



**PUBLIC DISCLOSURE**

October 25, 2021

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

First National Bank, Ames, Iowa  
**Charter Number 10408**

405 Fifth Street  
Ames, IA 50010

Office of the Comptroller of the Currency

13710 FNB Parkway, Suite 110  
Omaha, NE 68154

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.

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## Overall CRA Rating

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

**The lending test is rated: Satisfactory.**

**The community development test is rated: Satisfactory.**

The major factors that support this rating include:

- First National Bank, Ames, Iowa (FNB) originated or purchased a substantial majority of loans within its assessment areas (AA).
- FNB's loan-to-deposit (LTD) is reasonable.
- The distribution of loans across geographies of different income levels is reasonable.
- The distribution of loans to individuals of different income levels and businesses and farms of different sizes is reasonable.
- FNB's community development (CD) activities demonstrate adequate responsiveness to the CD needs in its AAs.
- FNB did not receive any complaints regarding its CRA performance during the evaluation period.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable. FNB's average quarterly LTD ratio was 69.02 percent for the 12 quarters of the evaluation period. The ratio ranged from a quarterly low of 64.50 percent to a quarterly high of 73.54 percent. Among five similarly situated financial institutions, the quarterly average LTD ratio was 88.78 percent ranging from a low of 81.12 percent to a high of 107.08.

### Lending in Assessment Area

A substantial majority of the bank's loans are inside its AAs.

The bank originated and purchased 82 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.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	507	82.0	111	18.0	618	220,208	87.9	30,362	12.1	250,569
Business	16	80.0	4	20.0	20	17,992	99.1	155	0.9	18,147
Farm	17	85.0	3	15.0	20	1,054	79.3	275	20.7	1,329
Total	540	82.0	118	18.0	658	239,254	89.0	30,792	11.0	270,045

## Description of Institution

FNB is an intrastate financial institution headquartered in Ames, Iowa. FNB had total assets of \$1.03 billion and tier one capital of \$86 million at December 31, 2020. FNB is a subsidiary of multi-bank holding company Ames National Corporation, which also owns Boone Bank & Trust Company, Reliance State Bank, State Bank & Trust Company, United Bank & Trust, National Association, and Iowa State Savings Bank. These entities do not have an impact on FNB's ability to meet the lending and CD needs of its AAs.

FNB maintains operations in Ames, Des Moines, Ankeny, and Osceola, Iowa, and the surrounding areas. FNB operates nine full-service branches, three limited-service retirement community offices, nine deposit-taking automated teller machines (ATM)/interactive teller machines (ITM), and seven cash-dispensing ATMs throughout the bank's three AAs.

In September 2018, FNB acquired Clarke County State Bank, an \$108 million financial institution located in Osceola, Iowa. The acquisition included three branch locations and resulted in a new AA for the bank. In September 2020, FNB closed the branch located in Murray, Iowa.

FNB offers a full range of credit products within its AAs, including commercial, agricultural, consumer, and home mortgage loans. As of December 31, 2020, total loans equaled \$630 million and represented 61 percent of total assets. The loan portfolio was comprised of \$298 million commercial, \$283 million 1-4 family residential real estate, \$39 million agricultural, and \$5 million consumer loans.

There are no known legal, financial, or other factor impeding the bank's ability to meet the credit needs of its AAs. FNB received a Satisfactory rating in its last Performance Evaluation dated October 1, 2018.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

FNB was evaluated under the Intermediate Small Bank examination procedures, which include a Lending Test and CD Test for the State of Iowa. The Lending Test evaluated FNB's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluated the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The Lending Test covers FNB's performance from January 1, 2018 to December 31, 2020. The Lending Test evaluated home mortgage loans in the Ames metropolitan statistical area (MSA) AA and Des Moines MSA AA and commercial and agricultural loans in the Osceola AA, as these loan types were determined to be the primary loan products originated by FNB in these AAs.

To evaluate lending performance, examiners used information from the bank's Home Mortgage Disclosure Act (HMDA) loan application register (LAR) to analyze residential real estate loans in the Ames MSA AA and Des Moines MSA AA. Examiners also selected a sample of 20 each of commercial and agricultural loans originated and purchased in the Osceola AA during the evaluation period and used that information in the lending analysis.

The CD Test covers FNB's performance from October 2, 2018 to December 31, 2020. We reviewed all CD loans, investments, donations, and services submitted by FNB management to ensure they met the regulation definition of community development. We excluded from this evaluation some items submitted for consideration, because they did not meet the definition or purpose of community development.

### **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 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- and limited-scope AAs.

### **Ratings**

The bank's overall rating is based on performance in the State of Iowa as this is the only rating area. The state rating is based on performance in all three of the bank's AAs with more weight given to the Ames MSA, because the Ames MSA AA accounts for the largest portion of branch locations and deposit activity.

## **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 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 Iowa

**CRA rating for the State of Iowa<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The distribution of loans across geographies of different income levels is reasonable.
- The distribution of loans to individuals of different income levels and businesses and farms of different sizes is reasonable.
- FNB's CD activities demonstrate adequate responsiveness to the CD needs in its AAs.

### Description of Institution's Operations in Iowa

#### Ames MSA AA

FNB operates three branches, including the main office, three limited-service offices, six deposit-taking ATM/ITMs, and four cash-dispensing ATMs within the Ames MSA AA. FNB reported \$607 million of deposits in the AA as of June 30, 2020, which represents 71 percent of the bank's total deposits as of that date. According to the June 30, 2020 FDIC Market Share Report, FNB ranked first out of 19 financial institutions with a deposit market share of 21 percent. No other financial institution had a market share greater than 13 percent.

The Ames MSA AA includes a portion of Story County consisting of 14 census tracts (CT). Two of the CTs are low-income, eight middle-income, three upper-income, and one with no income designation. The AA does not include any moderate-income CTs. According to the 2015 ACS U.S. Census, 20 percent of the families in the AA were low-income, 23 percent middle-income, and 41 percent upper-income. The median family income was \$74 thousand and approximately six percent of families were below the poverty level. The median housing value was \$168 thousand. Community contacts identified affordable housing as a need within the AA.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

The following table provides a summary of demographics, including housing and business information for the Ames MSA AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Ames</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	14	14.3	0.0	57.1	21.4	7.1
Population by Geography	67,809	12.0	0.0	53.8	26.1	8.1
Housing Units by Geography	26,980	13.5	0.0	61.7	24.8	0.0
Owner-Occupied Units by Geography	11,386	5.0	0.0	60.3	34.7	0.0
Occupied Rental Units by Geography	14,393	20.1	0.0	62.6	17.2	0.0
Vacant Units by Geography	1,201	15.0	0.0	64.0	21.0	0.0
Businesses by Geography	5,278	14.7	0.0	51.4	31.5	2.4
Farms by Geography	247	8.9	0.0	40.5	50.2	0.4
Family Distribution by Income Level	11,902	19.8	16.6	23.0	40.5	0.0
Household Distribution by Income Level	25,779	32.6	13.9	14.9	38.7	0.0
Median Family Income MSA - 11180 Ames, IA MSA		\$74,380	Median Housing Value			\$168,006
			Median Gross Rent			\$780
			Families Below Poverty Level			6.2%
<i>Source: 2015 ACS and 2020 D&amp;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>						

### Des Moines MSA AA

The Des Moines MSA AA includes four branches, three deposit-taking ATMs/ITMs, and one cash-dispensing ATM. FNB reported \$147 million of deposits in the AA as of June 30, 2020, which represents 17 percent of the bank's total deposits as of that date. According to the June 30, 2020 FDIC Market Share Report, FNB ranked 20<sup>th</sup> out of 42 financial institutions with only a 0.69 percent market share. Competition within the AA is strong. The top three financial institutions combined account for 50 percent of the market share with 60 percent of the remaining 39 financial institutions having a market share of less than one percent.

The Des Moines MSA AA includes portions of Dallas and Polk counties consisting of 97 CTs. Nine of the CTs are low-income, 27 moderate-income, 33 middle-income, 27 upper-income, and one with no income designation. According to the 2015 ACS U.S. Census, 21 percent of the families in the AA were low-income, 17 percent moderate-income, 21 percent middle-income, and 40 percent upper-income. The median family income was \$76 thousand and approximately 9 percent of the families were below the poverty level. The median housing value was \$165 thousand. Community contacts identified small business credit, including micro loans, and affordable housing as primary credit needs.



The following table provides a summary of demographics, including housing and business information for the Des Moines MSA AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Des Moines</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	97	9.3	27.8	34.0	27.8	1.0
Population by Geography	449,668	6.7	23.5	33.9	35.9	0.0
Housing Units by Geography	188,237	5.9	23.5	36.4	34.2	0.0
Owner-Occupied Units by Geography	118,558	3.3	20.8	35.2	40.7	0.0
Occupied Rental Units by Geography	57,779	10.1	27.7	38.3	23.8	0.0
Vacant Units by Geography	11,900	11.3	29.6	38.7	20.4	0.0
Businesses by Geography	47,878	4.2	14.3	42.9	38.5	0.1
Farms by Geography	1,246	1.8	12.8	34.1	51.3	0.0
Family Distribution by Income Level	113,131	21.4	17.2	21.2	40.1	0.0
Household Distribution by Income Level	176,337	23.8	16.6	19.3	40.3	0.0
Median Family Income MSA - 19780 Des Moines-West Des Moines, IA MSA		\$75,653	Median Housing Value			\$165,153
			Median Gross Rent			\$832
			Families Below Poverty Level			9.0%
<i>Source: 2015 ACS and 2020 D&amp;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>						

### Osceola AA

The Osceola AA includes two branches and two cash-dispensing ATMs. FNB reported \$102 million of deposits in the AA as of June 30, 2020, which represents 12 percent of the bank's total deposits as of that date. According to the June 30, 2020 FDIC Market Share Report, FNB ranked fifth out of 15 financial institutions with an eight percent market share. Competition in the AA includes branches of large and regional institutions and smaller community banks.

The Osceola AA includes the whole counties of Clarke, Decatur, Lucas, Ringgold, Union, and Wayne and consists of 19 CTs. Three of the CTs are moderate-income and 16 middle-income. The AA does not include any low-income or upper-income CTs. Nine of the CTs within the AA were identified as being distressed or underserved. According to Dun & Bradstreet business data, nearly 82 percent of the businesses and 98 percent of farms reported gross annual revenues of \$1 million or less as of June 2020. Community contacts identified agricultural operating lines of credit and small business start up loans as primary credit needs.

The following table provides a summary of demographics, including housing and business information for the Osceola AA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Osceola</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	19	0.0	15.8	84.2	0.0	0.0
Population by Geography	50,280	0.0	13.0	87.0	0.0	0.0
Housing Units by Geography	23,889	0.0	12.3	87.7	0.0	0.0
Owner-Occupied Units by Geography	15,118	0.0	11.9	88.1	0.0	0.0
Occupied Rental Units by Geography	5,411	0.0	14.4	85.6	0.0	0.0
Vacant Units by Geography	3,360	0.0	10.9	89.1	0.0	0.0
Businesses by Geography	4,213	0.0	11.8	88.2	0.0	0.0
Farms by Geography	845	0.0	7.8	92.2	0.0	0.0
Family Distribution by Income Level	13,010	21.7	20.9	25.2	32.3	0.0
Household Distribution by Income Level	20,529	28.1	16.8	20.2	35.0	0.0
Median Family Income Non-MSAs - IA		\$61,681	Median Housing Value			\$87,084
			Median Gross Rent			\$559
			Families Below Poverty Level			10.8%
<i>Source: 2015 ACS and 2020 D&amp;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>						

## Scope of Evaluation in Iowa

The rating for the State of Iowa is based on a full-scope review of all three AAs within the state. The state rating is based on performance in all three of the bank's AAs with more weight given to the Ames MSA, because this AA accounts for the largest portion of branch locations and deposit activity.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

### LENDING TEST

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

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review of all three AAs, the bank's lending performance in the state of Iowa is reasonable.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the state.

### ***Home Mortgage Loans***

Refer to Table O in the state of Iowa section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### Ames MSA AA

The distribution of home mortgage loans originated or purchased in the Ames MSA AA reflects excellent distribution. During the evaluation period, FNB originated 6.3 percent of home mortgage loans to borrowers located in low-income CTs which exceeds demographic data showing that 5.0 percent of owner-occupied units are in low-income CTs. The bank's performance also exceeds aggregate data which shows 1.9 percent of aggregate home mortgage loans are originated in low-income CTs. The Ames MSA AA does not include any moderate-income CTs.

#### Des Moines MSA AA

The distribution of home mortgage loans originated or purchased in the Des Moines MSA AA reflects excellent distribution. During the evaluation period, FNB originated 4.9 percent of home mortgage loans to borrowers located in low-income CTs which exceeds demographic data showing that 3.3 percent of owner-occupied units are in low-income CTs. The bank's performance also exceeds aggregate data which shows 1.6 percent of aggregate home mortgage loans are originated in low-income CTs.

Also, during the evaluation period, FNB originated 28.8 percent of home mortgage loans to borrowers located in moderate-income CTs which exceeds demographic data showing that 20.8 percent of owner-occupied units are in moderate-income CTs. The bank's performance also exceeds aggregate data which shows that 12.2 percent of aggregate home mortgage loans are originated in moderate-income CTs.

### ***Small Loans to Businesses***

Refer to Table Q in the state of Iowa 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 businesses.

#### Osceola AA

The distribution of business loans originated or purchased in the Osceola AA reflects reasonable distribution. Ten percent of the business loans in the sample were made to borrowers in moderate-income CTs which is below demographic data showing that 11.8 percent of businesses are in moderate income CTs. However, the variance is reasonable given the small sample size, and the bank's performance exceeds aggregate data which shows that 8.9 percent of aggregate business loans are originated in moderate-income CTs. The Osceola AA does not include any low-income CTs.

### ***Small Loans to Farms***

Refer to Table S in the state of Iowa 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.

#### Osceola AA

The distribution of farm loans originated or purchased in the Osceola AA reflects reasonable distribution. Five percent of the farm loans in the sample were made to borrowers in moderate-income CTs. The bank's performance is below demographic data which shows that 7.8 percent of farms are in moderate-income CTs and aggregate data which shows that 9.1 percent of aggregate farm loans are originated in moderate-income CTs. However, the variance is reasonable given the small sample size. The Osceola AA does not include any low-income CTs.

### **Distribution of Loans by Income Level of the Borrower**

Overall, the bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

In reaching a conclusion, we considered FNB's origination of loans that financed affordable housing in the Ames and Des Moines MSA AAs which demonstrated a commitment to meeting housing needs of low- and moderate-income (LMI) individuals. In the Ames MSA AA, the bank originated 7 loans totaling \$8.5 million and representing 10 percent of total capital. In the Des Moines MSA AA, the bank originated 11 loans totaling \$17 million and representing 20 percent of total capital.

In addition, 46 percent of the loans in the Ames MSA AA and 66 percent in the Des Moines MSA AA did not have income available. The bank makes HMDA LAR reportable loans for investment and multifamily housing and is not required to report income information for HMDA LAR data purposes. As a result, we are unable to determine if these loans were made to LMI borrowers.

### ***Home Mortgage Loans***

Refer to Table P in the state of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### Ames MSA AA

The distribution of home mortgage loans to borrowers of different income levels in the Ames MSA AA reflects poor distribution. During the evaluation period, FNB originated 4.5 percent of home mortgage loans to low-income borrowers which is significantly below demographic data showing that 19.8 percent of families within the AA are low-income. The bank's performance is only slightly below aggregate peer performance of 5.3 percent.

Housing costs relative to income may limit opportunities for home mortgage lending to low-income borrowers. Based on information in Table A, low-income families in the Ames MSA AA earn \$37,190, or less, based on the median family income (MFI) level. One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This results in a maximum monthly mortgage payment of \$930

for low-income borrowers. Assuming a 30-year mortgage with five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or home maintenance costs, the monthly mortgage payment for a home at the median housing value would be \$902. The median gross rent for the Ames MSA AA is \$780, which may be a more affordable option.

Also, during the evaluation period, FNB originated 5.9 percent of home mortgage loans to moderate-income borrowers. The bank's performance is significantly below both demographic data which shows that 16.6 percent of families within the AA are moderate-income and aggregate data which shows that 18.2 percent of aggregate home mortgage loans were made to moderate-income borrowers.

#### Des Moines MSA AA

The distribution of home mortgage loans to borrowers of different income levels in the Des Moines MSA AA reflects poor distribution. During the evaluation period, FNB originated 3.4 percent of home mortgage loans to low-income borrowers, which is significantly below demographic data showing that 21.4 percent of families within the AA are low-income. The bank's performance is also below aggregate peer performance of 6.8 percent.

Also, during the evaluation period, FNB originated 3.2 percent of home mortgage loans to moderate-income borrowers. The bank's performance is significantly below both demographic data which shows that 17.2 percent of families within the AA are moderate-income and aggregate data which shows that 16.9 percent of aggregate home mortgage loans were made to moderate-income borrowers.

#### ***Small Loans to Businesses***

Refer to Table R in the state of Iowa 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 businesses.

#### Osceola AA

The distribution of loans to businesses of different sizes in the Osceola AA is reasonable. Seventy-five percent of loans in the sample were made to businesses with gross annual revenues of \$1 million or less which is below demographic data showing that 81.7 percent of businesses within the AA have revenues of \$1 million or less. The variance is reasonable given the small sample size and the bank's performance exceeds aggregate data which shows that 54.3 percent of aggregate business loans are made to businesses with gross annual revenues of \$1 million or less.

#### ***Small Loans to Farms***

Refer to Table T in the state of Iowa 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.

#### Osceola AA

The distribution of loans to farms of different sizes in the Osceola AA is reasonable. Eighty percent of loans in the sample were made to farms with gross annual revenues of \$1 million or less which is below demographic data showing that 98.2 percent of farms within the AA have revenues of \$1 million or less. The variance is reasonable given the small sample size. Additionally, the bank's performance exceeds

aggregate data which shows that 71.1 percent of aggregate farm loans are made to farms with gross annual revenues of \$1 million or less.

### Responses to Complaints

There were no complaints received related to the bank's CRA performance during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Iowa is rated Satisfactory.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area(s).

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Ames MSA AA	8	35%	\$10,100	31%
Des Moines MSA AA	14	61%	\$21,100	66%
Osceola AA	0	0%	\$0	0%
Broader Statewide	1	4%	\$928	3%

#### Ames MSA AA

CD loans demonstrated excellent responsiveness to CD needs and opportunities in the Ames MSA AA. Management originated eight CD loans totaling more than \$10.1 million during the evaluation period. CD loans provide support for affordable housing and by providing community services for LMI individuals. Specific examples of CD loans originated in the AA include:

- Seven loans supporting affordable housing that are primarily serving LMI individuals.
- One loan to an organization that provides prevention and substance abuse help and treatment for chemical dependency.

Des Moines MSA AA

CD loans demonstrated excellent responsiveness to CD needs and opportunities in the Des Moines MSA AA. Management originated 14 CD loans totaling more than \$21.1 million during the evaluation period. CD loans provide support for affordable housing and by providing community services for LMI individuals. Specific examples of CD loans originated in the AA include:

- Two loans to an organization that provides rehabilitation programs, supportive care planning for persons who have experienced a brain injury or other neurological disabilities that are primarily LMI.
- Twelve loans that provide affordable housing primarily for LMI individuals.

Osceola AA

CD loans demonstrated very poor responsiveness to CD needs and opportunities in the Osceola AA during the evaluation period. Management did not originate any CD loans in the AA.

Statewide or Regional

Management originated one loan in the broader statewide or regional area totaling \$928,000 which provides affordable housing to LMI individuals.

**Number and Amount of Qualified Investments**

Assessment Area	Qualified Investments									
	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Ames MSA AA	0	0	15	\$87	15	60%	\$87	2%	0	\$0
Des Moines MSA AA	0	0	10	\$5,000	10	40%	\$5,000	98%	0	\$0
Osceola AA	0	0	0	\$0	0	0%	\$0	0%	0	\$0

Ames MSA AA

CD investments demonstrated poor responsiveness to CD needs and opportunities in the Ames MSA AA. Management provided 15 donations totaling more than \$87,000 to four organizations during the evaluation period. Donations were made to organizations that provide social services to assist LMI individuals. Specific examples of qualified investments in the AA include:

- Donations to youth and shelter services in the AA that primarily serve LMI individuals.
- Donation to an organization that provides affordable housing for LMI individuals.

Des Moines AA

CD investments demonstrated excellent responsiveness to CD needs and opportunities in the Des Moines MSA AA. Management provided 10 investments, including donations, totaling more than \$5 million to five organizations during the evaluation period. Donations were made to organizations that provide social services to assist LMI individuals. Specific examples of qualified investments in the AA include:

- Donations to a Community Action Agency that primarily serves LMI individuals.
- One investment in a fund that will finance New Market Tax Credit projects located in the AA.

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Osceola AA

CD investments demonstrated very poor responsiveness to CD needs and opportunities in the Osceola AA. Management did not provide any qualified investments or donations during the evaluation period.

**Extent to Which the Bank Provides Community Development Services**

Ames MSA AA

CD services demonstrated adequate responsiveness to CD needs and opportunities in the Ames MSA AA. Six bank employees provided 240 service hours to seven different qualified organizations during the evaluation period. Specific examples of qualified services provided in the AA include:

- One employee serves on the board of an organization that provides affordable housing to individuals that are primarily LMI.
- One employee serves on the board of an organization that provides technical assistance and micro small business loans focused on LMI individuals and entrepreneurs.

Des Moines MSA AA

CD services demonstrated excellent responsiveness to CD needs and opportunities in the Des Moines MSA AA. Six bank employees provided 503 service hours to eight different qualified organizations during the evaluation period. Specific examples of qualified services provided in the AA include:

- One employee serves on the board of an organization that provides services to individuals with disabilities that are primarily LMI.
- One employee serves on a committee of an organization that provides services to LMI individuals.
- One employee provided financial education with the Community Action Agency that primarily serves LMI individuals.

Osceola AA

CD services demonstrated adequate responsiveness to CD needs and opportunities in the Osceola AA. Two bank employees provided 13 service hours to three different qualified organizations during the evaluation period. Specific examples of qualified services provided in the AA include:

- One employee provided financial education through the local Community Action Agency that serves LMI individuals.
- One employee serves on a loan fund committee and assisted new small businesses by providing financing and coaching.



## Appendix A: Scope of Examination

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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 MSA(s) and non-MSA(s) 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”.

<b>Time Period Reviewed:</b>	Lending Test: January 1, 2018 to December 31, 2020 Community Development Test: October 3, 2018 to December 31, 2020	
<b>Bank Products Reviewed:</b>	Home mortgage, small business, small farm Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State:</b> Iowa		
Ames MSA AA	Full Scope	MSA #11180 including portions of Story County
Des Moines MSA AA	Full Scope	MSA #19780 including portions of Dallas County and Polk County
Osceola AA	Full Scope	Clarke, Decatur, Lucas, Ringgold, Union, and Wayne Counties

## Appendix B: Summary of MMSA and State Ratings

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RATINGS First National Bank, Ames, Iowa			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First National Bank, Ames, Iowa	Satisfactory	Satisfactory	Satisfactory
State of Iowa	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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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

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- 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 U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.



**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2018-20**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Ames	222	112,241	43.8	2,543	5.0	6.3	1.9	0.0	0.0	0.0	60.3	59.9	60.5	34.7	33.8	37.5	0.0	0.0	0.0
Des Moines	205	99,748	40.4	37,308	3.3	4.9	1.6	20.8	28.8	12.2	35.2	38.5	28.4	40.7	27.8	57.8	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

First National Bank Ames Iowa (10000010408) excluded from Aggregate

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2018-20**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Ames	222	112,241	43.8	2,543	19.8	4.5	5.3	16.6	5.9	18.2	23.0	13.1	24.1	40.5	30.2	39.8	0.0	46.4	12.6
Des Moines	205	99,748	40.4	37,308	21.4	3.4	6.8	17.2	3.2	16.9	21.2	6.8	20.9	40.1	21.5	38.4	0.0	65.9	17.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

First National Bank Ames Iowa (10000010408) excluded from Aggregate

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2018-20**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Osceola	20	5,415	100	543	0.0	0.0	0.0	11.8	10.0	8.9	88.2	90.0	89.5	0.0	0.0	0.0	0.0	0.0	1.6

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%

First National Bank Ames Iowa (10000010408) excluded from Aggregate

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** **2018-20**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Osceola	20	5,415	100	543	81.7	75.0	54.3	3.8	10.0	14.6	15.0

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%

First National Bank Ames Iowa (10000010408) excluded from Aggregate

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2018-20
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
Osceola	20	1,109	100	405	0.0	0.0	0.0	7.8	5.0	9.1	92.2	95.0	90.9	0.0	0.0	0.0	0.0	0.0	0.0
<i>Source: 2020 D&amp;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%</i>																			
<i>First National Bank Ames Iowa (10000010408) excluded from Aggregate</i>																			

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2018-20
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
Osceola	20	1,109	100	405	98.2	80.0	71.1	0.9	0.0	0.8	20.0
<i>Source: 2020 D&amp;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%</i>											
<i>First National Bank Ames Iowa (10000010408) excluded from Aggregate</i>											