

PUBLIC DISCLOSURE

March 24, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FNNB Bank
RSSD# 242949

100 North 2nd Avenue West
Newton, Iowa 50208

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 CRITERIA	8
LENDING TEST	8
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	11
APPENDIX A – MAP OF ASSESSMENT AREA.....	12
APPENDIX B – SCOPE OF EXAMINATION	13
APPENDIX C – GLOSSARY	14

BANK'S CRA RATING

FNNB Bank is rated Satisfactory.

Based on an analysis of lending activities, FNNB Bank is meeting the credit needs of its assessment area. The loan-to-deposit ratio is reasonable considering the bank's size, financial condition, and assessment area credit needs. A majority of the bank's small business loans, by number, are originated in the assessment area. The geographic distribution of loans reflects excellent dispersion throughout the assessment area, and lending to businesses of different sizes is reasonable given the assessment area's demographic composition. There were no CRA-related complaints received by FNNB Bank nor this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

FNNB Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. The evaluation considered information about the bank such as asset size, business strategy, competition, financial condition, and the assessment area's demographic and economic characteristics. The bank's main product line, small business lending, was reviewed.

The evaluation included a full-scope review of the bank's assessment area, located in the Des Moines-West Des Moines Metropolitan Statistical Area #19780 (Des Moines-West Des Moines MSA). The bank's assessment area consists of Jasper County, Iowa in its entirety, which is one of six counties comprising the Des Moines-West Des Moines MSA, and exclude Dallas, Guthrie, Madison, Polk, and Warren Counties.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio ending December 31, 2024 was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A statistical sample of the bank's small business loans originated from January 1, 2024 through December 31, 2024, was reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A statistical sample of the bank's small business loans originated in the assessment area, from January 1, 2024 through December 31, 2024, was analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Businesses of Different Sizes*** – A statistical sample of the bank’s small business loans originated in the assessment area, from January 1, 2024 through December 31, 2024, was reviewed to determine the distribution to businesses with different 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.

DESCRIPTION OF INSTITUTION

FNNB Bank, with total assets of \$108.1million as of September 30, 2024, is the sole bank subsidiary of United Iowa Bancshares, Inc., located in Newton, Iowa. The bank has one office in Newton, Iowa, which is centrally located in Jasper County. FNNB Bank operates two full-service automatic teller machines (ATMs), including one located at its office and one standalone facility in the city of Newton. The main office is in a moderate-income census tract. There have been no acquisitions or branch openings or closings since the previous examination. The bank also operates one subsidiary, FNNB Development Company, which is a community development corporation intended to help foster the development of affordable housing in Jasper County. The bank has maintained the company for several years but has not completed any projects due to the cost involved in acquiring land and building.

FNNB Bank offers a full range of traditional loan and deposit products and services. As shown in the table below, however, the bank is primarily a commercial lender, which comprises 69.6 percent of the bank’s loan portfolio. Other lending products include residential, agriculture, and consumer loans. Deposit product offerings include checking, savings, money market, and certificates of deposit. Additional information about the bank’s products and services, as well as access to basic online banking capabilities, can be found on the bank’s website, located at www.fnnbbank.com.

Composition of Loan Portfolio as of September 30, 2024 (000's)		
Type	\$	%
Commercial	44,916	69.6
Residential	9,967	15.4
Agriculture	8,050	12.5
Consumer	1,112	1.7
Other	537	0.8
Total	64,582	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

As of the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, FNNB Bank's deposit market share was 10.6 percent of the insured deposits in Jasper County, ranking the institution sixth of nine FDIC-insured institutions in the county. The financial institutions comprising the largest percentage of deposit market share are Bank Iowa (19.0 percent) and First State Bank (15.4 percent). Comparatively, FNNB Bank is the smallest financial institution in the county, having less than half of the total deposits as its closest competitor. However, since FNNB Bank is one of few local financial institutions in the area and operates a relationship driven business model, bank management states the bank has been able to retain its deposit market share ranking, despite its larger competitors.

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 March 1, 2021.

DESCRIPTION OF ASSESSMENT AREA¹

FNNB Bank's assessment area, within the Des Moines-West Des Moines, IA MSA #19780 (Des Moines-West Des Moines MSA), is comprised of Jasper County in its entirety. FNNB Bank is located in Newton, Iowa, which is the largest city in the county. The assessment area remains unchanged since the previous examination, although the number and composition of census tracts has changed as a result of the 2016-2020 U.S. Census Bureau American Community Survey (ACS). The number of census tracts has increased from nine to ten due to the addition of a delineated unknown-income census tract that houses an Iowa Department of Corrections facility. Additionally, two census tracts that were previously middle-income are now moderate-income and one census tract that was previously moderate-income is now middle-income. These changes result in an overall composition of four moderate-, five middle-, and one unknown-income census tract. There are no low-income, within the assessment area. The table below details tract income changes.

Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's ACS and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are

¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes

evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2024 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	3	4	+1
Middle	6	5	-1
Upper	0	0	0
Unknown	0	1	+1
Total	9	10	+1
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 and 2016-2020 U.S. Census Bureau: Decennial Census: 2020			

Additional information about the assessment area is found in the following demographic table.

2024 Des Moines-West Des Moines, IA MSA 19780 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,489	24.9
Moderate	4	40.0	4,330	43.3	359	8.3	2,548	25.5
Middle	5	50.0	5,680	56.7	260	4.6	2,215	22.1
Upper	0	0.0	0	0.0	0	0.0	2,758	27.6
Unknown	1	10.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	10,010	100.0	619	6.2	10,010	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	7,692	4,460	40.7	58.0	2,240	29.1	992	12.9
Middle	8,645	6,490	59.3	75.1	1,454	16.8	701	8.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	16,337	10,950	100.0	67.0	3,694	22.6	1,693	10.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	578	38.6	528	38.4	42	45.2	8	28.6
Middle	919	61.4	848	61.6	51	54.8	20	71.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,497	100.0	1,376	100.0	93	100.0	28	100.0
Percentage of Total Businesses:				91.9		6.2		1.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	15	6.0	15	6.1	0	0.0	0	0.0
Middle	234	94.0	231	93.9	3	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	249	100.0	246	100.0	3	100.0	0	0.0
Percentage of Total Farms:				98.8		1.2		0.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Population Trends

Jasper County's population increased by 3.0 percent from 2015 to 2020 as reflected in the 2020 U.S. Decennial Census. This increase is comparable to the state of Iowa, which increased by 3.1 percent, but is a smaller increase than the Des Moines-West Des Moines MSA, which increased 11.2 percent. Community representatives stated that population growth is attributed to new housing, an expanding job market, strong school system, and proximity to the city of Des Moines. Community representatives credited the strong highway system and easy work commute into the city of Des Moines to population retention and stable population growth.

The following table presents the population trends for the assessment area, the Des Moines-West Des Moines MSA, and the state of Iowa from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Jasper County, IA	36,726	37,813	3.0
Des Moines-West Des Moines MSA	637,913	709,466	11.2
State of Iowa	3,093,526	3,190,369	3.1
Source: U.S. Census Bureau American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: 2020			

Median Family Income Trends

According to the U.S. Census Bureau, the assessment area is comprised of 10,010 families, of which 24.9 percent are designated as low-income, 25.5 percent as moderate-income, 22.1 percent as middle-income, and 27.6 percent as upper-income families. The percentage of families living below the poverty level within the assessment area is at 6.2 percent, which is lower than the state of Iowa's poverty rate of 7.1 percent. Jasper County had a lower median family income (MFI) in 2020 (\$70,266) than either the Des Moines-West Des Moines MSA (\$89,538) or the state of Iowa (\$79,186). Further, the MFI for Jasper County also decreased by 6.4 percent adjusting for inflation. The MFI decrease is not characteristic to either the Des Moines-West Des Moines MSA or the state of Iowa, which increased by 8.3 percent and 7.4 percent, respectively. One community representative indicated that the trend may have been caused by the diminishing prevalence of unions and union jobs, causing wages and benefits offered by employers to decrease. However, community representatives believe that earning prospects for Jasper County are increasing, as the job market is expanding, and employment opportunities are more competitive.

The following table presents the MFI for the assessment area, the Des Moines-West Des Moines MSA, and the state of Iowa from 2015 to 2020.

Median Family Income Change 2015 and 2020			
Area	2015 Median Family Income	2020 Median Family Income	Percentage Change (%)
Jasper County, IA	\$75,044	\$70,266	-6.4
Des Moines-West Des Moines MSA	\$82,657	\$89,538	8.3
State of Iowa	\$73,712	\$79,186	7.4
Source: U.S. Census Bureau: American Community Survey: 2011-2015 and 2016-2020			

Housing Cost Trends

There are a total of 16,337 housing units within the assessment area. Owner-occupied units represent 67.0 percent of the total units in the assessment area, while rental units represent 22.6 percent. Housing units reported as vacant represent 10.4 percent, which is above the vacancy rate for the state of Iowa at 9.5 percent.

Households are considered housing cost burdened when their gross monthly housing costs in relation to gross monthly income is above 30.0 percent. The table below presents the housing cost burden for individuals in Jasper County, the Des Moines-West Des Moines MSA, and the state of Iowa. Within Jasper County, low-income renters have a higher housing cost burden when compared to moderate-income renters at 78.5 percent and 24.1 percent, respectively. A similar conclusion can be made for homeowners, as 64.3 percent of low-income homeowners spend at least 30.0 percent of their household income on housing, while 32.0 percent of moderate-income households spend the same. This trend in Jasper County aligns with the trend in the Des Moines-West Des Moines MSA and in the state of Iowa; however, renters and owners in Jasper County are burdened by their housing cost at a slightly higher percentage.

One community representative indicated that, despite an overall increase in housing, affordable housing is lacking for low- and moderate-income individuals in the assessment area. One factor is the rural make-up of Jasper County, which lacks economies of scale necessary for builders available in other counties in the Des Moines-West Des Moines MSA. In addition, much of the existing housing is in poor condition and requires repair. The representative further noted that with the limited number of local financial institutions based in the county, the assessment area relies on incentives from the local government to assist in the construction of affordable housing, rather than banks.

Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Jasper County, IA	78.5%	24.1%	41.5%	64.3%	32.0%	16.2%
Des Moines-West Des Moines MSA	76.7%	25.3%	38.1%	63.1%	29.3%	15.7%
State of Iowa	71.9%	21.4%	37.9%	58.7%	23.5%	14.9%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development, 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Trends

According to the Bureau of Labor Statistics (BLS), unemployment rates in Jasper County have declined from 3.9 percent in 2021 to 3.2 percent as of the most recent July 2024 data, which is slightly higher than the Des Moines-West Des Moines MSA, at 2.9 percent. The state of Iowa also experienced a decline in the rates of unemployment over this period. Jasper County's primary areas of employment include government, retail trade, healthcare, and manufacturing. Community representatives credited diverse job opportunities within the Des Moines-West Des Moines MSA for the lower unemployment rates. One community representative noted Jasper County is also facing a shortage of skilled workers in areas such as metal fabrication, due to the competitive hiring market. Finally, community representatives indicated that although they have seen major employers' close operations in the county in the past few years, some are returning, while new employers are entering the area.

The following table presents the MFI for the assessment area, the Des Moines-West Des Moines MSA, and the state of Iowa from 2021 to July, 2024.

Unemployment Rates (%)				
Region	2021	2022	2023	July 2024 YTD Average
Jasper County, IA	3.9	3.1	3.0	3.2
Des Moines-West Des Moines MSA	3.8	2.7	2.8	2.9
State of Iowa	3.8	2.8	2.9	3.0
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

Community Representatives

Community representatives stated that the key challenge for the assessment area includes insufficient housing available for low- and moderate-income families. Although one representative indicated that financial institutions are generally responsive to the needs of the assessment area, there is a need for additional involvement in the effort to construct affordable housing. Jasper County does not have the scale of economy for builders to take on building projects and so also need additional builder incentives. Representatives also indicated that there is a shortage of skilled

workers, specifically in welding, manufacturing, and metal fabrication. The job market is increasing in Jasper County as both prior and new employers enter the area, with several of these facilities hiring and offering competitive wages.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

LENDING TEST

FNNB Bank's performance relative to the lending test is rated Satisfactory. The bank meets the credit needs of the assessment area, providing credit consistent with its asset size, location, and local economic conditions. The loan-to-deposit ratio is reasonable. A majority of the bank's small business loans are originated within its assessment area. The geographic distribution of loans reflects excellent dispersion throughout the assessment area, and lending to businesses of different sizes is reasonable. No CRA-related complaints were received by the institution or the Reserve Bank since the previous examination.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. Over the 16 quarters ending December 31, 2024, the loan-to-deposit ratio averaged 60.6 percent. The previous evaluation's 16-quarter average loan-to-deposit ratio was slightly higher at 64.3 percent. Although the loan-to-deposit ratio is also lower than competitor financial institutions, it continues to align with the bank's business model of maintaining liquidity levels to meet customer demand and manage risk. Further, FNNB Bank operates in a competitive market for loans, being one of the only local banks competing with larger financial institutions in the assessment area.

The following table compares the bank's loan-to-deposit ratio to its local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
FNNB Bank	60.6
Peer Average- Local	86.6
Competitors	
Bank Iowa	83.3
Leighton State Bank	86.7
First State Bank	81.4
State Savings Bank	107.6
TruBank	74.2

Assessment Area Concentration

A majority of the bank's small business loans are originated in the assessment area. As the table displays, 78.4 percent of small business loans, by number, are originated inside the assessment area. In contrast, the bank originated 62.4 percent of loans, by dollar amount, outside of the assessment area. The bank's lending within its combined assessment area is comparable, by number, to the previous evaluation period where the bank originated 78.2 percent by number, but significantly below, by dollar, at 73.6 percent.

This larger concentration outside of the assessment area, by dollar, is largely attributable to the bank's relationship driven model. FNNB Bank has gained new customers outside the assessment area through referrals from the long-standing relationships. The loans, commonly in the hotel industry or to medical practices, tended to be in larger amounts as counties closer to the center of the Des Moines-West Des Moines MSA are generally more expensive for small businesses to operate in. Although there are significant dollar origination amounts outside of the assessment area, the bank is responsive to meeting the credit needs within the assessment area.

Assessment Area Concentration								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	40	78.4	1,896	37.6	11	21.6	3,151	62.4
Total Loans	40	78.4	1,896	37.6	11	21.6	3,151	62.4

Geographic Distribution of Loans

The geographic distribution of the bank's small business loans reflects an excellent dispersion throughout the assessment area and there are no conspicuous, unexplained lending gaps within the assessment area. The table below details the bank's small business lending performance in 2024.

The bank's excellent geographic distribution is reflected in the high volume of loans within the moderate-income census tracts in the assessment area. In 2024, FNNB Bank originated 35, or 87.5 percent, of its small business loans within moderate-income census tracts. This is significantly above the demographic measure of small businesses located within these census tracts, at 38.6 percent.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: Des Moines-West Des Moines, IA MSA 19780					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	35	87.5	773	40.8	38.6
Middle	5	12.5	1,123	59.2	61.4
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	40	100.0	1,896	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Lending to Businesses of Different Sizes

The bank has a reasonable penetration of lending to businesses of different sizes. The following table details the bank's performance. The bank originated 32 small business loans, or 80.0 percent, to businesses with gross revenues of \$1.0 million or less. This level of lending is less than the 2024 demographic measure of 91.9 percent of businesses in the assessment area having gross revenues of \$1.0 million or less. However, out of the 32 loans made to businesses with revenues of \$1.0 million or less, a large percentage (96.9 percent) were made in amounts of \$100,000 or less, showing the bank's willingness to meet small business credit needs. These loans are considered to be the most beneficial to small businesses and demonstrate responsiveness to small business credit needs.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Des Moines-West Des Moines, IA MSA 19780					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	32	80.0	585	30.9	91.9
Over \$1 Million	3	7.5	1,060	55.9	6.2
Revenue Unknown	5	12.5	251	13.2	1.9
Total	40	100.0	1,896	100.0	100.0
By Loan Size					
\$100,000 or Less	35	87.5	466	24.6	
\$100,001 - \$250,000	3	7.5	479	25.3	
\$250,001 - \$1 Million	2	5.0	950	50.1	
Total	40	100.0	1,896	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	31	96.9	389	66.5	
\$100,001 - \$250,000	1	3.1	196	33.5	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	32	100.0	585	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Response to Complaints

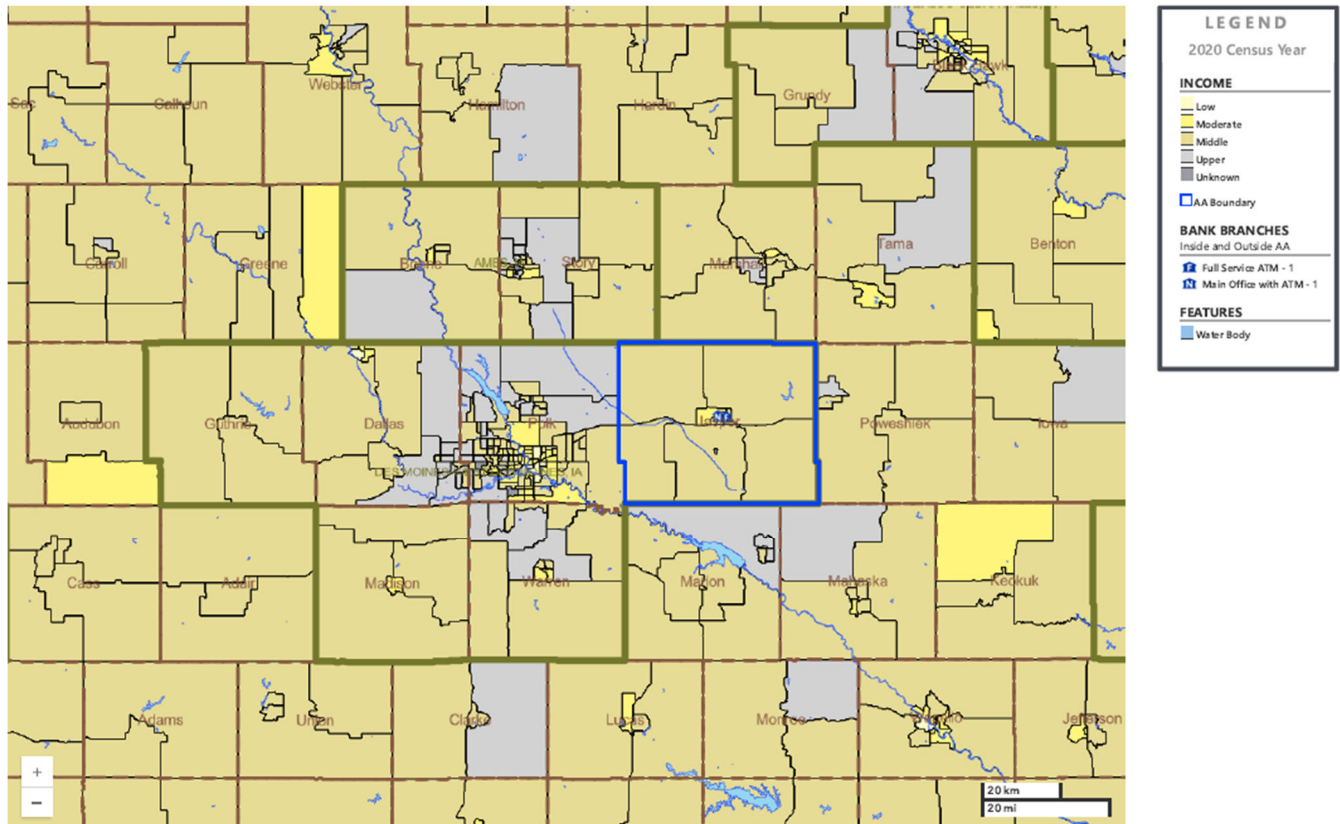
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

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

Des Moines-West Des Moines, IA MSA 19780



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 2024 through December 31, 2024.		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
FNNB Bank, Newton, Iowa			Small Business
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
Des Moines- West Des Moines, IA #19780 (Jasper County)	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.²

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

² 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 nonmetropolitan 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 household and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

Loan production 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).