



PUBLIC DISCLOSURE

October 1, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank, Ames, Iowa

Charter Number 10408

405 Fifth Street
Ames, IA 50010

Office of the Comptroller of the Currency

Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 68154

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The loan-to-deposit ratio for First National Bank, Ames, Iowa is reasonable considering the bank's size, financial condition, and the credit needs of its assessment areas (AAs).
- Management originated and purchased a substantial majority of its loans to customers located in the bank's AAs.
- The income distribution of loans to borrowers of different income levels and businesses of different sizes is satisfactory and reflects reasonable penetration of AA demographics.
- The distribution of loans to census tracts of different income levels reflects reasonable dispersion of AA demographics.
- The bank's overall performance under the Community Development (CD) Test reflects an adequate responsiveness in meeting the CD lending, investment, and service needs of its AAs and meets the standard for satisfactory performance.

Definitions and Common Abbreviations

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

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

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

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual 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 geography.

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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

First National Bank, Ames, Iowa (FNB) is a \$756 million bank headquartered in Ames, Iowa, with branches in Ankeny and Des Moines. FNB is a full-service financial institution that operates seven branches, three limited-purpose retirement community offices, and 17 automated teller machines (ATMs) between two AAs in central Iowa. The Ames AA has six locations and 11 ATMs and the Des Moines AA has four locations and six ATMs. No branches were opened or closed during this evaluation period.

FNB is a subsidiary of multi-bank holding company Ames National Corporation, which also owns Boone Bank & Trust Company, State Bank & Trust Company, United Bank & Trust, and Reliance State Bank in central Iowa. These entities do not have an impact on FNB's ability to meet the lending and CD needs of its AAs.

Competition is considerable and based on the June 30, 2017, FDIC Deposit Market Share Report, there were 20 financial institutions operating in the Ames AA and 35 financial institutions operating in the Des Moines AA. FNB holds 22 percent of deposits in the Ames AA and less than one percent of deposits in the Des Moines AA. The December 31, 2017 Call Report has the following breakdown of FNB's \$422 million loan portfolio: 69 percent business loans, 19 percent home loans, nine percent construction loans, two percent farm loans, and less than one percent consumer loans. Tier 1 capital was \$75 million as of December 31, 2017.

FNB's CRA performance was rated satisfactory on January 4, 2016, and there were no legal, financial, or other barriers present during the evaluation period that would inhibit the bank's ability to meet the needs of its AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB using the Intermediate Small Bank Examination procedures, which include both a Lending Test and a CD Test. The Lending Test evaluated FNB's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluated the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The Lending Test covers FNB's performance from January 4, 2016 to December 31, 2017. The Lending Test evaluated business loans and home mortgage loans, as these were determined to be the primary loan products in both AAs.

To evaluate the lending performance, we selected a random sample of commercial loans originated and purchased during the evaluation period. Examiners initially sampled 20 loans and used that information in the lending analysis. The commercial loan sample was expanded to 20 loans in each AA to complete the lending analysis for

borrower distribution and geographic distribution. Examiners used information from the bank's HMDA loan/application registers (LAR) to analyze residential real estate loans in both AAs. The 2016 loan data was compared to the 2010 US Census data and the 2017 loan data was compared to the 2015 ACS US Census data.

The CD Test covered FNB's performance from January 4, 2016 through October 1, 2018. We reviewed all CD loans, investments, donations, and services submitted by management to ensure they met the regulation definition of CD. We excluded some items submitted for consideration because they did not meet the definition or purpose of CD.

Data Integrity

We conducted a data integrity examination on FNB's 2016 and 2017 HMDA LARs and, based on our transaction testing sample, the data was determined to be accurate and reliable for CRA purposes.

Selection of Areas for Full-Scope Review

We completed a full scope review for both the Ames AA and the Des Moines AA. The Ames AA includes 14 CTs in Story County. The Des Moines AA includes 97 CTs in Polk and Dallas counties. All CTs identified are whole and complete tracts. Refer to the tables in Appendix A and Appendix B for more information.

Ratings

The bank's overall rating is based on management's performance in both the Ames and Des Moines AAs. The Ames AA was given the most weight because this AA includes a majority of FNB's branches, deposit activity, and loan volume. Six of the ten branches are in the Ames AA and approximately 84 percent of deposits and 60 percent of loan volume are attributed to the Ames AA.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

Conclusions with Respect to Performance Tests

LENDING TEST

FNB's performance under the Lending Test is satisfactory. The bank's loan-to-deposit ratio (LTD) is reasonable. A substantial majority of FNB's loans are originated to or purchased for borrowers located inside the bank's AAs. The distribution of home mortgage loans to families of different income levels and business loans to businesses of different sizes is satisfactory and reflects reasonable penetration of AA demographics. The distribution of loans to census tracts (CTs) of different income levels reflects reasonable dispersion of AA demographics.

Loan-to-Deposit Ratio

FNB's average LTD ratio is reasonable at 65 percent for the 12 quarters ending June 30, 2018. While this is below the average LTD ratio of seven similarly situated institutions of 95 percent, the variance is reasonable given the high level of competition and that FNB continues to refer most agricultural loan applications to affiliate banks. FNB's LTD ratio is comparable to the peer average when considering the agricultural concentrations in many of the similarly situated institutions.

Lending in Assessment Area

A substantial majority of home mortgage and business loans originated or purchased during this evaluation period were inside the Ames and Des Moines AAs. Specifically, 85 percent of all home loans by number and 90 percent of all home loans by dollar were made to borrowers located inside the Ames or Des Moines AAs. In our sample, 80 percent of business loans by number and 92 percent by dollar were made to businesses inside the Ames or Des Moines AAs.

Table 1 - Lending in Ames and Des Moines Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home	264	85%	48	15%	312	\$71,867	90%	\$8,347	10%	\$80,214
Business	16	80%	4	20%	20	\$19,132	92%	\$1,757	8%	\$20,889
Totals	280	84%	52	16%	332	\$90,999	90%	\$10,104	10%	\$101,103

Source: 2016 HMDA data, 2017 HMDA data, Loan sample

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of home mortgage loans to families of different income levels and business loans to businesses of different sizes is satisfactory and reflects reasonable penetration of AA demographics.

Ames AA

The distribution of home mortgage and business loans originated or purchased in the Ames AA during the evaluation period reflects reasonable penetration among individuals of different income levels and business of different sizes.

The distribution of home mortgage loans originated or purchased in the Ames AA in 2016 reflects reasonable penetration among borrowers of different income levels. Twenty percent of AA families were low-income and 17 percent were moderate-income, which compares favorably to the three percent and 14 percent of home mortgage loans to low- and moderate-income (LMI) borrowers, respectively. Variances from AA demographics are reasonable considering six percent of AA families were below the poverty level.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Ames AA 2016									
Borrower Income Level	Low		Moderate		Middle		Upper		N/A *
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home Mortgage	20%	3%	17%	14%	23%	9%	40%	31%	43%

Source: 2016 HMDA Data; 2010 US Census

**Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.*

The distribution of home mortgage loans originated or purchased in the Ames AA in 2017 reflects reasonable penetration among borrowers of different income levels. Twenty percent of AA families were low-income and 17 percent were moderate-income, which compares favorably to the 12 percent of home mortgage LMI borrowers. Variances from AA demographics are reasonable considering six percent of AA families were below the poverty level.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Ames AA 2017

Borrower Income Level	Low		Moderate		Middle		Upper		N/A *
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home Mortgage	20%	0%	17%	12%	23%	18%	40%	30%	40%

Source: 2017 HMDA Data; 2015 ACS US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of business loans in the Ames AA in 2016 reflects reasonable penetration among business of different sizes. Seventy percent of the bank’s business loans by number and 62 percent by dollar were to small businesses, which is in line with the AA demographics of 79 percent of businesses that had annual revenues less than \$1 million. Variances from AA demographics are reasonable. Less emphasis was placed on the volume of loans by dollar, as small businesses tend to originate smaller loans.

Table 2A - Borrower Distribution of Loans to Businesses in Ames AA 2016

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	79%	6%	15%	100%
% of Bank Loans in AA by #	70%	30%	0%	100%
% of Bank Loans in AA by \$	62%	38%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Ames AA in 2017 reflects reasonable penetration among business of different sizes. Fifty percent of the bank’s business loans by number and six percent by dollar were to small businesses, as compared to the AA demographics of 79 percent of businesses that had annual revenues less than \$1 million. Variances from AA demographics are reasonable. Less emphasis was placed on the volume of loans by dollar, as small businesses tend to originate smaller loans.

Table 2A - Borrower Distribution of Loans to Businesses in Ames AA 2017				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79%	6%	15%	100%
% of Bank Loans in AA by #	50%	50%	0%	100%
% of Bank Loans in AA by \$	6%	94%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Des Moines AA

The distribution of home mortgage and business loans originated or purchased in the Des Moines AA during the evaluation period reflects reasonable penetration among individuals of different income levels and business of different sizes.

The distribution of home mortgage loans originated or purchased in the Des Moines AA in 2016 reflects reasonable penetration among borrowers of different income levels. Twenty percent of AA families were low-income and 18 percent were moderate-income, compared to the six percent and one percent of home mortgage loans to LMI borrowers, respectively. Variances from AA demographics are reasonable considering seven percent of AA families were below the poverty level.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Des Moines AA 2016									
Borrower Income Level	Low		Moderate		Middle		Upper		N/A *
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home Mortgage	20%	6%	18%	1%	22%	3%	40%	16%	74%

Source: 2016 HMDA Data; 2010 US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of home mortgage loans originated or purchased in the Des Moines AA in 2017 reflects reasonable penetration among borrowers of different income levels. Twenty-one percent of AA families were low-income and 17 percent were moderate-income, which compares favorably to seven percent and eight percent of home mortgage loans to LMI borrowers, respectively. Variances from AA demographics are reasonable, considering nine percent of AA households were below the poverty level.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Des Moines AA 2017

Borrower Income Level	Low		Moderate		Middle		Upper		N/A *
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home Mortgage	21%	7%	17%	8%	21%	2%	41%	21%	62%

Source: 2017 HMDA Data; 2015 ACS US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of business loans in the Des Moines AA in 2016 reflects reasonable penetration among business of different sizes. Fifty percent of the bank’s business loans by number and 38 percent by dollar were to small businesses, as compared to the AA demographics of 81 percent of businesses that had annual revenues less than \$1 million. Variances from AA demographics are reasonable. Less emphasis was placed on the volume of loans by dollar, as small businesses tend to originate smaller loans.

Table 2A - Borrower Distribution of Loans to Businesses in Des Moines AA 2016

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	81%	7%	12%	100%
% of Bank Loans in AA by #	50%	50%	0%	100%
% of Bank Loans in AA by \$	38%	62%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Des Moines AA in 2017 reflects reasonable penetration among business of different sizes. Sixty-two percent of the bank’s business loans by number and 53 percent by dollar were to small businesses, as compared to the AA demographics of 81 percent of businesses that had annual revenues less than \$1 million. Variances from AA demographics are reasonable. Less emphasis was placed on the volume of loans by dollar, as small businesses tend to originate smaller loans.

Table 2A - Borrower Distribution of Loans to Businesses in Des Moines AA 2017				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	82%	7%	11%	100%
% of Bank Loans in AA by #	62%	38%	0%	100%
% of Bank Loans in AA by \$	53%	47%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Geographic Distribution of Loans

FNB has demonstrated reasonable dispersion throughout the AAs.

Ames AA

The distribution of home mortgage and business loans originated or purchased in the Ames AA during the evaluation period reflects reasonable dispersion among geographies of different income levels.

The distribution of home mortgage loans originated or purchased in the Ames AA in 2016 reflects reasonable dispersion of residential lending activity throughout the AA. Three percent of home mortgage loans were to borrowers in loan-income CTs and three percent were to borrowers in moderate-income CTs. These ratios are comparable to AA demographics.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Ames AA 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	5%	3%	3%	3%	62%	66%	30%	28%

Source: 2016 HMDA Data; 2010 US Census

The distribution of home mortgage loans originated or purchased in the Ames AA in 2017 reflects reasonable dispersion of residential lending activity throughout the AA. Eight percent of home mortgage loans were made to borrowers in low-income CTs, which exceeds AA demographics of five percent in the low-income CTs. There were no CTs designated as moderate-income.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Ames AA 2017								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	5%	8%	0%	0%	60%	50%	35%	42%

Source: 2017 HMDA Data; 2015 ACS US Census

The distribution of business loans in the Ames AA in 2016 reflects excellent dispersion of business lending through the AA. Forty percent of the business loans in the loan sample were to businesses located in low-income CTs, which exceeds the AA demographics of 16 percent. There were zero loans given to businesses located in moderate-income CTs compared to AA demographics of three percent.

Table 3A - Geographic Distribution of Loans to Businesses in Ames AA 2016										
Census Tract Income Level	Low		Moderate		Middle		Upper		N/A	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	16%	40%	3%	0%	53%	40%	24%	20%	4%	0%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Ames AA in 2017 reflects excellent dispersion of business lending through the AA. Sixty percent of the business loans in the loan sample were to businesses located in low-income CTs, which exceeds the AA demographics of 16 percent. There were no CTs designated as moderate-income.

Table 3A - Geographic Distribution of Loans to Businesses in Ames AA 2017										
Census Tract Income Level	Low		Moderate		Middle		Upper		N/A	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	16%	60%	0%	0%	50%	20%	31%	20%	3%	0%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Des Moines AA

The distribution of home mortgage and business loans originated or purchased in the Des Moines AA during the evaluation period reflects reasonable dispersion among geographies of different income levels.

The distribution of home mortgage loans originated or purchased in the Des Moines AA in 2016 reflects excellent dispersion of residential lending activity throughout the AA. Two percent of home mortgage loans were to borrowers in low-income CTs, which is comparable to the AA demographics of three percent in low-income CTs. Forty-six percent of home mortgage loans were to borrowers in moderate-income CTs, which exceeds AA demographics of 23 percent.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Des Moines AA 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	3%	2%	23%	46%	34%	35%	40%	17%

Source: 2016 HMDA Data; 2010 US Census

The distribution of home mortgage loans originated or purchased in the Des Moines AA in 2017 reflects excellent dispersion of residential lending activity throughout the AA. Twenty-three percent of home mortgage loans were made to borrowers in low-income CTs, which exceeds the AA demographics of four percent in low-income CTs. Twenty-six percent of home mortgage loans were made to borrowers in moderate-income CTs, which exceeds AA demographics of 21 percent.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Des Moines AA 2017								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage	4%	23%	21%	26%	36%	35%	39%	16%

Source: 2017 HMDA Data; 2015 ACS US Census

The distribution of business loans in the Des Moines AA in 2016 reflects reasonable dispersion of business lending through the AA. Seventeen percent of the business loans in the loan sample were to businesses located in low-income CTs, which is comparable to the AA demographics of 13 percent. Seventeen percent of the business loans in the loan sample were to businesses located in moderate-income CTs, which is comparable to the AA demographics of 18 percent.

Table 3A - Geographic Distribution of Loans to Businesses in Des Moines AA 2016										
Census Tract Income Level	Low		Moderate		Middle		Upper		N/A	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	13%	17%	18%	17%	31%	41%	38%	25%	0%	0%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Des Moines AA in 2017 reflects reasonable dispersion of business lending through the AA. None of the business loans in the loan sample were to businesses located in low-income CTs, which is comparable to the AA demographics of five percent. Twenty-five percent of the business loans in the loan sample were to businesses located in moderate-income CTs, which exceeds the AA demographics of 15 percent.

Table 3A - Geographic Distribution of Loans to Businesses in Des Moines AA 2017										
Census Tract Income Level	Low		Moderate		Middle		Upper		N/A	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	5%	0%	15%	25%	45%	63%	35%	12%	0%	0%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Responses to Complaints

The bank did not receive any CRA-related complaints during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's overall performance under the CD test reflects an adequate responsiveness in meeting the CD lending, investment, and service needs of its AAs and meets the standard for satisfactory performance.

Number and Amount of Community Development Loans

Ames AA

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

Des Moines AA

CD loans demonstrated adequate responsiveness to CD needs and opportunities in the AA during the evaluation period. Management originated two CD loan totaling \$807 thousand in the AA during the evaluation period. This represents seven percent of the AA's allocated tier 1 capital as of December 31, 2017. One loan provides support for affordable housing for LMI individuals. The other loan was a line of credit for operating expenses of an organization that provides rehabilitation programs and supportive community living for LMI individuals who have experienced a brain injury or other neurological disabilities.

Number and Amount of Qualified Investments

Ames AA

CD investments demonstrated adequate responsiveness to CD needs and opportunities in the AA during the evaluation period. The bank presented two prior period investments totaling \$1.5 million in the AA for consideration, which represents two percent of the AA's allocated tier 1 capital as of December 31, 2017. Both investments support affordable housing to LMI individuals in the AA. Management made nine qualified donations totaling \$46 thousand to four organizations in the AA during the evaluation period. Donations supported organizations that provide community services primarily to LMI individuals.

Des Moines AA

CD investments demonstrated adequate responsiveness to CD needs and opportunities in the AA during the evaluation period. Management made eight qualified donations totaling \$9 thousand to four organizations in the AA during the evaluation period. Donations supported organizations who provide community services and affordable housing primarily to LMI individuals. The bank presented no prior period investments for consideration.

Extent to Which the Bank Provides Community Development Services

Ames AA

FNB's record of providing CD services in the AA is adequate. Six employees provided 241 hours to nine qualified CD organizations during the evaluation period. Examples of CD services provided by bank staff include:

- Executive board member for an organization that provides temporary housing, education, and treatment services targeted to youth primarily serving LMI individuals.
- Serving on the local Housing Trust Fund Task Force, an organization focused on providing affordable housing to LMI individuals and families. The employee assisted with several applications for low-income housing tax credit projects within the State of Iowa.
- Bank provides loan servicing for the local Habitat for Humanity organization that provides affordable housing for LMI individuals.

Des Moines AA

FNB's record of providing CD services in the AA is adequate. Five employees provided 286 hours to six qualified CD organizations during the evaluation period. Examples of CD services provided by bank staff include:

- Two associates provided financial education to elementary school children located in a moderate-income CT and primarily serving children from LMI families.
- Serving on the local Housing Trust Fund, an organization focused on providing affordable housing for LMI individuals and families.
- A bank associate is a member of a committee that oversees a city redevelopment program. The program assists with reviewing applications for property improvement funding from the City of West Des Moines for both property owners and businesses in a targeted LMI area.

Responsiveness to Community Development Needs

Ames AA

FNB's aggregate CD activities in the AA represent adequate responsiveness to CD needs in the AA. CD activities are consistent with the CD needs identified by community contacts in the AA.

Des Moines AA

FNB's aggregate CD activities in the AA represent adequate responsiveness to CD needs in the AA. CD activities are consistent with the CD needs identified by community contacts in the AA.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (01/04/16 to 12/31/17)	
	Investment and Service Tests and CD Loans: (01/04/16 to 12/31/2017)	
Financial Institution	Products Reviewed	
First National Bank, Ames, Iowa Ames, IA	Business loans and home loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Ames AA	Full Scope	MSA #11180 including all of Story County
Des Moines AA	Full Scope	MSA #19780 including portions of Polk County and Dallas County

Appendix B: Community Profiles for Full-Scope Areas

Ames AA

Demographic Information of the Ames AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	14.3	7.1	64.3	7.1	7.1
Population by Geography	63,873	11.1	4.9	59.1	16.9	8.0
Housing Units by Geography	25,291	12.5	6.6	63.3	17.6	0.0
Owner-Occupied Units by Geography	11,050	5.6	3.0	61.6	29.8	0.0
Occupied Rental Units by Geography	13,026	17.8	10.2	64.8	7.2	0.0
Vacant Units by Geography	1,215	17.7	0.8	63.8	17.7	0.0
Businesses by Geography	3,948	16.0	3.1	54.0	22.9	4.1
Farms by Geography	203	9.9	1.0	40.9	47.8	0.5
Family Distribution by Income Level	11,540	19.7	17.1	22.7	40.5	0.0
Household Distribution by Income Level	24,076	29.4	16.2	16.1	38.4	0.0
Median Family Income MSA - 11180 Ames, IA MSA		\$74,278	Median Housing Value			\$162,792
			Median Gross Rent			\$724
			Families Below Poverty Level			6.2%

Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(* The NA category consists of geographies that have not been assigned an income classification.)

Demographic Information of the Ames AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	14.3	0.0	57.1	21.4	7.1
Population by Geography	67,809	12.0	0.0	53.8	26.1	8.1
Housing Units by Geography	26,980	13.5	0.0	61.7	24.8	0.0
Owner-Occupied Units by Geography	11,386	5.0	0.0	60.3	34.7	0.0
Occupied Rental Units by Geography	14,393	20.1	0.0	62.6	17.2	0.0
Vacant Units by Geography	1,201	15.0	0.0	64.0	21.0	0.0
Businesses by Geography	4,073	15.8	0.0	50.5	30.2	3.4
Farms by Geography	213	9.9	0.0	38.5	51.2	0.5
Family Distribution by Income Level	11,902	19.8	16.6	23.0	40.5	0.0
Household Distribution by Income Level	25,779	32.6	13.9	14.9	38.7	0.0
Median Family Income MSA - 11180 Ames, IA MSA		\$77,539	Median Housing Value			\$168,006
			Median Gross Rent			\$780
			Families Below Poverty Level			6.2%

Source: 2015 ACS Census and 2017 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

The Ames AA consists of 14 contiguous CTs in Story County, Iowa, which is located in the Ames, Iowa Metropolitan Statistical Area (MSA). In 2016, this AA included two low-income and one moderate-income CTs, as well as nine middle-income, one upper-income, and one unknown CT. In 2017, this AA included two low-income and zero moderate-income CTs, as well as eight middle-income, three upper-income, and one unknown CTs. The CT identified as unknown is the Iowa State University campus. The AA does not arbitrarily exclude any LMI areas.

According to the 2015 ACS Census, this AA had a population of 67,809, a median family income of \$78 thousand, and an unemployed labor rate of 3.9 percent. State and federal institutions are the largest employers, with Iowa State University being the largest employer in the AA.

As part of this performance evaluation, we reviewed a recent community contact from the Ames Economic Development Commission, which is involved in multiple facets of economic development. The contact noted that there has been growth in residential real estate construction and that, other than the agricultural sector, the rest of the market seems to be booming. The contact stated that the community has the general banking and credit needs one would expect of a fairly homogeneous metro area. The contact noted that local banks are very involved in the local community, as demonstrated by having employees that serve on the Chamber of Commerce. The contact specifically noted that FNB was particularly involved in the community. Local banks are very receptive to opportunities brought to them, and there is a healthy level of competition between them.

Des Moines AA

Demographic Information of the Des Moines AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	97	8.2	28.9	33.0	28.9	1.0
Population by Geography	424,222	6.2	25.3	32.1	36.4	0.0
Housing Units by Geography	177,976	6.9	26.2	33.1	33.8	0.0
Owner-Occupied Units by Geography	116,550	3.2	22.5	34.3	40.0	0.0
Occupied Rental Units by Geography	49,367	14.5	34.4	30.1	21.1	0.0
Vacant Units by Geography	12,059	11.7	28.1	34.1	26.1	0.0
Businesses by Geography	33,810	13.1	17.6	31.1	38.1	0.1
Farms by Geography	896	3.9	11.7	37.8	46.5	0.0
Family Distribution by Income Level	106,040	20.4	17.6	22.3	39.7	0.0
Household Distribution by Income Level	165,917	23.0	17.2	19.1	40.7	0.0
Median Family Income MSA - 19780 Des Moines-West Des Moines, IA MSA		\$71,705	Median Housing Value			\$158,194

		Median Gross Rent	\$738
		Families Below Poverty Level	7.5%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>			

Demographic Information of the Des Moines AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	97	10.3	27.8	35.1	25.8	1.0
Population by Geography	449,668	7.8	23.0	34.9	34.2	0.0
Housing Units by Geography	188,237	6.9	23.1	37.6	32.3	0.0
Owner-Occupied Units by Geography	118,558	4.3	20.6	36.4	38.8	0.0
Occupied Rental Units by Geography	57,779	11.2	27.2	39.6	22.1	0.0
Vacant Units by Geography	11,900	12.8	28.7	40.4	18.1	0.0
Businesses by Geography	34,785	4.7	14.7	45.3	35.2	0.1
Farms by Geography	925	1.6	13.4	34.8	50.2	0.0
Family Distribution by Income Level	113,131	21.4	17.2	21.2	40.1	0.0
Household Distribution by Income Level	176,337	23.8	16.6	19.3	40.3	0.0
Median Family Income MSA - 19780 Des Moines-West Des Moines, IA MSA		\$76,385	Median Housing Value			\$165,153
			Median Gross Rent			\$832
			Families Below Poverty Level			9.0%
<i>Source: 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Des Moines AA consists of 97 contiguous CTs in Polk County and Dallas County, Iowa. Both counties are located in the Des Moines-West Des Moines, Iowa MSA. In 2016, this AA included eight low-income and 28 moderate-income CTs, as well as 32 middle-income, 28 upper-income, and one unknown CT. In 2017, this AA included 10 low-income and 27 moderate-income CTs, as well as 34 middle-income, 25 upper-income, and one unknown CTs. The CT identified as unknown is the Des Moines International Airport. The AA does not arbitrarily exclude any LMI areas.

According to the 2015 ACS Census, this AA had a population of 449,668, a median family income of \$76 thousand, and an unemployed labor rate of 4.14 percent. Major non-government employers in the AA include Wells Fargo, Mercy Medical Center, UnityPoint Health, and Principal Financial Group.

As part of this performance evaluation, we reviewed a recent community contact from the Iowa Small Business Development Center in Mid-Iowa. This contact stated that small businesses in the area are doing really well and the housing market is strong. The contact was not aware of any discriminatory claims against any institutions.

Overall, the contact had a positive perception of local financial institutions and indicated that credit needs are being met.