

# **PUBLIC DISCLOSURE**

September 9, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Bank  
RSSD# 376442

316 East Bremer Avenue  
Waverly, Iowa 50677

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.

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## INSTITUTION'S CRA RATING

**First Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

First Bank is meeting the credit needs of its community based on an analysis of the bank's lending performance and community development activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, capacity to lend, and assessment area credit needs. A majority of the bank's loans were originated in the assessment areas. The geographic dispersion of loans reflects reasonable dispersion throughout the assessment areas, and loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither First Bank nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

First Bank's community development performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, qualified investments and donations, and community development services. This performance is appropriate considering the bank's capacity, need, and availability of such opportunities for community development in the assessment areas.

## SCOPE OF EXAMINATION

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

First Bank maintains two delineated assessment areas, a portion of the Waterloo-Cedar Falls, IA Metropolitan Statistical Area #47940 (Waterloo-Cedar Falls MSA) and the Iowa Non-Metropolitan Statistical Area (Iowa Non-MSA). A full scope evaluation was conducted on the Waterloo-Cedar Falls MSA based on the bank's operations, deposit market share, branch and automated teller machine (ATM) concentration, volume of lending, economic and demographic characteristics, and an evaluation of the needs of the communities in the assessment areas. The Iowa Non-MSA assessment area received a limited review due to the bank's limited deposit market share and volume of lending. Performance within the limited review assessment area was evaluated in comparison to the bank's performance in the full scope review assessment area. Limited scope performance did not impact the overall CRA rating.

Loan products reviewed include Home Mortgage Disclosure Act (HMDA) reportable loans, and a sample of both small business loans and small farm loans. These products are considered First

Bank's primary business lines based on volume of loan originations by number and dollar amount. The bank's level of community development activity was also evaluated.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 12-quarter average (September 30, 2021, through June 30, 2024) loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans from January 1, 2022, to December 31, 2023, and a sample of both small business and small farm loans originated from January 1, 2023, to December 31, 2023, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans from January 1, 2022, to December 31, 2023, and a sample of both small business and small farm loans originated from January 1, 2023, to December 31, 2023, were 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 Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank's HMDA-reportable loans from January 1, 2022 to December 31, 2023 and a sample of both small business and small farm loans originated from January 1, 2023 to December 31, 2023, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, donations, and services from August 24, 2021, to September 9, 2024, were reviewed considering the capacity, need, and availability of such opportunities within the assessment areas.

In addition, two community representatives were contacted in connection with this evaluation to provide information regarding local economic and socio-economic conditions in the assessment areas. The organizations contacted had affordable housing and economic development focuses.

## DESCRIPTION OF INSTITUTION

First Bank is a wholly owned subsidiary of First Waverly Corporation, a one-bank holding company headquartered in Waverly, Iowa. First Bank is an intrastate bank with the main office, one full-service branch, and one limited-service branch located in Waverly, Iowa, and full-service branches located in Cedar Falls, Clarion, Eagle Grove (including a drive-up location), Goldfield, and Plainfield. The bank operates four full-service and three cash-only ATMs, including an ATM located at the Prestage Processing Plant (for employees only), which is located in Eagle Grove. All branches are located in middle-income census tracts.

As of June 30, 2024, the bank reported total assets of \$715.6 million based on the Uniform Bank Performance Report. First Bank is primarily a commercial and agricultural lender but offers a variety of lending products including agricultural, commercial, residential real estate, consumer installment, and open-ended lines of credit. Furthermore, the bank offers standard, non-complex deposit and savings products for individuals and businesses. Online and mobile banking offerings allow customers to access and monitor their accounts, deposit and transfer funds, and pay bills.

Details of the allocation of First Bank's loan portfolio are provided in the following table.

| <b>Composition of Loan Portfolio</b><br>as of <b>June 30, 2024</b><br>(000's) |           |          |
|---|-----------|----------|
| <b>Type</b>   | <b>\$</b> | <b>%</b> |
| Agricultural  | 208,733   | 42.3     |
| Commercial  | 168,039   | 34.0     |
| Consumer  | 10,195    | 2.1      |
| Residential Real Estate   | 101,631   | 20.6     |
| Other   | 5,177     | 1.1      |
| Total   | 493,775   | 100.0    |
| <i>Note: Percentages may not total 100.0 percent due to rounding.</i>         |           |          |

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on August 23, 2021.

## DESCRIPTION OF ASSESSMENT AREA

First Bank is an intrastate institution that operates within the northern portion of Iowa in Black Hawk, Bremer, Butler, and Wright Counties. The bank maintains two non-contiguous assessment areas: the Waterloo-Cedar Falls MSA assessment area and the Iowa Non-MSA assessment area.

The combined assessment area is comprised of 54 census tracts, consisting of five low-income, eight moderate-income, 34 middle-income, and seven upper-income census tracts.

Since the previous performance evaluation (August 2021), the bank expanded its Waterloo-Cedar Falls MSA assessment area to include all of Black Hawk County and Bremer County, and removed the sole contiguous tract in Chickasaw County (702.00). The bank's Iowa Non-MSA assessment area is unchanged since the previous evaluation, delineating Wright County in its entirety. In total, as a result of the changes to the assessment area delineation and changes from the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the number of census tracts increased from 24 to 54 total census tracts. The number of low- and moderate-income census tracts increased from zero to five and eight, respectively.

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

| Census Tract Designation Changes<br>American Community Survey Data (ACS)   |                       |                       |                |
|--|-----------------------|-----------------------|----------------|
| Tract Income Designation   | 2021 Designations (#) | 2022 Designations (#) | Net Change (#) |
| Low  | 0                     | 5                     | 5              |
| Moderate   | 0                     | 8                     | 8              |
| Middle   | 14                    | 34                    | 20             |
| Upper  | 9                     | 7                     | (-2)           |
| Unknown  | 1                     | 0                     | (-1)           |
| <b>Total</b>   | <b>24</b>             | <b>54</b>             | <b>30</b>      |
| Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015<br>U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020 |                       |                       |                |

A total of 43,326 families reside within the combined assessment area, of which 7,276 (16.8 percent) families reside within bank's low- and moderate-income census tracts. A total of 77,913 total housing units are located in the combined assessment area, of which 15,268 (19.6 percent) are located in the low- and moderate-income census tracts. Of those units, 6,582 (43.1 percent) are owner-occupied. This indicates opportunities for home ownership within these tracts, as owner-occupied units are one measure of available home mortgage lending opportunities.

A total of 7,157 businesses are located in the combined assessment area, of which 1,252 (17.5 percent) are located low- and moderate-income census tracts. Businesses with gross annual revenues less than \$1 million represent 89.8 percent of total businesses, evidencing opportunities for small business lending in the combined assessment area.

A total of 806 farms are located in the combined assessment area, of which nine (1.1 percent) are located in low- and moderate-income census tracts. Farms with gross annual revenues less than \$1 million represent 99.1 percent of total farms in the bank's combined assessment areas, which indicates ample opportunities for small farm lending throughout the assessment area; however, there are limited opportunities for lending within low-and moderate-income census tracts due to the limited presence of small farms in such tracts.

Additional assessment area demographic information is provided in the following table. Refer to Appendix B for 2022 demographic information.

| 2023 Combined AA AA Demographics  |                           |                       |                                    |           |  |           |                           |           |
|---|---------------------------|-----------------------|------------------------------------|-----------|--|-----------|---------------------------|-----------|
| Income Categories   | Tract Distribution        |                       | Families by Tract Income           |           | Families < Poverty Level as % of Families by Tract |           | Families by Family Income |           |
|   | #                         | %                     | #                                  | %         | #  | %         | #                         | %         |
| Low   | 5                         | 9.3                   | 2,385                              | 5.5       | 706  | 29.6      | 9,229                     | 21.3      |
| Moderate  | 8                         | 14.8                  | 4,891                              | 11.3      | 1,061  | 21.7      | 7,833                     | 18.1      |
| Middle  | 34                        | 63.0                  | 27,924                             | 64.5      | 1,739  | 6.2       | 9,476                     | 21.9      |
| Upper   | 7                         | 13.0                  | 8,126                              | 18.8      | 342  | 4.2       | 16,788                    | 38.7      |
| Unknown   | 0                         | 0.0                   | 0                                  | 0.0       | 0  | 0.0       | 0                         | 0.0       |
| Total AA  | 54                        | 100.0                 | 43,326                             | 100.0     | 3,848  | 8.9       | 43,326                    | 100.0     |
|   | Housing Units by Tract    | Housing Type by Tract |                                    |           |  |           |                           |           |
|   |                           | Owner-occupied        |                                    | Rental    |  | Vacant    |                           |           |
|   |                           | #                     | % by tract                         | % by unit | #  | % by unit | #                         | % by unit |
| Low   | 5,367                     | 1,784                 | 3.6                                | 33.2      | 2,893  | 53.9      | 690                       | 12.9      |
| Moderate  | 9,901                     | 4,798                 | 9.8                                | 48.5      | 3,824  | 38.6      | 1,279                     | 12.9      |
| Middle  | 48,979                    | 32,616                | 66.6                               | 66.6      | 12,211   | 24.9      | 4,152                     | 8.5       |
| Upper   | 13,666                    | 9,808                 | 20.0                               | 71.8      | 3,134  | 22.9      | 724                       | 5.3       |
| Unknown   | 0                         | 0                     | 0.0                                | 0.0       | 0  | 0.0       | 0                         | 0.0       |
| Total AA  | 77,913                    | 49,006                | 100.0                              | 62.9      | 22,062   | 28.3      | 6,845                     | 8.8       |
|   | Total Businesses by Tract |                       | Businesses by Tract & Revenue Size |           |  |           |                           |           |
|   |                           |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                   |           | Revenue Not Reported      |           |
|   | #                         | %                     | #                                  | %         | #  | %         | #                         | %         |
| Low   | 405                       | 5.7                   | 356                                | 5.5       | 48   | 7.6       | 1                         | 1.0       |
| Moderate  | 847                       | 11.8                  | 750                                | 11.7      | 89   | 14.1      | 8                         | 8.1       |
| Middle  | 4,641                     | 64.8                  | 4,141                              | 64.5      | 429  | 67.8      | 71                        | 71.7      |
| Upper   | 1,264                     | 17.7                  | 1,178                              | 18.3      | 67   | 10.6      | 19                        | 19.2      |
| Unknown   | 0                         | 0.0                   | 0                                  | 0.0       | 0  | 0.0       | 0                         | 0.0       |
| Total AA  | 7,157                     | 100.0                 | 6,425                              | 100.0     | 633  | 100.0     | 99                        | 100.0     |
| Percentage of Total Businesses:   |                           |                       |                                    | 89.8      |  | 8.8       |                           | 1.4       |
|   | Total Farms by Tract      |                       | Farms by Tract & Revenue Size      |           |  |           |                           |           |
|   |                           |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                   |           | Revenue Not Reported      |           |
|   | #                         | %                     | #                                  | %         | #  | %         | #                         | %         |
| Low   | 1                         | 0.1                   | 1                                  | 0.1       | 0  | 0.0       | 0                         | 0.0       |
| Moderate  | 8                         | 1.0                   | 8                                  | 1.0       | 0  | 0.0       | 0                         | 0.0       |
| Middle  | 693                       | 86.0                  | 688                                | 86.1      | 4  | 66.7      | 1                         | 100.0     |
| Upper   | 104                       | 12.9                  | 102                                | 12.8      | 2  | 33.3      | 0                         | 0.0       |
| Unknown   | 0                         | 0.0                   | 0                                  | 0.0       | 0  | 0.0       | 0                         | 0.0       |
| Total AA  | 806                       | 100.0                 | 799                                | 100.0     | 6  | 100.0     | 1                         | 100.0     |
| Percentage of Total Farms:  |                           |                       |                                    | 99.1      |  | 0.7       |                           | 0.1       |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding. |                           |                       |                                    |           |  |           |                           |           |



## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

First Bank's performance relative to the lending test is **Satisfactory**. Overall, the bank is meeting the credit needs of its assessment areas based on an analysis of the bank's lending activities. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, complexity, capacity to lend, financial condition, and assessment area credit needs. A majority of HMDA-reportable, small business, and small farm loans were originated in the assessment area. Further, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activities reflect reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes.

#### Loan-to-Deposit Ratio

First Bank's LTD is reasonable given the bank's asset size, financial condition, capacity to lend, competition, and the credit needs of its assessment areas. As of June 30, 2024, the bank's LTD ratio averaged 73.4 percent over a 12-quarter period. This represents a 12.7 percent decrease since the previous examination when the bank had an 86.1 percent LTD over a 13-quarter period. Management attributed the LTD decrease to the impact of the high-interest rate environment which resulted in decreasing loan demand and increasing deposit balances. Management credited the higher LTD at the previous evaluation to the volume of Paycheck Protection Program loans the bank originated, (approximately 1,700 loans for \$66.6 million) that have since been repaid.

The following table compares the bank's LTD ratio to its local competitors. Similarly situated competitors were selected based on their asset size, branching locations, and market share within the bank's assessment area.

| Comparative Loan-to-Deposit Ratios<br>as of June 30, 2024 |                        |
|---|------------------------|
| Comparative Data  | 12 Quarter Average (%) |
| First Bank  | 73.4                   |
| Peer Avg – Local  | 84.4                   |
| Competitors   |                        |
| Security State Bank                                       | 110.9                  |
| Green Belt B&TC   | 90.8                   |
| First State Bank  | 88.5                   |
| CUSB Bank   | 87.3                   |
| First Security B&TC                                       | 68.3                   |
| Northeast Security Bank                                   | 60.6                   |

## Assessment Area Concentration

First Bank originated a majority of its loans by both number and dollar in the assessment areas. The bank originated 73.6 percent of total loans by number and 68.4 percent by dollar amount inside the assessment areas during the evaluation period. This is an increase from the previous evaluation where the bank originated 66.3 percent of total loans by number and 62.9 percent by dollar within the assessment areas. The percentage of originated small business loans inside the assessment areas (81.5 percent) exceeded the percentage of originated HMDA-reportable loans and small farm loans at 71.7 percent and 73.2 percent, respectively. All three products experienced an increase in percentage by both number and dollar since the previous evaluation. This can largely be attributed to the bank expanding its assessment area delineation.

Ultimately, the percentage of HMDA-reportable, small business, and small farm originations within the assessment areas indicates the bank is actively serving the credit needs of its communities.

The following table summarizes First Bank's lending inside and outside its assessment areas for HMDA-reportable loans from January 1, 2022, to December 31, 2023, and a sample of both small business and small farm loans from January 1, 2023, to December 31, 2023.

| Loan Types                      | Inside     |             |                 |             | Outside    |             |                 |             |
|---------------------------------|------------|-------------|-----------------|-------------|------------|-------------|-----------------|-------------|
|                                 | #          | %           | \$(000s)        | %           | #          | %           | \$(000s)        | %           |
| Home Improvement                | 38         | 86.4        | \$2,277         | 87.0        | 6          | 13.6        | \$339           | 13.0        |
| Home Purchase - Conventional    | 149        | 69.6        | \$24,865        | 63.2        | 65         | 30.4        | \$14,469        | 36.8        |
| Multi-Family Housing            | 29         | 78.4        | \$3,478         | 59.8        | 8          | 21.6        | \$2,338         | 40.2        |
| Refinancing                     | 53         | 66.3        | \$9,099         | 65.2        | 27         | 33.8        | \$4,862         | 34.8        |
| <b>Total HMDA related</b>       | <b>269</b> | <b>71.7</b> | <b>\$39,719</b> | <b>64.3</b> | <b>106</b> | <b>28.3</b> | <b>\$22,008</b> | <b>35.7</b> |
| Small Business                  | 75         | 81.5        | \$13,739        | 81.4        | 17         | 18.5        | \$3,142         | 18.6        |
| <b>Total Small Bus. related</b> | <b>75</b>  | <b>81.5</b> | <b>\$13,739</b> | <b>81.4</b> | <b>17</b>  | <b>18.5</b> | <b>\$3,142</b>  | <b>18.6</b> |
| Small Farm                      | 71         | 73.2        | \$10,738        | 70.7        | 26         | 26.8        | \$4,448         | 29.3        |
| <b>Total Small Farm related</b> | <b>71</b>  | <b>73.2</b> | <b>\$10,738</b> | <b>70.7</b> | <b>26</b>  | <b>26.8</b> | <b>\$4,448</b>  | <b>29.3</b> |
| <b>TOTAL LOANS</b>              | <b>415</b> | <b>73.6</b> | <b>\$64,196</b> | <b>68.4</b> | <b>149</b> | <b>26.4</b> | <b>\$29,598</b> | <b>31.6</b> |

## Geographic and Borrower Distribution

First Bank's geographic distribution of loans reflects a reasonable geographic dispersion throughout its assessment areas. The bank's distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank's assessment areas. Further details on the bank's geographic and borrower distribution performance criterion can be found in the full scope assessment area section.

## Response to Complaints

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

## COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory.

### Lending, Investment, and Service Activities

First Bank's community development performance demonstrates adequate responsiveness to the needs of the assessment areas through community development loans, investments, donations, and services, considering the bank's capacity and the availability of such opportunities for community development in the assessment areas. For context, the current community development review period totals 36 months compared to the previous evaluation which totaled 39 months.

During the evaluation period, First Bank originated 31 qualified community development loans totaling \$12.8 million throughout the combined assessment area. While the dollar volume is below the \$14.0 million in community development loans originated during the previous evaluation period, the bank increased total originations to help an additional six organizations. The majority of loans were for the purposes of revitalization and stabilization.

The bank made seven new qualified investments during the evaluation period totaling \$2.4 million for the purposes of affordable housing, economic development, and revitalization and stabilization. Additionally, the bank maintained nine qualified investments for the purpose of affordable housing, economic development, and revitalization and stabilization from the previous evaluation period totaling \$3.3 million. The total amount in the combined assessment area and broader statewide regional area reflects an increase, from the prior evaluation in which the bank had \$2.8 million in qualified investments.

First Bank made 22 qualified donations for community development purposes that totaled \$34,534. The majority of the contributions were to organizations with a focus on community services, with one contribution benefiting an economic development organization. During the current review period the bank increased community development contributions by 52.7 percent when compared to the contributions during the previous evaluation period (\$22,611).

During the review period, the bank served 28 organizations providing approximately 1,850 community development service hours with the focus of economic development, affordable housing, community services, and revitalization and stabilization. Although the review period for the current evaluation was slightly shorter than the previous evaluation, the bank increased total hours (1,626) and the number of organizations served (18) qualified at the previous examination.

Further details on community development activities are discussed in the full scope assessment area section.

| Community Development Activities<br>August 24, 2021, through September 9, 2024 |       |            |             |           |           |        |          |       |
|--|-------|------------|-------------|-----------|-----------|--------|----------|-------|
| Assessment Area  | Loans |            | Investments |           | Donations |        | Services |       |
|  | #     | \$         | #           | \$        | #         | \$     | #        | Hours |
| Full Scope Assessment Area   |       |            |             |           |           |        |          |       |
| Waterloo-Cedar Falls, IA MSA   | 13    | 6,210,676  | 7           | 2,370,000 | 19        | 26,124 | 58       | 1,316 |
| Limited Scope Areas  |       |            |             |           |           |        |          |       |
| Iowa Non-MSA   | 18    | 6,570,999  | 4           | 1,645,000 | 1         | 2,500  | 20       | 374   |
| Broader Statewide/Regional Area  |       |            |             |           |           |        |          |       |
| BSRA - PMF   | 0     | 0          | 1           | 220,000   | 2         | 5,910  | 10       | 160   |
| BSRA – No PMF  | 0     | 0          | 4           | 1,440,000 | 0         | 0      | 0        | 0     |
| Total  | 31    | 12,781,675 | 16          | 5,675,000 | 22        | 34,534 | 88       | 1,850 |

#### 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.

## WATERLOO-CEDAR FALLS, IA MSA – FULL REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Waterloo-Cedar Falls, IA MSA assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN WATERLOO-CEDAR FALLS, IA MSA<sup>1</sup>

First Bank's Waterloo-Cedar Falls MSA assessment area is comprised of Black Hawk and Bremer Counties in their entirety, and two census tracts in Butler County (701.00 and 705.00). The bank operates its main office and four branch locations (three full-service and one limited service) and four ATMs (three full-service and one cash-only) in this assessment area. All branches and ATMs are in middle-income census tracts. Based on the 2023 FFEIC Census Data, the assessment area consists of 49 total census tracts, five low-, eight moderate-, 29 middle- and seven upper-income census tracts.

Since the previous performance evaluation (August 2021), the bank expanded the Waterloo-Cedar Falls, Iowa MSA assessment area to include Black Hawk and Bremer Counties in their entirety, and removed the sole contiguous tract in Chickasaw County (702.00). The partial delineation of Butler County (census tracts 701.00, and 705.00) is unchanged. In addition to the assessment area delineation changes, changes to the 2020 Decennial Census and the American Community Survey for the period of 2016-2020 resulted in the total number of census tracts increasing from 48 to 49 total tracts. Additionally, at the previous evaluation, the bank's assessment area was comprised of no low- or moderate-income tracts, nine middle-income tracts, nine upper-income tracts, and one unknown-income tract.

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

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<sup>1</sup> 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.

2020.

| Census Tract Designation Changes<br>American Community Survey Data (ACS)  |                       |                       |                |
|---|-----------------------|-----------------------|----------------|
| Tract Income Designation  | 2021 Designations (#) | 2022 Designations (#) | Net Change (#) |
| Low   | 0                     | 5                     | 5              |
| Moderate  | 0                     | 8                     | 8              |
| Middle  | 9                     | 29                    | 20             |
| Upper   | 9                     | 7                     | -2             |
| Unknown   | 1                     | 0                     | -1             |
| Total   | 19                    | 49                    | 30             |
| Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015<br>U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020 |                       |                       |                |

As of the June 30, 2023, Federal Deposit Insurance Corporation Deposit (FDIC) Market Share Report, First Bank ranks second out of 22 FDIC-insured depository institutions operating in the assessment area. The bank held \$464.3 million in deposits, representing a market share of 10.6 percent. Farmers State Bank, Waterloo, Iowa held the largest market share at 21.7 percent and Lincoln Savings Bank, Reinbeck, Iowa, was just below First Bank with a market share of 10.4 percent.

In 2023, First Bank ranked 11th among 142 financial institutions that originated or purchased home mortgage loans (HMDA-reporters) with a total of 81 HMDA-reportable originations. Veridian Credit Union and GreenState Credit Union ranked first and second in the market with 1,593 and 712 originations, respectively. The third-ranked financial institution, Farmers State Bank, originated 151 HMDA-reportable loans. Of the remaining institutions within the top ten in the market, four are credit unions and three are mortgage corporations. This is indicative of a very saturated, competitive market for HMDA-reportable loan applications.

Additional assessment area demographic information is provided in the following table. Refer to Appendix B for 2022 demographic information.

| 2023 Waterloo-Cedar Falls, IA MSA 47940 AA Demographics   |                              |                       |                                    |           |   |           |                              |           |
|---|------------------------------|-----------------------|------------------------------------|-----------|---|-----------|------------------------------|-----------|
| Income Categories   | Tract Distribution           |                       | Families by Tract Income           |           | Families < Poverty Level<br>as % of Families by Tract |           | Families by Family<br>Income |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 5                            | 10.2                  | 2,385                              | 6.0       | 706   | 29.6      | 8,455                        | 21.2      |
| Moderate  | 8                            | 16.3                  | 4,891                              | 12.3      | 1,061   | 21.7      | 7,115                        | 17.8      |
| Middle  | 29                           | 59.2                  | 24,501                             | 61.4      | 1,397   | 5.7       | 8,629                        | 21.6      |
| Upper   | 7                            | 14.3                  | 8,126                              | 20.4      | 342   | 4.2       | 15,704                       | 39.4      |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 49                           | 100.0                 | 39,903                             | 100.0     | 3,506   | 8.8       | 39,903                       | 100.0     |
|   | Housing<br>Units by<br>Tract | Housing Type by Tract |                                    |           |   |           |                              |           |
|   |                              | Owner-occupied        |                                    |           | Rental  |           | Vacant                       |           |
|   |                              | #                     | % by tract                         | % by unit | #   | % by unit | #                            | % by unit |
| Low   | 5,367                        | 1,784                 | 4.0                                | 33.2      | 2,893   | 53.9      | 690                          | 12.9      |
| Moderate  | 9,901                        | 4,798                 | 10.7                               | 48.5      | 3,824   | 38.6      | 1,279                        | 12.9      |
| Middle  | 42,480                       | 28,534                | 63.5                               | 67.2      | 10,711  | 25.2      | 3,235                        | 7.6       |
| Upper   | 13,666                       | 9,808                 | 21.8                               | 71.8      | 3,134   | 22.9      | 724                          | 5.3       |
| Unknown   | 0                            | 0                     | 0.0                                | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 71,414                       | 44,924                | 100.0                              | 62.9      | 20,562  | 28.8      | 5,928                        | 8.3       |
|   | Total Businesses by Tract    |                       | Businesses by Tract & Revenue Size |           |   |           |                              |           |
|   |                              |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                      |           | Revenue Not Reported         |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 405                          | 6.2                   | 356                                | 6.1       | 48  | 8.4       | 1                            | 1.2       |
| Moderate  | 847                          | 13.0                  | 750                                | 12.8      | 89  | 15.5      | 8                            | 9.5       |
| Middle  | 4,015                        | 61.5                  | 3,589                              | 61.1      | 370   | 64.5      | 56                           | 66.7      |
| Upper   | 1,264                        | 19.4                  | 1,178                              | 20.1      | 67  | 11.7      | 19                           | 22.6      |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 6,531                        | 100.0                 | 5,873                              | 100.0     | 574   | 100.0     | 84                           | 100.0     |
| Percentage of Total Businesses:   |                              |                       |                                    | 89.9      |   | 8.8       |                              | 1.3       |
|   | Total Farms by Tract         |                       | Farms by Tract & Revenue Size      |           |   |           |                              |           |
|   |                              |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                      |           | Revenue Not Reported         |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 1                            | 0.2                   | 1                                  | 0.2       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 8                            | 1.3                   | 8                                  | 1.3       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 517                          | 82.1                  | 513                                | 82.2      | 3   | 60.0      | 1                            | 100.0     |
| Upper   | 104                          | 16.5                  | 102                                | 16.3      | 2   | 40.0      | 0                            | 0.0       |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 630                          | 100.0                 | 624                                | 100.0     | 5   | 100.0     | 1                            | 100.0     |
| Percentage of Total Farms:  |                              |                       |                                    | 99.0      |   | 0.8       |                              | 0.2       |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding. |                              |                       |                                    |           |   |           |                              |           |

## Population Characteristics

According to U.S. Census Bureau American Community Survey (ACS) data, population in the assessment area has been relatively stable, experiencing a less than 1.0 percent decline from 2015 to 2020. Consistent with the assessment area, Black Hawk County experienced a population decline of 1.0 percent, while Butler County experienced a greater decline at 4.2 percent. Bremer County (1.8 percent) trended closer to the state of Iowa growth of 3.1 percent. Opportunities for employment in Black Hawk and Bremer Counties could be a driver for the stabilized population. A community representative stated in recent years there has been a large influx of Burmese/Myanmar immigrants and Congolese refugees to the region, drawn to the area by Tyson Fresh Meats, a meat packing plant located in Waterloo, Iowa. The representative also noted the employment opportunities in Bremer County are more plentiful and appealing than those in Black Hawk and Butler Counties, which likely contributes to the county's modest growth and retention of population. Additionally, a community representative noted that one of the three state universities is located in Black Hawk County and student retention is at the forefront of population discussions in the city.

The table below represents population changes in the assessment area, counties comprising the assessment area, the entire Waterloo-Cedar Falls, IA MSA and the state of Iowa from 2015 to 2020.

| Population Change  |                 |                 |                    |
|--|-----------------|-----------------|--------------------|
| Area   | 2015 Population | 2020 Population | Percent Change (%) |
| Waterloo-Cedar Falls, IA MSA   | 172,001         | 170,466         | -0.9               |
| Black Hawk County, IA  | 132,496         | 131,144         | -1.0               |
| Bremer County, IA  | 24,539          | 24,988          | 1.8                |
| Butler County, IA  | 14,966          | 14,334          | -4.2               |
| Waterloo-Cedar Falls, IA MSA   | 169,442         | 168,461         | -0.6               |
| Iowa   | 3,093,526       | 3,190,369       | 3.1                |
| Source: 2011-2015 U.S. Census Bureau American Community Survey<br>2020 U.S. Census Bureau Decennial Census |                 |                 |                    |

## Income Characteristics

According to 2020 FFIEC Census Data, the assessment area is comprised of 39,903 families, of which 21.2 percent are low-income, 17.8 percent are moderate-income, 21.6 percent are middle-income, and 39.4 percent are upper-income. The percentage of families living below the poverty level within the assessment area (8.8 percent) is just above the state of Iowa's poverty rate (7.1 percent). Although the majority of the assessment area families are considered upper-income, opportunities to lend to low- and moderate-income families exist within the assessment area as low- and moderate-income families represent 39.0 percent of assessment area families. According to the 2016-2020 ACS, the median family income (MFI) in Bremer County (\$85,589)



significantly exceeds the MFI of both Black Hawk and Butler Counties, the assessment area, and the state of Iowa. However, Black Hawk County experienced the greatest percentage increase (7.2 percent) from 2015 to 2020, consistent with both the assessment area and the state of Iowa's increases at 7.1 percent and 7.4 percent, respectively. As stated previously, a community representative attributed the higher MFI in Bremer County to better employment opportunities, such as Wartburg College and Community Memorial Hospital, in addition to the well-established farm operations.

The following table displays the MFI of the assessment area, the counties comprising the assessment area, the entire Waterloo-Cedar Falls, IA MSA, and the state of Iowa from 2015 to 2020.

| Median Family Income Change  |                                |                                |                    |
|--|--------------------------------|--------------------------------|--------------------|
| Area   | 2015 Median Family Income (\$) | 2020 Median Family Income (\$) | Percent Change (%) |
| Waterloo-Cedar Falls, IA MSA   | 70,482                         | 75,454                         | 7.1                |
| Black Hawk County, IA  | 68,844                         | 73,832                         | 7.2                |
| Bremer County, IA  | 85,823                         | 85,589                         | -0.3               |
| Butler County, IA  | 69,608                         | 68,904                         | -1.0               |
| Waterloo-Cedar Falls, IA MSA   | 71,836                         | 76,924                         | 7.1                |
| Iowa   | 73,712                         | 79,186                         | 7.4                |
| <i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey<br/>2016 - 2020 U.S. Census Bureau American Community Survey<br/>Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i> |                                |                                |                    |

## Housing Characteristics

There are 71,414 housing units within the assessment area. The majority of housing units are owner-occupied at 62.9 percent, while 28.8 percent are rental, and 8.3 percent are vacant units. The majority (63.5 percent) of the assessment area's owner-occupied housing units are located in middle-income census tracts, while only 14.7 percent are located in low- and moderate-income tracts.

The median gross rent in the assessment area (\$808) is consistent with both the median gross rents in the entire MSA and the state of Iowa, both at \$806, in addition to Black Hawk County (\$818). The median gross rents in both Butler County (\$628) and Bremer County (\$677) are more favorable.

Housing cost burden, which is presented in the table below, helps to understand poverty and housing outcomes as the ratio of a household's gross monthly housing costs to the household's gross monthly income. Housing cost burden, as defined by the U.S. Department of Housing and Urban Development, takes these quantitative ratios, and assigns qualitative values to them. If a

household's housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened.

The percentage of low- (73.8 percent) and moderate-income (17.9 percent) cost burdened renters in the assessment area was consistent with percentages of low-income cost burdened renters in the entire MSA and the state of Iowa. The percentage of both cost burdened low- and moderate-income renters in Bremer and Butler Counties is more favorable than the assessment area. The rate of all owners in the assessment area that are cost burdened is consistent with both the rate of cost burdened owners in the entire MSA and the state of Iowa. Across the assessment area and the state as a whole, moderate-income renters and homeowners are cost burdened at a much lower rate than their low-income counterparts.

Community representatives stated that affordable housing is a primary need in the assessment area specifically for low- and moderate-income individuals. Homeownership poses challenges as low- and moderate-income individuals are at a disadvantage when trying to obtain traditional mortgages, often struggling with the required amounts for down payments. A community representative also noted a local housing needs assessment concluded that housing cost increases are outpacing income growth. It was also stated that residential appraisal values in Black Hawk County have increased more rapidly in the past year. Another housing need in the assessment area noted is housing rehabilitation programs. With the median age of housing stock in the assessment area at 61 years, there is significant volume of deteriorating housing.

| Housing Cost Burden   |                           |                 |             |                          |                 |            |
|---|---------------------------|-----------------|-------------|--------------------------|-----------------|------------|
| Area  | Cost Burden – Renters (%) |                 |             | Cost Burden – Owners (%) |                 |            |
|   | Low Income                | Moderate Income | All Renters | Low Income               | Moderate Income | All Owners |
| 2023 Waterloo-Cedar Falls, IA MSA 47940   | 73.8                      | 17.9            | 40.1        | 55.4                     | 20.4            | 14.8       |
| Black Hawk County, IA   | 75.9                      | 18.5            | 41.6        | 56.4                     | 20.7            | 15.4       |
| Bremer County, IA   | 61.4                      | 13.5            | 31.7        | 50.2                     | 20.3            | 12.7       |
| Butler County, IA   | 59.5                      | 14.1            | 30.9        | 54.2                     | 18.1            | 13.8       |
| Waterloo-Cedar Falls, IA MSA  | 74.1                      | 17.6            | 39.9        | 55.3                     | 20.2            | 14.6       |
| Iowa  | 71.1                      | 18.6            | 37.6        | 56.9                     | 22.0            | 14.8       |
| <i>Cost Burden is housing cost that equals 30 percent or more of household income</i>   |                           |                 |             |                          |                 |            |
| <i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i> |                           |                 |             |                          |                 |            |

## Employment Characteristics

The assessment area experienced stable unemployment rates within the past five years, with a notable increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. Additional statistical data, supplied by the Bureau of Labor Statistics, indicated continued improvement as 2022 unemployment rates decreased to percentages comparable to 2019.

According to a community representative, although the City of Cedar Falls has seen growth in population, the surrounding communities have experienced an overall decline in population due to lay-offs by major employers, particularly John Deere. Local grocery store chains were also mentioned as having trouble succeeding in the community. A representative noted that Bremer County has better employment opportunities as it includes the City of Waverly, which is home to a local college, a hospital, an insurance company, as well as generationally owned farms.

The following table presents the unemployment trends for the assessment area, counties that makeup the assessment area, then entire Waterloo-Cedar Falls, IA MSA and the state of Iowa from 2018 to 2022.

| Unemployment Rates (%)   |      |      |      |      |      |
|--|------|------|------|------|------|
| Area   | 2018 | 2019 | 2020 | 2021 | 2022 |
| 2023 Waterloo-Cedar Falls, IA MSA 47940                                      | 2.7  | 3.0  | 5.6  | 3.9  | 2.8  |
| Black Hawk County, IA  | 2.8  | 3.1  | 6.0  | 4.1  | 2.9  |
| Bremer County, IA  | 2.1  | 2.2  | 3.8  | 2.9  | 2.3  |
| Butler County, IA  | 2.8  | 3.1  | 4.5  | 3.4  | 2.8  |
| Waterloo-Cedar Falls, IA MSA   | 2.7  | 2.9  | 5.6  | 3.9  | 2.8  |
| Iowa   | 2.6  | 2.7  | 5.2  | 3.8  | 2.7  |
| Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics |      |      |      |      |      |

## Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area is comprised of several diverse industries and is heavily reliant on manufacturing, retail trade, healthcare and social assistance, and accommodation and food services. Manufacturing employs the largest number of employees, both in the private sector and government (public sector), while government jobs have the second greatest number of employees. A community representative stated a constant challenge faced in the assessment area is maintaining a stable workforce. It was also noted that the assessment area has a need for teachers, specifically in the Waterloo Community School District. Lastly, efforts in the Cedar Falls area to increase the local labor supply and attract individuals to the area have been encouraging through the use of general funds to invest in the community creating and maintaining parks, trails, and public amenities.

## **Community Representatives**

Two community representatives were contacted to provide information about local economic and demographic conditions. The representatives provided information on affordable housing, employment, and economic development needs within the assessment area. Representatives stated the primary assessment area need is affordable housing, including both quality and quantity of housing. A lack of available housing and reinvestment into the current aging housing stock are also housing needs throughout the area. Additional housing needs include low- and moderate-income housing assistance as well as the expansion of programs to assist first-time home buyers. Representatives stated that there are programs available in Cedar Falls to assist in vital home improvements, owner-occupied rehabilitation programs, and a recently introduced rental repair program using federal funding. Waterloo, which has a significant amount of deteriorating housing stock, also has an owner-occupied program and is part of a housing trust. However, one representative noted it can be difficult for local banks to offer unique products that meet community needs with the regulatory limitations that come with making loans. Representatives also noted that it can be a struggle at times to bring loans to fruition with the current income levels of some potential borrowers. Lastly, it was noted businesses in the area looking for start-up funds face the challenges of competing with e-commerce and the convenience that comes with it which has negatively affected local merchants.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WATERLOO-CEDAR FALLS, IA MSA**

### **LENDING TEST**

#### **Geographic Distribution of Loans**

First Bank's geographic distribution reflects a reasonable dispersion of lending throughout the assessment area with no conspicuous gaps in lending identified.

In 2023, the bank originated HMDA-reportable loans in 61.2 percent of the census tracts in the assessment area, including 20.0 percent of low-income tracts and 50.0 percent of moderate-income census tracts. In 2023, small business and small farm loans were originated in 57.1 percent of the census tracts, including 20.0 percent of low-income tracts and 37.5 percent of moderate-income census tracts. As noted in the "Description of Assessment Area" section, the bank's assessment area delineation has changed since the previous evaluation. The most notable change was the number of low-and moderate-income census tracts increasing from zero to five and eight, respectively. While this provides the bank with greater opportunity to serve their assessment area, the assessment area delineation change did not occur until July 2024.

A detailed discussion of HMDA-reportable, small business, and small farm lending in relation to aggregate peer lending and census demographics is provided below. Due to the bank's overall loan composition, the small business and small farm evaluations received greater weight within the analysis.

### HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2023, First Bank originated 1.3 percent of total HMDA-reportable loans in low-income census tracts, which is slightly below both the aggregate of lenders, and the percentage of owner-occupied units located in low-income census tracts at 5.1 percent and 4.0, respectively. The bank originated 7.8 percent of total HMDA-reportable loans in moderate-income census tracts, which is slightly below both the aggregate of lenders, and the percentage of owner-occupied units located in low-income census tracts at 10.8 percent and 10.7 percent, respectively. The majority (77.9 percent) of First Bank's HMDA-reportable loans were originated in middle-income census tracts, which is significantly above aggregate lenders (63.0 percent) and the percentage of owner-occupied units in the assessment area (63.5 percent). The bank originated 13.0 percent of HMDA-reportable loans in upper-income census tracts, which is below the aggregate of lenders (21.0 percent) and owner-occupied units located in upper-income census tracts (21.8 percent).

First Bank's lending by geographic distribution in 2022 exceeded 2023 performance, specifically within low- and moderate-income tracts. The bank originated 4.5 percent of total HMDA-reportable loans in low-income census tracts, which is consistent with both the aggregate of lenders and the percentage of owner-occupied units located in low-income census tracts at 4.1 percent and 4.0, respectively. The bank originated 7.8 percent of total HMDA-reportable loans in moderate-income census tracts, which is slightly below both the aggregate of lenders (10.8 percent), and the percentage of owner-occupied units located in moderate-income census tracts (10.7 percent).

### *Home Purchase Loans*

In 2023, home purchase loans represented 59.7 percent of First Bank's HMDA-reportable loans in the assessment area. The bank did not originate any home purchase loans in low-income census tracts which is below the aggregate of lenders performance and the percentage of owner-occupied units within low-income tracts at 5.6 percent and 4.0 percent, respectively. In moderate-income census tracts, the bank originated 8.7 percent of home purchase loans which is comparable to both aggregate lenders and owner-occupied units located in moderate income tracts at 10.2 and 10.7 percent, respectively. The bank originated a majority of its home purchase loans in middle-income census tracts (76.1 percent), which is significantly above aggregate lenders (62.9 percent) and the percentage of owner-occupied units located in middle-income census tracts (63.5 percent). The bank originated 15.2 percent of their home purchase loans in upper-income census tracts, which is

below the aggregate (21.3 percent) and the 21.8 percentage of owner-occupied units located in upper-income census tracts.

In 2022, home purchase loans represented 57.8 percent of First Bank's HMDA-reportable loans in the assessment area. The bank's lending in 2022 exceeded 2023 performance, specifically within low-income tracts. The bank originated 4.5 percent of home purchase loans in low-income census tracts, which is consistent with both the aggregate of lenders and the percentage of owner-occupied units located in low-income census tracts at 4.5 percent and 4.0, respectively. The bank originated 6.7 percent of total HMDA-reportable loans in moderate-income census tracts which is slightly below both the aggregate (10.8 percent), and the percentage of owner-occupied units located in low-income census tracts (10.7 percent).

#### *Refinance Loans*

In 2023, refinance loans represented 15.6 percent of First Bank's HMDA-reportable loans in the assessment area. The bank originated 8.3 percent of refinance loans in low-income census tracts, which is above both the aggregate of lenders and the percentage of owner-occupied units within low-income tracts at 4.1 percent and 4.0 percent, respectively. The bank originated 8.3 percent of refinance loans in moderate-income tracts, which is slightly below aggregate lenders (11.1 percent) and comparable to owner-occupied units (10.7 percent) in moderate-income tracts. The bank originated a majority of its refinance loans in middle-income census tracts (66.7 percent), which is slightly above aggregate lenders (63.5 percent), and the percentage of owner-occupied units located in middle-income census tracts (63.5 percent). The bank originated 16.7 percent of refinance loans in upper-income census tracts, which is below the aggregate (21.3 percent) and below the owner-occupied units located in upper-income census tracts (21.8 percent).

In 2022, refinance loans represented 20.8 percent of First Bank's HMDA-reportable loans in the assessment area. The bank's overall performance in 2022 was below 2023 figures, specifically within low- and moderate-income tracts. The bank originated 3.1 percent of home purchase loans in low-income census tracts, which is consistent with both the aggregate of lenders and the percentage of owner-occupied units located in low-income census tracts at 3.7 percent and 4.0, respectively. The bank originated 6.3 percent of total HMDA-reportable loans in moderate-income census tracts, which is slightly below both the aggregate of lenders (9.7 percent), and the percentage of owner-occupied units located in low-income census tracts (10.7 percent).

#### *Home Improvement*

In 2023, home improvement loans represented 22.1 percent of First Bank's HMDA-reportable loans in the assessment area. The bank did not originate any home purchase loans in low-income census tracts, which is slightly below the aggregate of lenders (2.5 percent) and the percentage of owner-occupied units within low-income tracts (4.0 percent). The bank also did not originate any home improvement loans in moderate-income tracts, which is significantly below both aggregate lenders and owner-occupied units located in moderate income tracts at 12.8 and 10.7 percent, respectively.

The bank originated the majority of its home improvement loans in middle-income census tracts (94.1 percent), which is significantly above aggregate lenders (64.2 percent) and the percentage of owner-occupied units located in middle-income census tracts (63.5 percent). The bank originated 5.9 percent of home improvement loans in upper-income census tracts, which is significantly below aggregate (20.5 percent), and the percentage of owner-occupied units located in upper-income census tracts (21.8 percent).

In 2022, home improvement loans represented 10.4 percent of First Bank's HMDA-reportable loans in the assessment area. The bank's overall performance in 2022 was similar to 2023 figures, specifically within low- and moderate-income tracts where no loans were made.

### *Multifamily*

In 2023, multifamily loans represented 2.6 percent of First Bank's HMDA-reportable loans in the assessment area. It should be noted that the bank made only two multifamily loans this year. The bank did not originate any multifamily loans in low-income census tracts, which is significantly below both the aggregate of lenders and the percentage of multifamily units within low-income tracts at 21.9 percent and 10.9 percent, respectively. In moderate-income census tracts, the bank originated one (50.0 percent) multifamily loan which is significantly above the percentage of both aggregate lenders (25.0 percent) and multifamily units located in moderate income tracts (15.2 percent). The bank originated one (50.0 percent) multifamily loan in a middle-income census tract, which is above the percentage of aggregate lenders (43.8 percent) and slightly below the percentage of multifamily units located in middle-income census tracts (54.5 percent). The bank did not originate any multifamily loans in upper-income census tracts, which is below aggregate (7.8 percent) and significantly below the percentage of multifamily units located in upper-income census tracts (19.4 percent).

In 2022, multifamily loans represented 11.0 percent of First Bank's HMDA-reportable loans in the assessment area. The bank's overall performance in 2022 exceeded 2023 figures, specifically within low- and moderate-income tracts. The bank originated 11.8 percent of multifamily loans in low-income census tracts, which is slightly above the aggregate of lenders and comparable to the percentage of multifamily units located in low-income census tracts at 9.2 and 10.9 percent, respectively. The bank originated 23.5 percent of total multifamily loans in moderate-income census tracts, which is comparable to the aggregate of lenders (21.4 percent) and above the percentage of multifamily units located in moderate-income census tracts (15.2 percent).

The following table summarizes First Bank's 2022 and 2023 HMDA-reportable lending in the assessment area.

| Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
|--|----------------------------------|-------|-------|----------|-------|-------|------|-------|-------|----------|-------|-------|---------------------------|
| Assessment Area: Waterloo-Cedar Falls, IA MSA 47940                              |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
| Geographic<br>Income Level   | Bank And Aggregate Loans By Year |       |       |          |       |       |      |       |       |          |       |       | Owner Occupied<br>Units % |
|  | 2022                             |       |       |          |       |       | 2023 |       |       |          |       |       |                           |
|  | Bank                             |       | Agg   | Bank     |       | Agg   | Bank |       | Agg   | Bank     |       | Agg   |                           |
|  | #                                | # %   | # %   | \$ (000) | \$ %  | \$ %  | #    | # %   | # %   | \$ (000) | \$ %  | \$ %  |                           |
| Home Purchase Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
| Low  | 4                                | 4.5   | 4.5   | 228      | 15    | 2.6   | 0    | 0.0   | 5.6   | 0        | 0.0   | 3.5   | 4.0                       |
| Moderate   | 6                                | 6.7   | 10.8  | 643      | 4.3   | 6.2   | 4    | 8.7   | 10.2  | 257      | 3.0   | 5.6   | 10.7                      |
| Middle   | 70                               | 78.7  | 64.7  | 11,758   | 78.7  | 61.5  | 35   | 76.1  | 62.9  | 6,402    | 75.8  | 59.8  | 63.5                      |
| Upper  | 9                                | 10.1  | 19.9  | 2,304    | 15.4  | 29.7  | 7    | 15.2  | 21.3  | 1,792    | 21.2  | 31.1  | 21.8                      |
| Unknown  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0.0                       |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   |                           |
| Total  | 89                               | 100.0 | 100.0 | 14,933   | 100.0 | 100.0 | 46   | 100.0 | 100.0 | 8,451    | 100.0 | 100.0 | 100.0                     |
| Refinance Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
| Low  | 1                                | 3.1   | 3.7   | 62       | 12    | 1.8   | 1    | 8.3   | 4.1   | 61       | 2.2   | 1.9   | 4.0                       |
| Moderate   | 2                                | 6.3   | 9.7   | 141      | 2.6   | 6.5   | 1    | 8.3   | 11.1  | 35       | 1.2   | 6.0   | 10.7                      |
| Middle   | 23                               | 71.9  | 64.8  | 3,555    | 66.4  | 60.5  | 8    | 66.7  | 63.5  | 1,674    | 59.0  | 59.3  | 63.5                      |
| Upper  | 6                                | 18.8  | 21.9  | 1,597    | 29.8  | 31.1  | 2    | 16.7  | 21.3  | 1,066    | 37.6  | 32.8  | 21.8                      |
| Unknown  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0.0                       |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   |                           |
| Total  | 32                               | 100.0 | 100.0 | 5,355    | 100.0 | 100.0 | 12   | 100.0 | 100.0 | 2,836    | 100.0 | 100.0 | 100.0                     |
| Home Improvement Loans   |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
| Low  | 0                                | 0.0   | 3.1   | 0        | 0.0   | 1.8   | 0    | 0.0   | 2.5   | 0        | 0.0   | 1.2   | 4.0                       |
| Moderate   | 0                                | 0.0   | 10.7  | 0        | 0.0   | 7.5   | 0    | 0.0   | 12.8  | 0        | 0.0   | 9.2   | 10.7                      |
| Middle   | 14                               | 87.5  | 62.9  | 846      | 67.7  | 60.9  | 16   | 94.1  | 64.2  | 866      | 99.4  | 64.2  | 63.5                      |
| Upper  | 2                                | 12.5  | 23.3  | 404      | 32.3  | 29.8  | 1    | 5.9   | 20.5  | 5        | 0.6   | 25.4  | 21.8                      |
| Unknown  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0.0                       |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   |                           |
| Total  | 16                               | 100.0 | 100.0 | 1,250    | 100.0 | 100.0 | 17   | 100.0 | 100.0 | 871      | 100.0 | 100.0 | 100.0                     |
| Multifamily Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       | Multi-family<br>Units %   |
| Low  | 2                                | 11.8  | 9.2   | 236      | 9.9   | 10.6  | 0    | 0.0   | 21.9  | 0        | 0.0   | 9.0   | 10.9                      |
| Moderate   | 4                                | 23.5  | 21.4  | 310      | 13.0  | 20.7  | 1    | 50.0  | 25.0  | 105      | 41.5  | 27.5  | 15.2                      |
| Middle   | 11                               | 64.7  | 55.1  | 1,833    | 77.0  | 58.1  | 1    | 50.0  | 43.8  | 148      | 58.5  | 25.5  | 54.5                      |
| Upper  | 0                                | 0.0   | 14.3  | 0        | 0.0   | 10.7  | 0    | 0.0   | 7.8   | 0        | 0.0   | 25.7  | 19.4                      |
| Unknown  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 1.6   | 0        | 0.0   | 12.2  | 0.0                       |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   |                           |
| Total  | 17                               | 100.0 | 100.0 | 2,379    | 100.0 | 100.0 | 2    | 100.0 | 100.0 | 253      | 100.0 | 100.0 | 100.0                     |
| Total Home Mortgage Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       | Owner Occupied<br>Units % |
| Low  | 7                                | 4.5   | 4.1   | 526      | 2.2   | 3.2   | 1    | 1.3   | 5.1   | 61       | 0.5   | 3.5   | 4.0                       |
| Moderate   | 12                               | 7.8   | 10.7  | 1,094    | 4.6   | 7.9   | 6    | 7.8   | 10.8  | 397      | 3.2   | 7.1   | 10.7                      |
| Middle   | 118                              | 76.6  | 64.1  | 17,992   | 75.2  | 60.7  | 60   | 77.9  | 63.0  | 9,090    | 73.2  | 57.9  | 63.5                      |
| Upper  | 17                               | 11.0  | 21.1  | 4,305    | 18.0  | 28.2  | 10   | 13.0  | 21.0  | 2,863    | 23.1  | 30.8  | 21.8                      |
| Unknown  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.7   | 0.0                       |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0        | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0        | 0.0   | 0.0   |                           |
| Total  | 154                              | 100.0 | 100.0 | 23,917   | 100.0 | 100.0 | 77   | 100.0 | 100.0 | 12,411   | 100.0 | 100.0 | 100.0                     |
| Source: 2023 FFIEC Census Data   |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
| 2016-2020 U.S. Census Bureau: American Community Survey                          |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |
| Note: Percentages may not total 100.0 percent due to rounding.                   |                                  |       |       |          |       |       |      |       |       |          |       |       |                           |



### Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. Within the sample of small business loans reviewed, First Bank originated 1.8 percent of its small business loans in low-income census tracts and 3.6 percent in moderate-income census tracts. Performance in the low- and moderate-income census tracts is below the percentage of total businesses located in low-income census tracts (6.2 percent) and below the percentage of total businesses located in moderate-income census tracts (13.0 percent). A majority (72.7 percent) of the bank's small business loans by number were originated in middle-income census tracts which is significantly above the percentage of total businesses located in those geographies (61.5 percent). The bank originated 21.8 percent of its small business loans in upper-income census tracts which is consistent with the percentage of total businesses located in those geographies (19.4 percent).

The following table presents First Bank's geographic distribution of small business loans in 2023.

| Distribution of 2023 Small Business Lending By Income Level of Geography  |            |       |         |       |                       |
|---|------------|-------|---------|-------|-----------------------|
| Assessment Area: Waterloo-Cedar Falls, IA MSA 47940   |            |       |         |       |                       |
| Geographic<br>Income Level  | Bank Loans |       |         |       | Total<br>Businesses % |
|   | #          | #%    | \$(000) | %     |                       |
| Low   | 1          | 1.8   | 8       | 0.1   | 6.2                   |
| Moderate  | 2          | 3.6   | 85      | 0.8   | 13.0                  |
| Middle  | 40         | 72.7  | 8,724   | 79.6  | 61.5                  |
| Upper   | 12         | 21.8  | 2,149   | 19.6  | 19.4                  |
| Unknown   | 0          | 0.0   | 0       | 0.0   | 0.0                   |
| Tract-Unk   | 0          | 0.0   | 0       | 0.0   |                       |
| Total   | 55         | 100.0 | 10,966  | 100.0 | 100.0                 |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |            |       |         |       |                       |
| Note: Percentages may not total 100.0 percent due to rounding.  |            |       |         |       |                       |

### Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Within the sample of small farm loans reviewed, First Bank did not originate a small farm loan in the assessment area's low-income tracts. However, this is consistent with the opportunity to lend in these tracts as only 0.2 percent of the total farms are located in low-income census tracts. The bank originated 1.7 percent of its small farm loans in moderate-income census tracts which is consistent with the percentage of total farms located in moderate-income census tracts (1.3 percent). Similar to low-income tracts, opportunities to lend in moderate-income tracts are limited due to the percentage of farms located in these tracts. A majority (93.2 percent) of the bank's small farm loans were originated in middle-income tracts which is significantly above the

percentage of total farms located in those geographies at 82.1 percent. The bank originated 5.1 percent of its small farm loans in upper-income census tracts which is significantly below the percentage of total farms located in those geographies (16.5 percent).

The following table presents the bank's geographic distribution of small farm loans in 2023.

| Distribution of 2023 Small Farm Lending By Income Level of Geography  |            |              |              |              |               |
|---|------------|--------------|--------------|--------------|---------------|
| Assessment Area: Waterloo-Cedar Falls, IA MSA 47940   |            |              |              |              |               |
| Geographic<br>Income Level  | Bank Loans |              |              |              | Total Farms % |
|   | #          | #%           | \$(000)      | %            |               |
| Low   | 0          | 0.0          | 0            | 0.0          | 0.2           |
| Moderate  | 1          | 1.7          | 240          | 2.6          | 1.3           |
| Middle  | 55         | 93.2         | 8,537        | 93.2         | 82.1          |
| Upper   | 3          | 5.1          | 381          | 4.2          | 16.5          |
| Unknown   | 0          | 0.0          | 0            | 0.0          | 0.0           |
| Tract-Unk   | 0          | 0.0          | 0            | 0.0          |               |
| <b>Total</b>  | <b>59</b>  | <b>100.0</b> | <b>9,158</b> | <b>100.0</b> | <b>100.0</b>  |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |            |              |              |              |               |
| Note: Percentages may not total 100.0 percent due to rounding.  |            |              |              |              |               |

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

First Bank's distribution of lending reflects a poor penetration among individuals of different income levels, including low- and moderate-income individuals, and reasonable penetration to businesses and farms of different revenue sizes given the demographics of the bank's assessment area. Due to the bank's overall loan composition, the small business and small farm evaluations received greater weight within the analysis. As a result, the overall borrower distribution is reasonable. HMDA-reportable loans were given less weight in this portion of the analysis as a significant portion of these loans are investment properties, and thus borrower income was not collected. Additionally, meaningful analysis of multifamily lending distribution to borrowers of different income levels could not be conducted as these loans are typically originated to businesses and income is not consistently collected. Therefore, multifamily lending is not included in the following discussion.

### HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects poor penetration among individuals of different income levels. In 2023, First Bank originated 5.3 percent of its total HMDA-reportable loans to low-income borrowers, which is below both the aggregate (13.0 percent) and

significantly below percentage of low-income families in the assessment area (21.2 percent). The bank originated 13.3 percent of its HMDA-reportable loans to moderate-income borrowers, which is significantly below the aggregate of lenders (25.0 percent) and slightly below the percentage of moderate-income families within the assessment area (17.8 percent). The bank originated 14.7 percent of its HMDA-reportable loans to middle-income borrowers, below both the aggregate of lenders (21.5 percent) and the percentage of middle-income families within the assessment area (21.6 percent). The bank originated 30.7 percent of its HMDA-reportable loans to upper-income borrowers, above the aggregate of lenders (25.3 percent) and below the percentage of upper-income families within the assessment area (39.4 percent). In addition, the bank originated a majority of its HMDA-reportable loans (36.0 percent) to borrowers of unknown-income, which is significantly above the aggregate at 15.3 percent.

First Bank's overall performance in 2022 was comparable to the distribution of HMDA-reportable lending to borrowers of different income levels in 2023.

#### *Home Purchase Loans*

In 2023, First Bank originated 4.3 percent of its home purchase loans to low-income borrowers, which is below aggregate lenders (12.7 percent) and significantly below the percentage of low-income families within the assessment area (21.2 percent). The bank originated 8.7 percent of its home purchase loans to moderate-income borrowers, which is significantly below the aggregate of lenders (25.8 percent) and below the percentage of moderate-income families within the assessment area (17.8 percent). While home purchase lending to borrowers of low- and moderate-income lags aggregate peer lending, First Bank is making a concerted effort to increase lending to low- and moderate-income individuals through a HomeStart program which provides up to \$15,000 in down payment assistance to eligible first-time home buyers. Additionally, the bank offers programs through the Iowa Finance Authority, which typically have income-limits and are designed to help low- and moderate-income buyers achieve homeownership.

The bank originated 17.4 percent of its home purchase loans to middle-income borrowers, slightly below both the aggregate of lenders (20.2 percent) and the percentage of middle-income families within the assessment area (21.6 percent). The bank originated 30.4 percent of its home purchase loans to upper-income borrowers, above the aggregate of lenders (21.9 percent) and below the percentage of upper-income families within the assessment area (39.4 percent). In addition, the bank originated the majority of its home purchase loans (39.1 percent) to borrowers of unknown income, significantly above the aggregate at 19.5 percent.

First Bank's overall performance in 2022 was comparable to 2023 figures, specifically to low- and moderate-income borrowers.

### *Refinance Loans*

In 2023, First Bank did not originate any refinance loans to low-income borrowers, which is significantly below both aggregate of lenders (12.4 percent) and the percentage of low-income families in the assessment area (21.2 percent). The bank also did not originate any refinance loans to borrowers of moderate-income, which is significantly below aggregate (23.1 percent) and the percentage of moderate-income families within the assessment area (17.8 percent). While the bank and aggregate lenders did not attain the same percentage levels as that of low-income families in the assessment area (21.2 percent), this was not expected considering refinance loans are products available to current home mortgage holders, which are likely in fewer number among low-income families. The bank originated 8.3 percent of its refinance loans to middle-income borrowers, significantly below both the aggregate of lenders (21.3 percent) and the percentage of middle-income families within the assessment area (21.6 percent). The bank originated 41.7 percent of its refinance loans to upper-income borrowers, which is significantly above performance of the aggregate of lenders (30.2 percent) and comparable to the percentage of upper-income families within the assessment area (39.4 percent). Lastly, the bank originated 50.0 percent of its refinance loans to borrowers of unknown-income, significantly above the aggregate at 12.9 percent.

First Bank's overall performance in 2022, although lower than aggregate and the percentage of low- and moderate-income families in the assessment area, exceeded 2023 figures, specifically to low- and moderate-income borrowers. The bank originated 12.5 percent of refinance loans to low-income borrowers, which is slightly below aggregate (15.3 percent) and below the percentage of low-income families within the assessment area (21.2 percent). The bank originated 12.5 percent of their refinance loans to moderate-income borrowers, which is significantly below aggregate (27.2 percent) and below the percentage of moderate-income families in the assessment area (17.8 percent).

### *Home Improvement*

In 2023, First Bank originated 11.8 percent of its total home improvement loans to low-income borrowers, which is comparable to the aggregate (12.2 percent) and below the 21.2 percent of low-income families in the assessment area. The bank originated 35.3 percent of its home improvement loans to moderate-income borrowers, which is significantly above both the aggregate of lenders (25.2 percent) and the 17.8 percentage of moderate-income families within the assessment area. This lending is particularly responsive to community needs, as community representatives noted the deteriorating housing stock in the area and a need for home improvement financing, especially for low- and moderate-income borrowers. The bank originated 11.8 percent of its home improvement loans to middle-income borrowers, significantly below the aggregate of lenders (26.0 percent) and below the percentage of middle-income families within the assessment area (21.6 percent). The bank originated 23.5 percent of its home improvement loans to upper-income borrowers, below the aggregate of lenders 32.7 percent and significantly below the percentage of upper-income families within the assessment area at 39.4 percent. In addition, the bank originated 17.6 percent of its home improvement loans to borrowers of unknown-income, significantly above

aggregate (4.0 percent).

First Bank's overall performance in 2022 was below 2023 figures, specifically to low- and moderate-income borrowers. The bank originated 6.3 percent of its total home improvement loans to low-income borrowers, which is below the aggregate of lenders (15.8 percent) and significantly below the percentage of low-income families in the assessment area (21.2 percent). The bank originated 25.0 percent of its home improvement loans to moderate-income borrowers, which is comparable to aggregate (25.6 percent) and above the percentage of moderate-income families within the assessment area (17.8 percent).

The following table summarizes First Bank's 2022 and 2023 HMDA-reportable lending in the assessment area.

| Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
|--|----------------------------------|-------|-------|----------|-------|-------|------|-------|-------|----------|-------|-------|--------------------------------|
| Assessment Area: Waterloo-Cedar Falls, IA MSA 47940                          |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Borrower<br>Income Level   | Bank And Aggregate Loans By Year |       |       |          |       |       |      |       |       |          |       |       | Families by<br>Family Income % |
|  | 2022                             |       |       |          |       |       | 2023 |       |       |          |       |       |                                |
|  | Bank                             |       | Agg   | Bank     |       | Agg   | Bank |       | Agg   | Bank     |       | Agg   |                                |
|  | #                                | # %   | # %   | \$ (000) | \$ %  | \$ %  | #    | # %   | # %   | \$ (000) | \$ %  | \$ %  |                                |
| Home Purchase Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Low  | 11                               | 12.4  | 20.3  | 1,330    | 8.9   | 11.4  | 2    | 4.3   | 12.7  | 439      | 5.2   | 6.8   | 21.2                           |
| Moderate   | 13                               | 14.6  | 26.8  | 2,030    | 13.6  | 21.8  | 4    | 8.7   | 25.8  | 440      | 5.2   | 18.4  | 17.8                           |
| Middle   | 11                               | 12.4  | 20.0  | 1,653    | 11.1  | 21.5  | 8    | 17.4  | 20.2  | 1,887    | 22.3  | 20.5  | 21.6                           |
| Upper  | 22                               | 24.7  | 21.0  | 5,970    | 40.0  | 33.5  | 14   | 30.4  | 21.9  | 3,473    | 41.1  | 34.0  | 39.4                           |
| Unknown  | 32                               | 36.0  | 11.9  | 3,950    | 26.5  | 11.9  | 18   | 39.1  | 19.5  | 2,212    | 26.2  | 20.3  | 0.0                            |
| Total  | 89                               | 100.0 | 100.0 | 14,933   | 100.0 | 100.0 | 46   | 100.0 | 100.0 | 8,451    | 100.0 | 100.0 | 100.0                          |
| Refinance Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Low  | 4                                | 12.5  | 15.3  | 368      | 6.9   | 8.6   | 0    | 0.0   | 12.4  | 0        | 0.0   | 6.3   | 21.2                           |
| Moderate   | 4                                | 12.5  | 27.2  | 726      | 13.6  | 21.5  | 0    | 0.0   | 23.1  | 0        | 0.0   | 16.3  | 17.8                           |
| Middle   | 4                                | 12.5  | 21.4  | 640      | 12.0  | 20.5  | 1    | 8.3   | 21.3  | 266      | 9.4   | 17.6  | 21.6                           |
| Upper  | 7                                | 21.9  | 24.8  | 1,813    | 33.9  | 36.7  | 5    | 41.7  | 30.2  | 2,202    | 77.6  | 46.2  | 39.4                           |
| Unknown  | 13                               | 40.6  | 11.3  | 1,808    | 33.8  | 12.7  | 6    | 50.0  | 12.9  | 368      | 13.0  | 13.7  | 0.0                            |
| Total  | 32                               | 100.0 | 100.0 | 5,355    | 100.0 | 100.0 | 12   | 100.0 | 100.0 | 2,836    | 100.0 | 100.0 | 100.0                          |
| Home Improvement Loans   |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Low  | 1                                | 6.3   | 15.8  | 8        | 0.6   | 10.2  | 2    | 11.8  | 12.2  | 13       | 1.5   | 7.6   | 21.2                           |
| Moderate   | 4                                | 25.0  | 25.6  | 144      | 11.5  | 20.7  | 6    | 35.3  | 25.2  | 134      | 15.4  | 18.5  | 17.8                           |
| Middle   | 3                                | 18.8  | 23.0  | 69       | 5.5   | 22.4  | 2    | 11.8  | 26.0  | 25       | 2.9   | 22.5  | 21.6                           |
| Upper  | 4                                | 25.0  | 30.8  | 625      | 50.0  | 40.3  | 4    | 23.5  | 32.7  | 174      | 20.0  | 43.2  | 39.4                           |
| Unknown  | 4                                | 25.0  | 4.8   | 404      | 32.3  | 6.4   | 3    | 17.6  | 4.0   | 525      | 60.3  | 8.2   | 0.0                            |
| Total  | 16                               | 100.0 | 100.0 | 1,250    | 100.0 | 100.0 | 17   | 100.0 | 100.0 | 871      | 100.0 | 100.0 | 100.0                          |
| Total Home Mortgage Loans  |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Low  | 16                               | 11.7  | 17.9  | 1,706    | 7.9   | 10.4  | 4    | 5.3   | 13.0  | 452      | 3.7   | 7.0   | 21.2                           |
| Moderate   | 21                               | 15.3  | 26.7  | 2,900    | 13.5  | 21.6  | 10   | 13.3  | 25.0  | 574      | 4.7   | 18.0  | 17.8                           |
| Middle   | 18                               | 13.1  | 21.0  | 2,362    | 11.0  | 21.2  | 11   | 14.7  | 21.5  | 2,178    | 17.9  | 20.3  | 21.6                           |
| Upper  | 33                               | 24.1  | 23.8  | 8,408    | 39.0  | 34.9  | 23   | 30.7  | 25.3  | 5,849    | 48.1  | 36.2  | 39.4                           |
| Unknown  | 49                               | 35.8  | 10.6  | 6,162    | 28.6  | 11.8  | 27   | 36.0  | 15.3  | 3,105    | 25.5  | 18.5  | 0.0                            |
| Total  | 137                              | 100.0 | 100.0 | 21,538   | 100.0 | 100.0 | 75   | 100.0 | 100.0 | 12,158   | 100.0 | 100.0 | 100.0                          |
| Source: 2023 FFIEC Census Data   |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| 2016-2020 U.S. Census Bureau: American Community Survey                      |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Note: Percentages may not total 100.0 percent due to rounding.               |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |
| Multifamily loans are not included in the borrower distribution analysis.    |                                  |       |       |          |       |       |      |       |       |          |       |       |                                |

## Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Within the sample of small business loans reviewed, 72.7 percent were originated to businesses with gross revenues equal to or less than \$1 million. The bank's performance was significantly below the percentage of total businesses operating in the assessment areas (89.9 percent). However, 55.0 percent of the bank's loans originated to businesses with annual revenue of \$1 million or less were in the amounts of \$100,000 or less. These loans are considered the most impactful to small businesses and demonstrates the bank's willingness to

meet the credit needs of small businesses. Additionally, First Bank supports small business lending through their partnership with the Small Business Administration (SBA). Through the SBA, the bank offers 7(a) loans, which provide small businesses with a line of credit to access working capital; 504 fixed rate loans, which provide financing for the purchase of fixed assets such as real estate or machinery at below market rates; and Micro Loans up to \$50,000.

The following table presents First Bank's borrower distribution of small business loans in 2023.

| Distribution of 2023 Small Business Lending By Revenue Size of Businesses   |            |       |         |       |                     |
|---|------------|-------|---------|-------|---------------------|
| Assessment Area: Waterloo-Cedar Falls, IA MSA 47940   |            |       |         |       |                     |
|   | Bank Loans |       |         |       | Total<br>Businesses |
|   | #          | #%    | \$(000) | %     |                     |
| By Revenue  |            |       |         |       |                     |
| \$1 Million or Less   | 40         | 72.7  | 5,542   | 50.5  | 89.9                |
| Over \$1 Million  | 15         | 27.3  | 5,425   | 49.5  | 8.8                 |
| Revenue Unknown   | 0          | 0.0   | 0       | 0.0   | 1.3                 |
| Total   | 55         | 100.0 | 10,966  | 100.0 | 100.0               |
| By Loan Size  |            |       |         |       |                     |
| \$100,000 or Less   | 28         | 50.9  | 1,115   | 10.2  |                     |
| \$100,001 - \$250,000   | 15         | 27.3  | 2,476   | 22.6  |                     |
| \$250,001 - \$1 Million   | 12         | 21.8  | 7,375   | 67.3  |                     |
| Total   | 55         | 100.0 | 10,966  | 100.0 |                     |
| By Loan Size and Revenues \$1 Million or Less   |            |       |         |       |                     |
| \$100,000 or Less   | 22         | 55.0  | 701     | 12.6  |                     |
| \$100,001 - \$250,000   | 12         | 30.0  | 1,966   | 35.5  |                     |
| \$250,001 - \$1 Million   | 6          | 15.0  | 2,875   | 51.9  |                     |
| Total   | 40         | 100.0 | 5,542   | 100.0 |                     |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding. |            |       |         |       |                     |

### Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. Within the sample of small farm loans reviewed, 59.3 percent were originated to farms with gross revenues equal to or less than \$1 million. The bank's performance was significantly below the percentage of total small farms operating in the assessment area (99.0 percent). However, 65.7 percent of the bank's loans originated to farms with annual revenues of \$1 million or less were in the amounts of \$100,000 or less. These loans are considered the most beneficial to small farms and demonstrates the bank's willingness to meet the credit needs of small farms. Additionally, First Bank supports small farm lending through their participation in government guaranteed loan programs through the Farm Service Agency (FSA) and SBA. The bank also offers Beginning Farmer Loans, which provide new (less than 10 years in operation) small farms (less than 30 percent of the average size farm in the county) with access to capital.

The following table presents First Bank's borrower distribution of small farm loans in 2023.

| Distribution of 2023 Small Farm Lending By Revenue Size of Farms<br>Assessment Area: Waterloo-Cedar Falls, IA MSA 47940 |            |       |         |       |             |
|---|------------|-------|---------|-------|-------------|
|   | Bank Loans |       |         |       | Total Farms |
|   | #          | #%    | \$(000) | %     | %           |
| By Revenue  |            |       |         |       |             |
| \$1 Million or Less   | 35         | 59.3  | 4,008   | 43.8  | 99.0        |
| Over \$1 Million  | 24         | 40.7  | 5,150   | 56.2  | 0.8         |
| Revenue Unknown   | 0          | 0.0   | 0       | 0.0   | 0.2         |
| Total   | 59         | 100.0 | 9,158   | 100.0 | 100.0       |
| By Loan Size  |            |       |         |       |             |
| \$100,000 or Less   | 30         | 50.8  | 1,467   | 16.0  |             |
| \$100,001 - \$250,000   | 17         | 28.8  | 3,056   | 33.4  |             |
| \$250,001 - \$500,000   | 12         | 20.3  | 4,634   | 50.6  |             |
| Total   | 59         | 100.0 | 9,158   | 100.0 |             |
| By Loan Size and Revenues \$1 Million or Less   |            |       |         |       |             |
| \$100,000 or Less   | 23         | 65.7  | 1,070   | 26.7  |             |
| \$100,001 - \$250,000   | 8          | 22.9  | 1,565   | 39.0  |             |
| \$250,001 - \$500,000   | 4          | 11.4  | 1,373   | 34.3  |             |
| Total   | 35         | 100.0 | 4,008   | 100.0 |             |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |            |       |         |       |             |
| Note: Percentages may not total 100.0 percent due to rounding.  |            |       |         |       |             |

## COMMUNITY DEVELOPMENT TEST

First Bank's performance relative to the community development test is Satisfactory. The bank demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans, investments, donations, and services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

### Lending

During the evaluation period, First Bank originated 13 qualified loans totaling approximately \$6.2 million for community development purposes, with focus on economic development, revitalization and stabilization, and affordable housing. The bank decreased community development lending in the Waterloo-Cedar Falls, IA MSA assessment area since the previous evaluation period in which the bank made 16 community development loans totaling \$11.9 million. In addition to qualified loans, the bank also participated in SBA and FSA loan programs to



meet the needs of small businesses and farms in the assessment area. A community representative noted that obtaining start-up funds is difficult for small businesses in the area. However, the bank's participation in SBA lending programs is particularly responsive to this need.

### **Investments**

First Bank made seven qualified investments totaling \$2.4 million during the evaluation period. Of these investments, the bank made five new investments totaling \$1.6 million and maintained two investments (\$760,000) from the previous evaluation period. Investments focused on economic development and revitalization and stabilization in the area. These investments support the creation of jobs along with the construction of streets and sidewalks, and water and sewer systems enhancements, in efforts to improve the quality of living, in a rural community. This is a significant increase (215.8 percent) from the previous examination where the bank made two new investments totaling \$760,000 during the previous evaluation.

In addition, the bank made 21 qualified donations totaling \$32,034 to community organizations with a focus on community services that benefit low- and moderate-income individuals and families within the assessment area. These donations provide essential services to low- and moderate-income individuals in addition to providing educational opportunities to these individuals. During this evaluation period, the bank increased both the number and dollar amount of donations since the previous evaluation where the bank made 17 qualified donations for a total of \$22,361.

### **Services**

The bank provided 1,316 hours of community development services during the evaluation period, which represents a slight decrease in total hours served during the previous exam at 1,408. However, considering the difference in review periods (39 months for the previous review period and 36 months for the current review period) community development service hours increased by 1.3 percent. In addition, the bank increased the number of organizations served from 14 at the previous evaluation to 17 organizations served during the current review period. Community development service hours were dedicated to organizations with a focus on economic development, community service, and affordable housing in the assessment area.

The following table presents First Bank's community development activities within the Waterloo-Cedar Falls MSA assessment area during the evaluation period.

| Community Development Activities<br>August 24, 2021, through September 9, 2024 |                    |          |                      |           |                                      |           |                    |          |        |           |
|--|--------------------|----------|----------------------|-----------|--------------------------------------|-----------|--------------------|----------|--------|-----------|
| Type of Activity   | Affordable Housing |          | Economic Development |           | Activities that Revitalize/Stabilize |           | Community Services |          | Totals |           |
|  | #                  | \$/Hours | #                    | \$/Hours  | #                                    | \$/Hours  | #                  | \$/Hours | #      | \$/Hours  |
| Loans  | 4                  | 918,000  | 5                    | 2,383,496 | 4                                    | 2,909,180 | 0                  | 0        | 13     | 6,210,676 |
| Investments  | 0                  | 0        | 3                    | 1,050,000 | 4                                    | 1,320,000 | 0                  | 0        | 7      | 2,370,000 |
| Donations  | 0                  | 0        | 0                    | 0         | 0                                    | 0         | 21                 | 32,034   | 21     | 32,034    |
| Services   | 6                  | 139      | 27                   | 556       | 0                                    | 0         | 25                 | 621      | 58     | 1,316     |

## IOWA NON-MSA – LIMITED REVIEW

### SCOPE OF EXAMINATION

Limited scope examination procedures were used to evaluate First Bank’s performance in the Iowa Non-MSA assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the “Scope of Examination” section for details.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN IOWA NON-MSA<sup>2</sup>

First Bank’s Iowa Non-MSA assessment area is comprised of Wright County in its entirety. There are no low- or moderate-income census tracts or distressed or underserved tracts in the delineated assessment area. The assessment area remains unchanged since the previous evaluation.

The bank operates four branch locations (three full-service and one limited-service) and three ATMs (one full-service and two cash-only) throughout the assessment area. All branches and ATMs are located in middle-income census tracts.

As of the June 30, 2023 FDIC Deposit Market Share Report, First Bank ranks second out of six financial institutions operating in the assessment area. The bank held approximately \$116.4 million in deposits, representing a market share of 20.4 percent. First Citizens Bank (Mason City, Iowa) held the largest market share at 31.8 percent and First State Bank (Belmond, Iowa) was just below First Bank with a market share of 18.1 percent.

In 2023, First Bank ranked first among 39 financial institutions that originated or purchased home mortgage loans (HMDA-reporters), with a total of 18 HMDA-reportable originations. Iowa Bankers Mortgage Corporation ranked second with 15 HMDA-reportable loan originations, and Green Belt Bank and Trust ranked third in the assessment area with 11 originations.

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

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<sup>2</sup> 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.

2020.

| Census Tract Designation Changes<br>American Community Survey Data (ACS)   |                       |                       |                |
|--|-----------------------|-----------------------|----------------|
| Tract Income Designation   | 2021 Designations (#) | 2022 Designations (#) | Net Change (#) |
| Low  | 0                     | 0                     | 0              |
| Moderate   | 0                     | 0                     | 0              |
| Middle   | 5                     | 5                     | 0              |
| Upper  | 0                     | 0                     | 0              |
| Unknown  | 0                     | 0                     | 0              |
| Total  | 5                     | 5                     | 0              |
| Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015<br>U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020 |                       |                       |                |

Additional assessment area demographic information is provided in the following table. Refer to Appendix B for 2022 demographic information.

| 2023 IA Non MSA AA Demographics   |                              |                       |                                    |           |   |           |                              |           |
|---|------------------------------|-----------------------|------------------------------------|-----------|---|-----------|------------------------------|-----------|
| Income Categories   | Tract Distribution           |                       | Families by Tract Income           |           | Families < Poverty Level<br>as % of Families by Tract |           | Families by Family<br>Income |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 774                          | 22.6      |
| Moderate  | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 718                          | 21.0      |
| Middle  | 5                            | 100.0                 | 3,423                              | 100.0     | 342   | 10.0      | 847                          | 24.7      |
| Upper   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 1,084                        | 31.7      |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 5                            | 100.0                 | 3,423                              | 100.0     | 342   | 10.0      | 3,423                        | 100.0     |
|   | Housing<br>Units by<br>Tract | Housing Type by Tract |                                    |           |   |           |                              |           |
|   |                              | Owner-occupied        |                                    |           | Rental  |           | Vacant                       |           |
|   |                              | #                     | % by tract                         | % by unit | #   | % by unit | #                            | % by unit |
| Low   | 0                            | 0                     | 0.0                                | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 0                            | 0                     | 0.0                                | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 6,499                        | 4,082                 | 100.0                              | 62.8      | 1,500   | 23.1      | 917                          | 14.1      |
| 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  | 6,499                        | 4,082                 | 100.0                              | 62.8      | 1,500   | 23.1      | 917                          | 14.1      |
|   | Total Businesses by Tract    |                       | Businesses by Tract & Revenue Size |           |   |           |                              |           |
|   |                              |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                      |           | Revenue Not Reported         |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 626                          | 100.0                 | 552                                | 100.0     | 59  | 100.0     | 15                           | 100.0     |
| Upper   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 626                          | 100.0                 | 552                                | 100.0     | 59  | 100.0     | 15                           | 100.0     |
| Percentage of Total Businesses:   |                              |                       |                                    | 88.2      |   | 9.4       |                              | 2.4       |
|   | Total Farms by Tract         |                       | Farms by Tract & Revenue Size      |           |   |           |                              |           |
|   |                              |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                      |           | Revenue Not Reported         |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 176                          | 100.0                 | 175                                | 100.0     | 1   | 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  | 176                          | 100.0                 | 175                                | 100.0     | 1   | 100.0     | 0                            | 0.0       |
| Percentage of Total Farms:  |                              |                       |                                    | 99.4      |   | 0.6       |                              | 0.0       |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |                              |                       |                                    |           |   |           |                              |           |
| Note: Percentages may not total 100.0 percent due to rounding.  |                              |                       |                                    |           |   |           |                              |           |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA NON-MSA

| Assessment Area | Lending Test | Community Development Test |
|-----------------|--------------|----------------------------|
| Iowa Non-MSA    | Consistent   | Consistent                 |

## LENDING TEST

First Bank's lending performance in the assessment area is consistent with the institution's lending performance overall.

## Geographic Distribution of Loans

The following tables present the bank's geographic distribution of loans within the Iowa Non-MSA assessment area.

| Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|------------------------------|
| Assessment Area: IA Non MSA  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Geographic<br>Income<br>Level  | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Owner<br>Occupied<br>Units % |
|  | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                              |
|  | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                              |
|  | #                                | #%    | #%    | \$(000) | %     | %     | #    | #%    | #%    | \$(000) | %     | %     |                              |
| Low  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0.0                          |
| Moderate   | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0.0                          |
| Middle   | 20                               | 100.0 | 100.0 | 2,039   | 100.0 | 100.0 | 18   | 100.0 | 100.0 | 1,352   | 100.0 | 100.0 | 100.0                        |
| Upper  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0.0                          |
| Unknown  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0.0                          |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   |                              |
| Total  | 20                               | 100.0 | 100.0 | 2,039   | 100.0 | 100.0 | 18   | 100.0 | 100.0 | 1,352   | 100.0 | 100.0 | 100.0                        |
| Source: 2023 FFIEC Census Data   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| 2016-2020 U.S. Census Bureau: American Community Survey                          |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Note: Percentages may not total 100.0 percent due to rounding.                   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |

| Distribution of 2023 Small Business Lending By Income Level of Geography  |            |       |         |       |                       |
|---|------------|-------|---------|-------|-----------------------|
| Assessment Area: IA Non MSA   |            |       |         |       |                       |
| Geographic<br>Income Level  | Bank Loans |       |         |       | Total<br>Businesses % |
|   | #          | #%    | \$(000) | \$%   |                       |
| Low   | 0          | 0.0   | 0       | 0.0   | 0.0                   |
| Moderate  | 0          | 0.0   | 0       | 0.0   | 0.0                   |
| Middle  | 20         | 100.0 | 2,774   | 100.0 | 100.0                 |
| 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   | 20         | 100.0 | 2,774   | 100.0 | 100.0                 |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding. |            |       |         |       |                       |

| Distribution of 2023 Small Farm Lending By Income Level of Geography  |            |       |         |       |               |
|---|------------|-------|---------|-------|---------------|
| Assessment Area: IA Non MSA   |            |       |         |       |               |
| Geographic<br>Income Level  | Bank Loans |       |         |       | Total Farms % |
|   | #          | #%    | \$(000) | \$%   |               |
| Low   | 0          | 0.0   | 0       | 0.0   | 0.0           |
| Moderate  | 0          | 0.0   | 0       | 0.0   | 0.0           |
| Middle  | 12         | 100.0 | 1,580   | 100.0 | 100.0         |
| 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   | 12         | 100.0 | 1,580   | 100.0 | 100.0         |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding. |            |       |         |       |               |

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

The following tables presents the bank's lending to borrowers of different income levels and to businesses and farms of different sizes within the Iowa Non-MSA assessment area.

| Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level  |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
|---|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|-----------------------------------|
| Assessment Area: IA Non MSA   |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Borrower<br>Income<br>Level   | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Families<br>by Family<br>Income % |
|   | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                                   |
|   | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                                   |
|   | #                                | #%    | #%    | \$(000) | \$%   | \$%   | #    | #%    | #%    | \$(000) | \$%   | \$%   |                                   |
| Low   | 0                                | 0.0   | 10.7  | 0       | 0.0   | 7.5   | 2    | 14.3  | 11.3  | 82      | 7.7   | 8.2   | 22.6                              |
| Moderate  | 3                                | 21.4  | 25.0  | 155     | 10.5  | 21.5  | 1    | 7.1   | 24.1  | 72      | 6.7   | 20.9  | 21.0                              |
| Middle  | 1                                | 7.1   | 21.4  | 80      | 5.4   | 25.1  | 2    | 14.3  | 18.0  | 208     | 19.4  | 20.1  | 24.7                              |
| Upper   | 6                                | 42.9  | 22.0  | 811     | 55.0  | 26.1  | 4    | 28.6  | 23.3  | 445     | 41.6  | 29.6  | 31.7                              |
| Unknown   | 4                                | 28.6  | 20.8  | 429     | 29.1  | 19.7  | 5    | 35.7  | 23.3  | 263     | 24.6  | 21.1  | 0.0                               |
| Total   | 14                               | 100.0 | 100.0 | 1,475   | 100.0 | 100.0 | 14   | 100.0 | 100.0 | 1,070   | 100.0 | 100.0 | 100.0                             |
| Source: 2023 FFIEC Census Data<br>2016-2020 U.S. Census Bureau: American Community Survey   |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Note: Percentages may not total 100.0 percent due to rounding.<br>Multifamily loans are not included in the borrower distribution analysis. |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |

| Distribution of 2023 Small Business Lending By Revenue Size of Businesses |            |       |         |       |                     |
|---|------------|-------|---------|-------|---------------------|
| Assessment Area: IA Non MSA   |            |       |         |       |                     |
|   | Bank Loans |       |         |       | Total<br>Businesses |
|   | #          | #%    | \$(000) | %     |                     |
| By Revenue  |            |       |         |       |                     |
| \$1 Million or Less   | 16         | 80.0  | 1,544   | 55.7  | 88.2                |
| Over \$1 Million  | 4          | 20.0  | 1,230   | 44.3  | 9.4                 |
| Revenue Unknown   | 0          | 0.0   | 0       | 0.0   | 2.4                 |
| Total   | 20         | 100.0 | 2,774   | 100.0 | 100.0               |
| By Loan Size  |            |       |         |       |                     |
| \$100,000 or Less   | 13         | 65.0  | 498     | 18.0  |                     |
| \$100,001 - \$250,000   | 4          | 20.0  | 675     | 24.3  |                     |
| \$250,001 - \$1 Million   | 3          | 15.0  | 1,601   | 57.7  |                     |
| Total   | 20         | 100.0 | 2,774   | 100.0 |                     |
| By Loan Size and Revenues \$1 Million or Less                             |            |       |         |       |                     |
| \$100,000 or Less   | 11         | 68.8  | 418     | 27.1  |                     |
| \$100,001 - \$250,000   | 3          | 18.8  | 525     | 34.0  |                     |
| \$250,001 - \$1 Million   | 2          | 12.5  | 601     | 38.9  |                     |
| Total   | 16         | 100.0 | 1,544   | 100.0 |                     |
| Source: 2023 FFIEC Census Data  |            |       |         |       |                     |
| 2023 Dun & Bradstreet Data  |            |       |         |       |                     |
| 2016-2020 U.S. Census Bureau: American Community Survey                   |            |       |         |       |                     |
| Note: Percentages may not total 100.0 percent due to rounding.            |            |       |         |       |                     |



| Distribution of 2023 Small Farm Lending By Revenue Size of Farms  |            |       |         |       |             |
|---|------------|-------|---------|-------|-------------|
| Assessment Area: IA Non MSA   |            |       |         |       |             |
|   | Bank Loans |       |         |       | Total Farms |
|   | #          | #%    | \$(000) | \$%   | %           |
| By Revenue  |            |       |         |       |             |
| \$1 Million or Less   | 12         | 100.0 | 1,580   | 100.0 | 99.4        |
| Over \$1 Million  | 0          | 0.0   | 0       | 0.0   | 0.6         |
| Revenue Unknown   | 0          | 0.0   | 0       | 0.0   | 0.0         |
| Total   | 12         | 100.0 | 1,580   | 100.0 | 100.0       |
| By Loan Size  |            |       |         |       |             |
| \$100,000 or Less   | 6          | 50.0  | 278     | 17.6  |             |
| \$100,001 - \$250,000   | 5          | 41.7  | 952     | 60.3  |             |
| \$250,001 - \$500,000   | 1          | 8.3   | 350     | 22.2  |             |
| Total   | 12         | 100.0 | 1,580   | 100.0 |             |
| By Loan Size and Revenues \$1 Million or Less   |            |       |         |       |             |
| \$100,000 or Less   | 6          | 50.0  | 278     | 17.6  |             |
| \$100,001 - \$250,000   | 5          | 41.7  | 952     | 60.3  |             |
| \$250,001 - \$500,000   | 1          | 8.3   | 350     | 22.2  |             |
| Total   | 12         | 100.0 | 1,580   | 100.0 |             |
| Source: 2023 FFIEC Census Data<br>2023 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |            |       |         |       |             |
| Note: Percentages may not total 100.0 percent due to rounding.  |            |       |         |       |             |

## COMMUNITY DEVELOPMENT TEST

First Bank's community development performance in the area is consistent with the institution's community development performance overall.

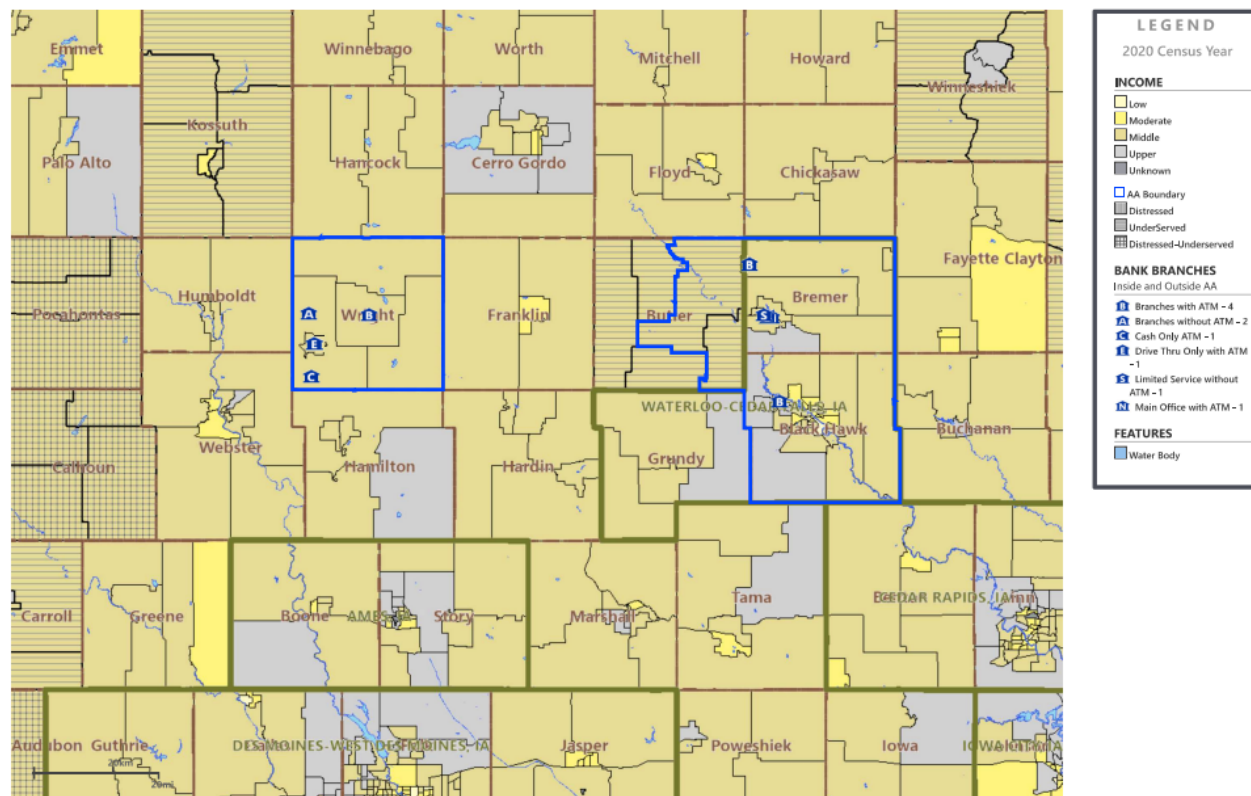
The following table presents the bank's community development activities within the Iowa Non-MSA assessment area during the evaluation period.

| Community Development Activities           |                    |          |                      |           |                                      |           |                    |          |        |           |
|--|--------------------|----------|----------------------|-----------|--------------------------------------|-----------|--------------------|----------|--------|-----------|
| August 24, 2021, through September 9, 2024 |                    |          |                      |           |                                      |           |                    |          |        |           |
| Type of Activity                           | Affordable Housing |          | Economic Development |           | Activities that Revitalize/Stabilize |           | Community Services |          | Totals |           |
|  | #                  | \$/Hours | #                    | \$/Hours  | #                                    | \$/Hours  | #                  | \$/Hours | #      | \$/Hours  |
| Loans                                      | 1                  | 132,000  | 6                    | 1,011,500 | 11                                   | 5,427,499 | 0                  | 0        | 17     | 6,570,999 |
| Investments                                | 0                  | 0        | 3                    | 1,085,000 | 1                                    | 560,000   | 0                  | 0        | 4      | 1,645,000 |
| Donations                                  | 0                  | 0        | 1                    | 2,500     | 0                                    | 0         | 0                  | 0        | 1      | 2,500     |
| Services                                   | 0                  | 0        | 9                    | 220       | 5                                    | 101       | 6                  | 53       | 20     | 374       |

## APPENDIX A – Map of Assessment Areas

### First Bank 376442

Combined Assessment Area



## APPENDIX B – 2022 Demographic Table

| 2022 Combined AA AA Demographics  |                           |                       |                                    |              |  |              |                           |              |
|---|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories   | Tract Distribution        |                       | Families by Tract Income           |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income |              |
|   | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Low   | 5                         | 9.3                   | 2,385                              | 5.5          | 706  | 29.6         | 9,229                     | 21.3         |
| Moderate  | 8                         | 14.8                  | 4,891                              | 11.3         | 1,061  | 21.7         | 7,833                     | 18.1         |
| Middle  | 34                        | 63.0                  | 27,924                             | 64.5         | 1,739  | 6.2          | 9,476                     | 21.9         |
| Upper   | 7                         | 13.0                  | 8,126                              | 18.8         | 342  | 4.2          | 16,788                    | 38.7         |
| Unknown   | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>   | <b>54</b>                 | <b>100.0</b>          | <b>43,326</b>                      | <b>100.0</b> | <b>3,848</b>                                       | <b>8.9</b>   | <b>43,326</b>             | <b>100.0</b> |
|   | Housing Units by Tract    | Housing Type by Tract |                                    |              |  |              |                           |              |
|   |                           | Owner-occupied        |                                    |              | Rental   |              | Vacant                    |              |
|   |                           | #                     | % by tract                         | % by unit    | #  | % by unit    | #                         | % by unit    |
| Low   | 5,367                     | 1,784                 | 3.6                                | 33.2         | 2,893  | 53.9         | 690                       | 12.9         |
| Moderate  | 9,901                     | 4,798                 | 9.8                                | 48.5         | 3,824  | 38.6         | 1,279                     | 12.9         |
| Middle  | 48,979                    | 32,616                | 66.6                               | 66.6         | 12,211   | 24.9         | 4,152                     | 8.5          |
| Upper   | 13,666                    | 9,808                 | 20.0                               | 71.8         | 3,134  | 22.9         | 724                       | 5.3          |
| Unknown   | 0                         | 0                     | 0.0                                | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>   | <b>77,913</b>             | <b>49,006</b>         | <b>100.0</b>                       | <b>62.9</b>  | <b>22,062</b>                                      | <b>28.3</b>  | <b>6,845</b>              | <b>8.8</b>   |
|   | Total Businesses by Tract |                       | Businesses by Tract & Revenue Size |              |  |              |                           |              |
|   |                           |                       | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|   | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Low   | 396                       | 5.6                   | 346                                | 5.4          | 49   | 7.6          | 1                         | 1.0          |
| Moderate  | 839                       | 11.8                  | 740                                | 11.6         | 91   | 14.1         | 8                         | 8.0          |
| Middle  | 4,608                     | 64.9                  | 4,103                              | 64.5         | 433  | 67.2         | 72                        | 72.0         |
| Upper   | 1,258                     | 17.7                  | 1,168                              | 18.4         | 71   | 11.0         | 19                        | 19.0         |
| Unknown   | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>   | <b>7,101</b>              | <b>100.0</b>          | <b>6,357</b>                       | <b>100.0</b> | <b>644</b>   | <b>100.0</b> | <b>100</b>                | <b>100.0</b> |
| Percentage of Total Businesses:   |                           |                       |                                    | 89.5         |  | 9.1          |                           | 1.4          |
|   | Total Farms by Tract      |                       | Farms by Tract & Revenue Size      |              |  |              |                           |              |
|   |                           |                       | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|   | #                         | %                     | #                                  | %            | #  | %            | #                         | %            |
| Low   | 1                         | 0.1                   | 1                                  | 0.1          | 0  | 0.0          | 0                         | 0.0          |
| Moderate  | 8                         | 1.0                   | 8                                  | 1.0          | 0  | 0.0          | 0                         | 0.0          |
| Middle  | 692                       | 86.0                  | 687                                | 86.1         | 4  | 66.7         | 1                         | 100.0        |
| Upper   | 104                       | 12.9                  | 102                                | 12.8         | 2  | 33.3         | 0                         | 0.0          |
| Unknown   | 0                         | 0.0                   | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total AA</b>   | <b>805</b>                | <b>100.0</b>          | <b>798</b>                         | <b>100.0</b> | <b>6</b>   | <b>100.0</b> | <b>1</b>                  | <b>100.0</b> |
| Percentage of Total Farms:  |                           |                       |                                    | 99.1         |  | 0.7          |                           | 0.1          |
| Source: 2022 FFIEC Census Data<br>2022 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding. |                           |                       |                                    |              |  |              |                           |              |

| 2022 Waterloo-Cedar Falls, IA MSA 47940 AA Demographics   |                              |                       |                                    |              |   |              |                              |              |
|---|------------------------------|-----------------------|------------------------------------|--------------|---|--------------|------------------------------|--------------|
| Income Categories   | Tract Distribution           |                       | Families by Tract Income           |              | Families < Poverty Level<br>as % of Families by Tract |              | Families by Family<br>Income |              |
|   | #                            | %                     | #                                  | %            | #   | %            | #                            | %            |
| Low   | 5                            | 10.2                  | 2,385                              | 6.0          | 706   | 29.6         | 8,455                        | 21.2         |
| Moderate  | 8                            | 16.3                  | 4,891                              | 12.3         | 1,061   | 21.7         | 7,115                        | 17.8         |
| Middle  | 29                           | 59.2                  | 24,501                             | 61.4         | 1,397   | 5.7          | 8,629                        | 21.6         |
| Upper   | 7                            | 14.3                  | 8,126                              | 20.4         | 342   | 4.2          | 15,704                       | 39.4         |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0          | 0   | 0.0          | 0                            | 0.0          |
| <b>Total AA</b>   | <b>49</b>                    | <b>100.0</b>          | <b>39,903</b>                      | <b>100.0</b> | <b>3,506</b>  | <b>8.8</b>   | <b>39,903</b>                | <b>100.0</b> |
|   | Housing<br>Units by<br>Tract | Housing Type by Tract |                                    |              |   |              |                              |              |
|   |                              | Owner-occupied        |                                    |              | Rental  |              | Vacant                       |              |
|   |                              | #                     | % by tract                         | % by unit    | #   | % by unit    | #                            | % by unit    |
| Low   | 5,367                        | 1,784                 | 4.0                                | 33.2         | 2,893   | 53.9         | 690                          | 12.9         |
| Moderate  | 9,901                        | 4,798                 | 10.7                               | 48.5         | 3,824   | 38.6         | 1,279                        | 12.9         |
| Middle  | 42,480                       | 28,534                | 63.5                               | 67.2         | 10,711  | 25.2         | 3,235                        | 7.6          |
| Upper   | 13,666                       | 9,808                 | 21.8                               | 71.8         | 3,134   | 22.9         | 724                          | 5.3          |
| Unknown   | 0                            | 0                     | 0.0                                | 0.0          | 0   | 0.0          | 0                            | 0.0          |
| <b>Total AA</b>   | <b>71,414</b>                | <b>44,924</b>         | <b>100.0</b>                       | <b>62.9</b>  | <b>20,562</b>   | <b>28.8</b>  | <b>5,928</b>                 | <b>8.3</b>   |
|   | Total Businesses by Tract    |                       | Businesses by Tract & Revenue Size |              |   |              |                              |              |
|   |                              |                       | Less Than or = \$1 Million         |              | Over \$1 Million                                      |              | Revenue Not Reported         |              |
|   | #                            | %                     | #                                  | %            | #   | %            | #                            | %            |
| Low   | 396                          | 6.1                   | 346                                | 6.0          | 49  | 8.4          | 1                            | 1.2          |
| Moderate  | 839                          | 13.0                  | 740                                | 12.7         | 91  | 15.6         | 8                            | 9.4          |
| Middle  | 3,981                        | 61.5                  | 3,550                              | 61.2         | 374   | 63.9         | 57                           | 67.1         |
| Upper   | 1,258                        | 19.4                  | 1,168                              | 20.1         | 71  | 12.1         | 19                           | 22.4         |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0          | 0   | 0.0          | 0                            | 0.0          |
| <b>Total AA</b>   | <b>6,474</b>                 | <b>100.0</b>          | <b>5,804</b>                       | <b>100.0</b> | <b>585</b>  | <b>100.0</b> | <b>85</b>                    | <b>100.0</b> |
| Percentage of Total Businesses:   |                              |                       |                                    | 89.7         |   | 9.0          |                              | 1.3          |
|   | Total Farms by Tract         |                       | Farms by Tract & Revenue Size      |              |   |              |                              |              |
|   |                              |                       | Less Than or = \$1 Million         |              | Over \$1 Million                                      |              | Revenue Not Reported         |              |
|   | #                            | %                     | #                                  | %            | #   | %            | #                            | %            |
| Low   | 1                            | 0.2                   | 1                                  | 0.2          | 0   | 0.0          | 0                            | 0.0          |
| Moderate  | 8                            | 1.3                   | 8                                  | 1.3          | 0   | 0.0          | 0                            | 0.0          |
| Middle  | 515                          | 82.0                  | 511                                | 82.2         | 3   | 60.0         | 1                            | 100.0        |
| Upper   | 104                          | 16.6                  | 102                                | 16.4         | 2   | 40.0         | 0                            | 0.0          |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0          | 0   | 0.0          | 0                            | 0.0          |
| <b>Total AA</b>   | <b>628</b>                   | <b>100.0</b>          | <b>622</b>                         | <b>100.0</b> | <b>5</b>  | <b>100.0</b> | <b>1</b>                     | <b>100.0</b> |
| Percentage of Total Farms:  |                              |                       |                                    | 99.0         |   | 0.8          |                              | 0.2          |
| Source: 2022 FFIEC Census Data<br>2022 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |                              |                       |                                    |              |   |              |                              |              |
| Note: Percentages may not total 100.0 percent due to rounding.  |                              |                       |                                    |              |   |              |                              |              |

| 2022 IA Non MSA AA Demographics   |                              |                       |                                    |           |   |           |                              |           |
|---|------------------------------|-----------------------|------------------------------------|-----------|---|-----------|------------------------------|-----------|
| Income Categories   | Tract Distribution           |                       | Families by Tract Income           |           | Families < Poverty Level<br>as % of Families by Tract |           | Families by Family<br>Income |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 774                          | 22.6      |
| Moderate  | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 718                          | 21.0      |
| Middle  | 5                            | 100.0                 | 3,423                              | 100.0     | 342   | 10.0      | 847                          | 24.7      |
| Upper   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 1,084                        | 31.7      |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 5                            | 100.0                 | 3,423                              | 100.0     | 342   | 10.0      | 3,423                        | 100.0     |
|   | Housing<br>Units by<br>Tract | Housing Type by Tract |                                    |           |   |           |                              |           |
|   |                              | Owner-occupied        |                                    |           | Rental  |           | Vacant                       |           |
|   |                              | #                     | % by tract                         | % by unit | #   | % by unit | #                            | % by unit |
| Low   | 0                            | 0                     | 0.0                                | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 0                            | 0                     | 0.0                                | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 6,499                        | 4,082                 | 100.0                              | 62.8      | 1,500   | 23.1      | 917                          | 14.1      |
| 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  | 6,499                        | 4,082                 | 100.0                              | 62.8      | 1,500   | 23.1      | 917                          | 14.1      |
|   | Total Businesses by Tract    |                       | Businesses by Tract & Revenue Size |           |   |           |                              |           |
|   |                              |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                      |           | Revenue Not Reported         |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 627                          | 100.0                 | 553                                | 100.0     | 59  | 100.0     | 15                           | 100.0     |
| Upper   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Unknown   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Total AA  | 627                          | 100.0                 | 553                                | 100.0     | 59  | 100.0     | 15                           | 100.0     |
| Percentage of Total Businesses:   |                              |                       |                                    | 88.2      |   | 9.4       |                              | 2.4       |
|   | Total Farms by Tract         |                       | Farms by Tract & Revenue Size      |           |   |           |                              |           |
|   |                              |                       | Less Than or = \$1 Million         |           | Over \$1 Million                                      |           | Revenue Not Reported         |           |
|   | #                            | %                     | #                                  | %         | #   | %         | #                            | %         |
| Low   | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Moderate  | 0                            | 0.0                   | 0                                  | 0.0       | 0   | 0.0       | 0                            | 0.0       |
| Middle  | 177                          | 100.0                 | 176                                | 100.0     | 1   | 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  | 177                          | 100.0                 | 176                                | 100.0     | 1   | 100.0     | 0                            | 0.0       |
| Percentage of Total Farms:  |                              |                       |                                    | 99.4      |   | 0.6       |                              | 0.0       |
| Source: 2022 FFIEC Census Data<br>2022 Dun & Bradstreet Data<br>2016-2020 U.S. Census Bureau: American Community Survey |                              |                       |                                    |           |   |           |                              |           |
| Note: Percentages may not total 100.0 percent due to rounding.  |                              |                       |                                    |           |   |           |                              |           |

## APPENDIX C – Scope of Examination

| SCOPE OF EXAMINATION                             |  |                  |   |
|--|--|------------------|---|
|  |  |                  |   |
| TIME PERIOD REVIEWED                             | Lending Test:<br>- HMDA-Reportable Loans: January 1, 2022 – December 31, 2023<br>- Small Business Loans: January 1, 2023 – December 31, 2023<br>- Small Farm Loans: January 1, 2023 – December 31, 2023<br>Community Development Test: August 24, 2021 – September 9, 2024 |                  |   |
|  |  |                  |   |
| FINANCIAL INSTITUTION                            |  |                  | PRODUCTS REVIEWED   |
| First Bank                                       |  |                  | HMDA-Reportable Loans<br>Small Business Loans<br>Small Farm Loans |
|  |  |                  |   |
| AFFILIATE(S)                                     | AFFILIATE RELATIONSHIP   |                  | PRODUCTS REVIEWED   |
| None   | N/A  |                  | N/A   |
|  |  |                  |   |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION |  |                  |   |
| ASSESSMENT AREA                                  | TYPE OF EXAMINATION  | BRANCHES VISITED | OTHER INFORMATION   |
| Waterloo-Cedar Falls, IA MSA #47940              | Full Scope Review  | N/A              | N/A   |
| Non-MSA, Iowa                                    | Limited Scope Review   | N/A              | N/A   |

## APPENDIX D – 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.<sup>3</sup>

**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

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<sup>3</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households.
2. Community services tailored to meet the needs of low- and moderate-income individuals.
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office



of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

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