



PUBLIC DISCLOSURE

April 12, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Hope
Charter Number: 12384

112 N. Main St.
Hope, KS 67451

Office of the Comptroller of the Currency

2959 N. Rock Road, Suite 510
Wichita, KS 67226

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 safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

Overall CRA Rating.....1
Description of Institution1
Scope of the Evaluation2
Discriminatory or Other Illegal Credit Practices Review3
State Rating.....4
 State of Kansas.....4
Lending Test6
Appendix A: Scope of Examination A-1
Appendix B: Summary of State Ratings.....B-1
Appendix C: Definitions and Common Abbreviations.....C-1
Appendix D: Tables of Performance Data..... D-1

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory.

The major factors that support this rating include:

- A reasonable loan-to-deposit ratio.
- The majority of the bank's loans are inside the AA.
- An excellent geographic distribution of loans in the AA.
- A reasonable distribution of loans to farms of different sizes.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is reasonable. The First National Bank of Hope's (FNB) average quarterly loan-to-deposit ratio is approximately 77.82 percent as of December 31, 2020. The bank considers nine banks in the AA as primary competitors. The average loan-to-deposit ratios for the bank's competitors totaled 77.79 percent and ranged from 43.59 percent to 99.29 percent.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its assessment area (AA).

The bank originated and purchased 99.9 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	19	95.0	1	5.0	20	6,481	99.9	6	0.1	6,487
Total	19	95.0	1	5.0	20	6,481	99.9	6	0.1	6,487

Description of Institution

The First National Bank of Hope (FNB) is a \$90 million bank headquartered in Hope, KS. The bank has two additional branches located in Miltonvale, KS and Herington, KS. FNB is 100 percent owned by Hope Bancshares, Inc., a single bank holding company. The bank has no affiliates requiring consideration for CRA activities.

FNB is a full service institution offering a variety of loan and deposit products. As of December 31, 2020, the bank's loan portfolio composed 54 percent of total assets. The \$48.5 million loan portfolio primarily consists of agricultural loans, totaling 54 percent of the portfolio. The portfolio

also consists of 33 percent real estate loans, 9 percent commercial loans, 2 percent individual loans, and 2 percent other loans. The bank's Tier One Capital totaled \$10.1 million as of December 31, 2020.

FNB has identified one AA, which consists of Dickinson, Marion, Morris, Cloud, Ottawa, and Clay Counties. The primary lending products granted since the last CRA examination were agricultural loans by dollar amount and consumer loans by number.

The bank does not have any legal, financial, or other matters that impedes FNB's ability to meet the credit needs of the AA. The Office of the Comptroller of the Currency last evaluated the bank's CRA performance on December 19, 2016. During that evaluation, FNB received an overall CRA rating of "Satisfactory" under the Small Bank Performance Standards.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Performance Evaluation (PE) is an assessment of CRA performance from January 1, 2018, through December 31, 2020. Examiners sampled 20 agricultural loan originations during this time period, as agricultural loans are the bank's primary product.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The OCC placed more weight on the agricultural lending portfolio as agricultural lending is the bank's primary product.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The CRA performance rating was not lowered as a result of these findings. We considered the nature, extent, and strength of the evidence of the practices; the extent to which institution had policies and procedures in place to prevent the practices; and the extent to which the institution has taken or has committed to take corrective action, including voluntary corrective action resulting from self-assessment; and other relevant information.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Kansas

CRA rating for the State of Kansas: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- A reasonable loan-to-deposit ratio. FNB Hope's average quarterly loan-to-deposit ratio is 77.82 percent compared to 77.79 percent for similarly situated banks in the AA.
- A majority of the bank's loans are inside the AA. 95 percent of the bank's loans were made in the AA.
- An excellent geographic distribution of loans in the AA. FNB demonstrated exceptional distribution of agricultural loans in the moderate-income tract.
- A reasonable distribution of loans to farms of different sizes.

Description of Institution's Operations in Kansas

FNB is a full-service bank offering a broad range of commercial, agricultural, real estate, and consumer loan products, as well as a variety of deposit products. The bank's primary lending focus is agricultural lending. There are three branches located in Hope, Herington, and Miltonvale. According to the June 30, 2020 FDIC reports, the bank has \$81.4 million in total deposits, giving the bank a market share of 4.70 percent. 100 percent of the bank's deposits are in the Hope AA.

The AA includes eleven CTs, which consists of one moderate-income tract, nine middle-income tracts, and one upper-income tract. There are no census tracts designated as distressed or underserved non-MSA middle-income tracts. This AA designation meets the regulation's requirements and does not arbitrarily exclude any low- or moderate-income geographies. FNB designates the following census tracts (CT) as their AA:

- Morris County (CT 9636, 9637)
- Clay County (CT 4581, 4582)
- Dickinson County (CT 842, 843, 845, 846)
- Marion County (CT 4895)
- Ottawa County (CT 856)
- Cloud County (CT 9771)

In an effort to assist small businesses and farms in the community with financial issues related to COVID-19, the bank participated in making SBA Paycheck Protection Program (PPP) loans. In 2020, the bank made over \$1.58 million in loans to 46 small businesses. In 2021, as of the date of this exam the bank has made over \$1.90 million in additional PPP loans to 145 small businesses.

We used existing community contacts to assess the credit needs and opportunities in the Hope AA. Several contacts noted needs and opportunities including, but not limited to, affordable housing, lending to first time home buyers, agricultural and small business lending, and financial education.

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNB Hope						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	9.1	81.8	9.1	0.0
Population by Geography	30,920	0.0	7.3	80.0	12.7	0.0
Housing Units by Geography	15,242	0.0	8.8	79.9	11.3	0.0
Owner-Occupied Units by Geography	9,925	0.0	7.1	80.1	12.8	0.0
Occupied Rental Units by Geography	2,598	0.0	10.5	78.9	10.7	0.0
Vacant Units by Geography	2,719	0.0	13.3	80.4	6.4	0.0
Businesses by Geography	1,876	0.0	6.9	82.6	10.4	0.0
Farms by Geography	503	0.0	0.8	75.5	23.7	0.0
Family Distribution by Income Level	8,765	15.8	18.8	25.1	40.3	0.0
Household Distribution by Income Level	12,523	19.7	16.8	19.8	43.8	0.0
Median Family Income Non-MSAs - KS		\$57,229	Median Housing Value			\$90,127
			Median Gross Rent			\$630
			Families Below Poverty Level			6.9%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Hope AA

The Hope AA does not have any low-income tracts but contains one moderate-income census tract. The U.S. Department of Housing and Urban Development (HUD) did not identify any of the counties in the AA as distressed or underserved during the evaluation period. The 2015 ACS census data shows the population of the Hope AA is 30,920. The 2020 HUD median family income is \$57,229. Of the 12,523 households in the Hope AA, 38 percent receive social security and 10 percent are below the poverty level. Approximately 21 percent of the population is over age 65, and 35 percent of the population consists of civilians not in the workforce. The median housing value is \$90,127 and 65 percent of the housing units are owner-occupied units. The income distribution for families within the AA is 16 percent low income, 19 percent moderate income, 25 percent middle income, and 40 percent upper income. The December 31, 2020 unemployment rates for counties in the Hope AA are as follows: Dickinson County 3.6 percent, Marion County 3.3 percent, Morris County 2.7 percent, Cloud County 3.5 percent, and Ottawa County and Clay County both 3.5 percent. These unemployment rates fall below the Kansas rate of 4.7 percent and the national rate of 6.7 percent.

Scope of Evaluation in Kansas

We performed a full-scope review of the bank's single assessment area (AA).

LENDING TEST

The bank's performance under the Lending Test in Kansas is rated Satisfactory.

Conclusions for the Hope AA

Based on a full-scope review, the bank's performance in the state of Kansas is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the State.

Small Loans to Farms

Refer to Table S in the state of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to farms of different sizes, given the product lines offered by the bank.

Small Loans to Farms

Refer to Table T in the state of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

Responses to Complaints

FNB has not received any consumer complaints regarding its CRA performance during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	January 1, 2018 to December 31, 2020	
Bank Products Reviewed:	Agricultural Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination:		
Rating and Assessment Areas	Type of Exam	Other Information
Hope AA	Full-scope	Dickinson, Marion, Morris, Cloud, Ottawa, and Clay Counties

Appendix B: Summary of State Ratings

RATINGS: The First National Bank of Hope	
Overall Bank:	Lending Test Rating:
The First National Bank of Hope	Satisfactory
State:	CRA Rating:
Kansas	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, 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 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).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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 (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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.

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.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: 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 geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year.

The following is a listing and brief description of the tables included:

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Table S: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2018-2020	
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
FNB Hope	20	6,683	100	339	0.0	0	0.0	0.8	10	0.0	75.5	80	87.3	23.7	10	12.7	0.0	0	0.0	
Total	20	6,683	100	339	0.0	0	0.0	0.8	10	0.0	75.5	80	87.3	23.7	10	12.7	0.0	0	0.0	

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2018-2020	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
FNB Hope	20	6,501	100	339	97.2	65.0	59.6	2.0	30.0	0.8	5.0		
Total	20	6,501	100	339	97.2	65.0	59.6	2.0	30.0	0.8	5.0		

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%