6 percent of all renters are considered housing cost burdened. However, for low-income renters, the percentage of these renters that are considered housing cost burdened is higher (66.3 percent). The data did not indicate any moderate-income renters in Franklin County. While 18.4 percent of all homeowners are experiencing housing cost burden within the assessment area, a majority of all low-income owners (54.8 percent) experienced a housing cost burden. Additionally, 25.6 percent of all moderate-income homeowners experienced this housing cost burden.

Home mortgage trends within the assessment area are similar to the state of Iowa and reflect significant increases in demand for home purchases and refinances from 2019 to 2020, at 56.9 percent and 53.3 percent respectively. Community representatives stated that area housing demand has stayed consistent over the past years, and available housing stock is lacking. Senior housing is especially in demand due to the large percentage of the population which is retired. Housing for younger renters and new buyers is also in demand and would help attract a more stable workforce.

2020 IA Non MSA Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Franklin County	66.3%	0.0%	24.6%	54.8%	25.6%	18.4%
Non-MSA Iowa	64.3%	14.3%	32.8%	54.3%	20.8%	14.9%
Iowa	71.3%	21.3%	38.2%	57.5%	25.1%	15.4%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

Employment Characteristics

The Bureau of Labor Statistics data from 2017-2020 indicates unemployment rates in Franklin County experienced trends similar to both the state of Iowa and Non-MSA Iowa. Unemployment rates decreased from 2017 to 2018 but increased thereafter for all three areas as noted below.

The assessment area is most heavily impacted by the industries of health services, retail trade, and manufacturing. There are 509 businesses located in the assessment area, of which 456, or 89.6 percent, were small businesses with gross revenue of \$1 million or less. Similarly, small farms with

reported revenues less than \$1 million represented 98.8 percent of total farms in the area. According to community representatives, industries in Franklin County have faced workforce shortages in recent years. Businesses of all sizes are searching for employees, regardless of skillset. Migration to nearby counties accounts for some loss in potential employees. Community representatives also stated that there have been no closures or layoffs in recent years that had a material impact within the county.

2020 IA Non MSA Unemployment Rates				
Area	2017	2018	2019	2020
Franklin County	2.7	2.2	2.4	3.8
Non-MSA Iowa	3.2	2.7	2.9	4.9
State of Iowa	3.1	2.6	2.8	5.3

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Community Contacts

Two representatives from economic development and agricultural organizations were contacted during the examination to better understand the credit needs of the communities in the assessment area. According to the representatives, prevalent community needs within Franklin County in recent years include housing, a readily available workforce, and childcare. All housing to-own types are in demand, including housing for seniors and entry level housing. The lack of affordable housing for new buyers has impacted migration into the county and availability of new employees. The representatives stated that a shortage of employees of all skill levels remains a concern for local businesses. There is also a shortage of childcare options which prevents retention of workers and families.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

First Bank Hampton's performance relative to the lending test is rated **Satisfactory**. Overall, First Bank Hampton is meeting the credit needs of its community based on an analysis of its lending activities. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of local competitors, current economic conditions, and the credit needs of its assessment area. A majority of home mortgage, small business, and small farm loans are originated inside the assessment area. The bank's lending reflects reasonable geographic distribution throughout the assessment area. Lending also reflects reasonable penetration among individuals of different income levels, and among businesses and farms of different revenues. Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

Loan-to-Deposit Ratio

First Bank Hampton’s loan-to-deposit ratio is reasonable given the bank’s asset size, financial condition, and the credit needs of the assessment area.

As of March 31, 2022, the bank’s 18-quarter average loan-to-deposit (LTD) ratio was 78.8 percent and generally comparable to its local competitors. The 18-quarter average LTD ratio was evaluated relative to the bank’s financial condition, capacity to lend, and its competitors. Additionally, the ratio reflects an increase from the prior evaluation (68.8 percent).

Comparative Loan-to-Deposit Ratios as of March 31, 2022	
Institution	Loan-to-Deposit Ratio (%)
	18 – Quarter Average
First Bank Hampton	78.8
Competitors	
First Citizens Bank	79.3
First Security Bank & Trust Company	69.7
GNB Bank	91.7
Green Belt Bank & Trust Company	86.0
United Bank & Trust Company	64.0

Assessment Area Concentration

A majority of the bank’s sampled loans were originated within the assessment area. As presented in the table below, 77.2 percent of home mortgage loans by number were originated in the assessment area. In addition, 57.1 percent of small business loans by number, and 70.9 percent of small farm loans by number were originated within the assessment area.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	44	77.2	\$6,919	82.7	13	22.8	\$1,445	17.3
Total Non-HMDA	44	77.2	\$6,919	82.7	13	22.8	\$1,445	17.3
Small Business	72	57.1	\$4,206	56.7	54	42.9	\$3,214	43.3
Total Small Bus. related	72	57.1	\$4,206	56.7	54	42.9	\$3,214	43.3
Small Farm	56	70.9	\$4,004	71.2	23	29.1	\$1,621	28.8
Total Small Farm related	56	70.9	\$4,004	71.2	23	29.1	\$1,621	28.8
TOTAL LOANS	172	65.6	\$15,128	70.7	90	34.4	\$6,279	29.3

Geographic Distribution of Loans

The bank’s geographic distribution of sampled loans reflects reasonable dispersion throughout the assessment area. The assessment area is comprised entirely of middle-income census tracts and therefore a meaningful analysis could not be performed. The dispersion of the loans in the

assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Overall, there were no conspicuous unexplained gaps in contiguous census tracts.

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

First Bank Hampton's distribution of loans reflects reasonable penetration among individuals of different income levels, and to businesses and farms of different revenue sizes.

Home Mortgage Loans

First Bank Hampton's borrower distribution of home mortgage loans reflects reasonable dispersion to individuals across all income levels when considering the bank's market conditions and lending portfolio. The bank originated 4.5 percent and 9.1 percent of its home mortgage loans to low- and moderate-income borrowers respectively, which is significantly below the percentage of low- and moderate-income families in the assessment area (19.2 and 22.5 percent). While the bank's lending performance to low- and moderate-income borrowers is below the percentage of families by family income, residential real estate lending is not the primary business line and represents only 17.7 percent of the bank's lending portfolio. Further, based on information provided by community representatives, all housing types within the county are in short supply as few homes have been built in the assessment area over that past several years. Affordable housing is also limited, which further reduces the bank's opportunities to reach low- and moderate-income borrowers.

Conversely, the bank originated 29.5 percent of its home mortgage loans to middle-income borrowers, which exceeds the percentage of middle-income families in the assessment area (22.2 percent). The bank originated the majority of its home mortgage loans, 56.8 percent, to upper-income borrowers who comprise the largest percentage of families (36.1 percent) by family income in the assessment area.

The table below presents the borrower distribution of home mortgage loans in the assessment area in 2021.

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2021 IA Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2021				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	2	4.5	71	1.0	19.2
	Moderate	4	9.1	430	6.2	22.5
	Middle	13	29.5	1,412	20.4	22.2
	Upper	25	56.8	5,005	72.3	36.1
	Unknown	0	0.0	0	0.0	0.0
	Total	44	100.0	6,918	100.0	100.0
2021 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

First Bank Hampton’s distribution of small business loans reflects reasonable penetration among businesses of different sizes. In 2021, the bank originated 90.3 percent, by number, of its small business loans to businesses with annual revenues of \$1.0 million or less. The bank’s lending performance is consistent with the percentage of small businesses operating within the assessment area of 89.6 percent.

Additionally, of the loans made to businesses with revenues of \$1.0 million or less, 95.4 percent were made in amounts of \$100,000 or less, which is considered to be most beneficial to small businesses and demonstrates the bank’s willingness to meet small business credit needs. To further address small business lending needs of the assessment area during the Covid-19 pandemic, the bank actively participated in providing Paycheck Protection Program (PPP) loans.

The table below presents the borrower distribution of small business loans in the assessment area in 2021.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2021 IA Non MSA								
Product Type		Bank & Demographic Comparison						
		2021		2021		Total Businesses %		
Revenue	Loan Size	Count Bank		Dollar Bank				
		#	%	\$ 000s	\$ %			
Small Business	Revenue	\$1 Million or Less	65	90.3	2,225	39.1	89.6	
		Over \$1 Million	7	9.7	3,461	60.9	7.9	
		Unknown	0	0.0	0	0.0	2.6	
		Total	72	100.0	5,686	100.0	100.0	
	Loan Size	\$100,000 or Less	64	90.1	1,860	44.4		
		\$100,001 - \$250,000	3	4.2	404	9.7		
		\$250,001 - \$1 Million	4	5.6	1,921	45.9		
		Total	71	100.0	4,185	100.0		
	Loan Size & Rev \$1 Mill o Less	\$100,000 or Less	62	95.4	1,718	77.2		
		\$100,001 - \$250,000	2	3.1	251	11.3		
		\$250,001 - \$1 Million	1	1.5	256	11.5		
		Total	65	100.0	2,225	100.0		
Originations & Purchases								
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Farm Loans

First Bank Hampton’s distribution of small farm loans reflects reasonable penetration among farms of different sizes. In 2021, the bank originated 87.5 percent of its small farm loans to farms with annual revenues of \$1.0 million or less, which is below the percentage of total farms within the assessment area with total revenues of \$1.0 million or less (98.8 percent). Additionally, of the loans made to farms with revenues of \$1.0 million or less, 89.8 percent were made in amounts of \$100,000 or less, which is considered most beneficial to small farms, and demonstrates the bank’s willingness to meet small farm credit needs.

The table below presents the borrower distribution of small farm loans in the assessment area in 2021.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2021 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2021		2021		Total Farms	
Revenue	Loan Size	Count		Dollar			
		Bank		Bank		%	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	49	87.5	2,800	69.9	98.8
		Over \$1 Million	7	12.5	1,204	30.1	1.2
		Unknown	0	0.0	0	0.0	0.0
		Total	56	100.0	4,004	100.0	100.0
	Loan Size	\$100,000 or Less	48	85.7	1,686	42.1	
		\$100,001 - \$250,000	3	5.4	462	11.5	
		\$250,001 - \$500,000	5	8.9	1,855	46.3	
		Total	56	100.0	4,003	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	44	89.8	1,421	50.8	
		\$100,001 - \$250,000	2	4.1	336	12.0	
		\$250,001 - \$500,000	3	6.1	1,043	37.3	
		Total	49	100.0	2,800	100.0	
Originations & Purchases							
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Response to Complaints

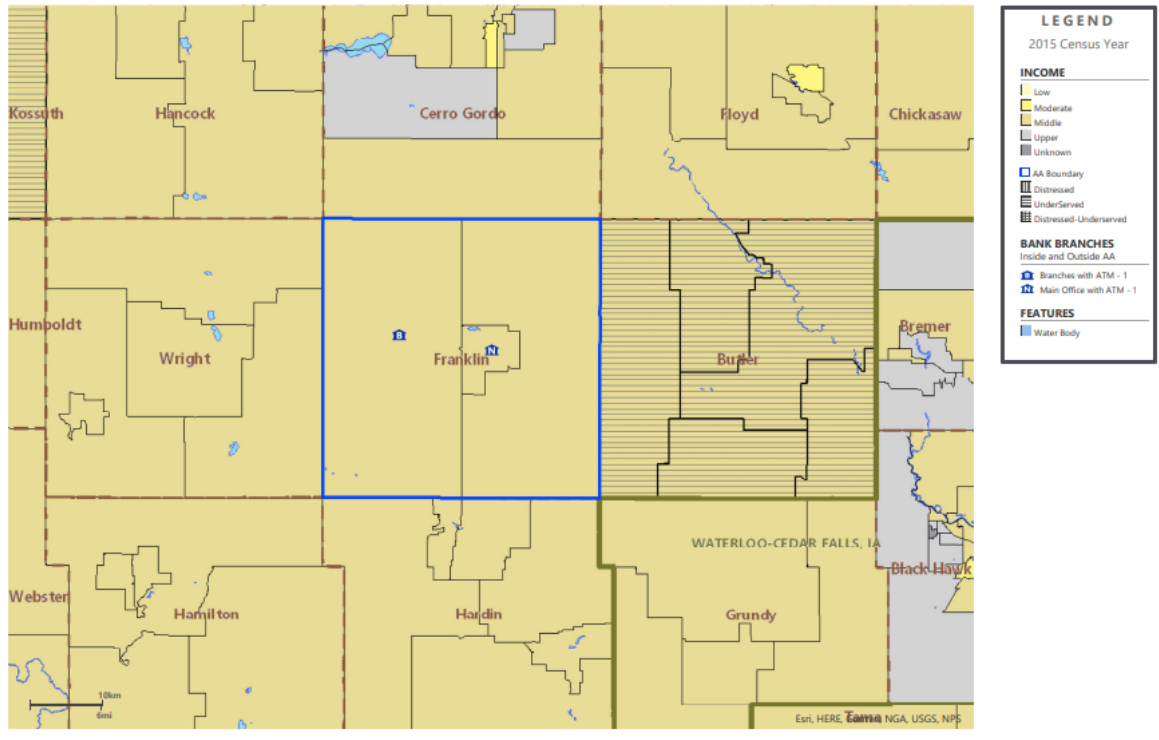
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

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.

APPENDIX A – Map of Assessment Area

First Bank Hampton 786948
IA Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Home Mortgage Loans: January 01, 2021 to December 31, 2021 Small Business Loans: January 01, 2021 to December 31, 2021 Small Farm Loans: January 01, 2021 to December 31, 2021		
FINANCIAL INSTITUTION First Bank Hampton		PRODUCTS REVIEWED Home Mortgage Loans Small Business Loans Small Farm Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Iowa Non-MSA: Franklin County, Iowa	Full Scope	None	None

APPENDIX C – 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, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement 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 householder 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 \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 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: 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).