



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**January 11, 2010**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Plainview  
Charter Number 6293

138 West Broadway  
Plainview, MN 55964-0000

Office of the Comptroller of the Currency

Minneapolis Field Office  
222 South Ninth Street  
Minneapolis, MN. 55402-3393

**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, nor should it 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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The First National Bank (FNB) of Plainview has a satisfactory record of helping to meet the credit needs of the assessment area (AA) it serves. Factors contributing to this rating include the following:

- FNB of Plainview’s quarterly average loan-to-deposit ratio is reasonable.
- The bank originates a majority of its loans within the AA.
- Lending to residential real estate borrowers of different income levels and agricultural borrowers of different sizes is reasonable.
- The geographic distribution of residential real estate and agricultural loans is reasonable.

**SCOPE OF EXAMINATION**

We assessed the FNB of Plainview’s record of meeting the credit needs of the entire community, consistent with the provisions set forth in the Community Reinvestment Act (CRA) for the period beginning December 31, 2004 and ending January 11, 2010. In order to determine the bank’s lending performance, we selected primary products based on the dollar volume and number of originations for the period beginning January 1, 2008 and ending December 31, 2009. Residential real estate loans are a primary product based on dollar volume of originations of 30.68%. Agricultural loans are a primary product based on dollar volume of originations of 42.91%.

The table below illustrates the dollar volume and number of originations for the evaluation period.

<b>Loan Type</b>	<b>% by #</b>	<b>% by \$</b>
Agricultural (including real estate)	33.37	42.91
Commercial (including real estate)	15.44	21.22
Consumer	34.44	5.18
Residential Real Estate	16.75	30.68

*Source: 2008 & 2009 Loan Originations*

The FNB of Plainview is a Home Mortgage Disclosure Act (HMDA) reporter. Just prior to the CRA examination, OCC examiners randomly sampled 60 home mortgage loans to evaluate the reliability of HMDA submission information. Examiners found that the submission information was not reliable for CRA purposes. As a result, we were not able to use the submission information to evaluate the CRA lending performance for the primary product residential real estate. Instead, we used the information that was verified through the home mortgage loan sample. Of the 60 loans sampled, 52 were used in our CRA analysis as three were not HMDA reportable transactions and five were denied applications.

We selected a random sample of 20 agricultural loans. We used the samples of the primary products in order to evaluate lending within the AA, income distribution, and geographic distribution. We used 2000 U.S. Census information and 2009 Business Geodemographic Data for comparison purposes.

## **DESCRIPTION OF INSTITUTION**

The FNB of Plainview was a \$134 million institution as of December 31, 2009. The bank is 100% owned by Plainview Bankshares, Inc. (PBI), a one-bank holding company located in Plainview, MN. As of December 31, 2009, PBI had total consolidated assets of \$141 million. PBI owns 100% of FNB's affiliate, Southeast Minnesota Agricultural Credit Corporation (SEMACC). SEMACC assists FNB in financing agricultural related loans to borrowers.

The bank's main office is a full-service facility located in downtown Plainview, MN. Plainview is a community located 23 miles Northwest of Rochester, MN in the Rochester Metropolitan Statistical Area (MSA). The bank has one deposit-taking automated teller machine (ATM) located at the main office. FNB of Plainview also offers telephone and internet banking to its customers allowing 24-hour access to deposit and loan account information.

The bank offers traditional loan and deposit products to meet the community needs with a focus on agricultural lending. As of December 31, 2009, the bank's net loans and leases totaled \$110 million or 82% of the bank's total assets. The loan portfolio was comprised of agricultural loans (38%), commercial loans (14%), consumer loans (4%), and residential real estate loans (44%).

The FNB of Plainview received a rating of Satisfactory at the last CRA examination dated January 3, 2005. There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

The bank's AA includes eight contiguous census tracts. This includes all six tracts in Wabasha County and two in Olmsted County. All eight census tracts are located in the Rochester MSA. The AA does not extend beyond the MSA boundary. The bank has one moderate-income census tract and seven middle-income tracts in the AA. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income census tracts.

The population of the bank's assessment area is 36,028 people, according to the 2009 Projected Geodemographic Data. According to 2008 US Census estimates the community of Plainview had a population of 3,394. Lake City, Wabasha, Eyota, and Oronoco are four larger communities within the bank's AA with populations of 5,303, 2,653, 1,834, and 1,113, respectively. There are several other communities in the AA with populations of less than 1,000.

The US Department of Housing and Urban Development's 2008 and 2009 updated median family income for the Rochester MSA is \$75,700 and \$77,800, respectively. These income figures were used in determining the borrower income level for the borrower income distribution analysis. According to the 2000 US Census Data, the weighted average median housing value for the AA was \$109,624. Approximately 78% of the housing units in the AA are owner occupied, 15% are rental units, and 7% are vacant. The median gross rent for the AA is \$459.

According to the Bureau of Labor Statistics, the 2009 average unemployment rate for Wabasha County was 7.6% and Olmsted County was 6.1%. These are close to Minnesota's average unemployment rate for 2009 of 7.4% and below the nationwide rate of 9.3%. Poverty levels in the AA are 6.15% of households and 3.61% of families below poverty level according to 2000 US Census information.

The local economy depends primarily on agriculture-based businesses. Major local employers include Lakeside Foods, the public school system, Hillcrest Community Care Center, and various smaller agriculture related businesses.

Competition for market share in the AA is moderate. The nearest competition in the AA is from Peoples State Bank of Plainview. There are several other banks with a presence inside the AA including banks located in Chatfield, Kellogg, Lake City, Mazeppa, and Wabasha. Large regional bank branches also reside inside and around the AA. The FNB of Plainview holds 2.75% of the market share in Wabasha and Olmsted Counties according to the FDIC Deposit Market Share Report as of June 30, 2009.

Examiners made one community contact with a member of the local economic development agency to better understand the credit needs of the AA. Based on this information we determined that residential real estate, agricultural operating loans, and business loans help support the local community. The contact stated that the local financial institutions, including the FNB of Plainview, meet the credit needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

The FNB of Plainview's net loan-to-deposit (LTD) ratio is reasonable given the bank's financial capacity, lending opportunities available in the AA, and comparison to similarly situated institutions. From December 31, 2004 to December 31, 2009, the bank's quarterly LTD ranged from 100% to 119% and averaged 110%.

When compared to six similarly situated institutions with a presence in the AA, the FNB of Plainview is ranked third out of the seven. These institutions have total asset ranging from \$48 million to \$194 million. The average ratio for all seven institutions for the evaluation period is 91%.

Institution	Assets (as of 12/31/09)	Quarterly Average LTD Ratio
Lake City Federal Bank	\$83 million	129%
Bank of Alma	\$194 million	126%
<b>The First National Bank of Plainview</b>	<b>\$134 million</b>	<b>110%</b>
F&M Community Bank, National Association	\$88 million	86%
Peoples State Bank of Plainview	\$160 million	80%
First State Bank of Wabasha	\$109 million	57%
The First State Bank of Red Wing	\$48 million	51%

Source: FDIC.gov & FFIEC.gov

### Lending in Assessment Area

The FNB of Plainview originates a majority of its loans within the AA, meeting the standard for satisfactory performance. Based on a sample of 52 residential real estate and 20 agricultural loans, the bank originated 82% of those loans by number within the AA. The following table summarizes the bank’s lending activity within the AA during the evaluation period.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside AA		Outside AA		Total	Inside AA		Outside AA		Total (000s)
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Residential Real Estate	40	77%	12	23%	52	4,337	76%	1,375	24%	5,712
Agricultural	19	95%	1	5%	20	2,521	98%	40	2%	2,561
Totals	59	82%	13	18%	72	6,858	83%	1,415	17%	8,273

Source: Loan Sample

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

Lending to borrowers of different incomes and businesses of different sizes meets the standard for satisfactory performance. Residential real estate and agricultural loans reasonably meet the demographic information.

#### Residential Real Estate Loans

Residential real estate lending in the AA reflects excellent penetration and overall exceeds the community demographics. The following chart illustrates that the bank exceeds the demographics for moderate-income families, and is slightly below the demographic for low-income families. One factor contributing to the lower penetration of loans to low-income families is that the level of families below the poverty level is 3.61%. These borrowers have a higher degree of difficulty in qualifying for home

purchase loans.

<b>Borrower Distribution of Residential Real Estate Loans</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
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
Residential Real Estate	19.79	17.50	22.15	25.00	28.58	42.50	29.48	15.00

Source: Loan Sample, 2000 US Census

### *Agricultural Loans*

Agricultural lending in the AA is reasonable and meets the community demographics. The following chart illustrates that the bank’s distribution of loans to farms with gross revenues less than or equal to one million dollars is lower than the demographics. This level of lending to smaller farms is reasonable when considering the bank participates in the Farm Service Agency (FSA) guaranteed loan program and works with their affiliate SEMACC to finance agricultural loans. The FSA program attracts both small and large farmers that may have difficulty obtaining traditional financing elsewhere.

<b>Borrower Distribution of Loans to Farms</b>				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	98.81	0.60	0.60	100%
% of Bank Loans in AA by #	80.00	20.00	0.00	100%
% of Bank Loans in AA by \$	33.69	66.31	0.00	100%

Source: Loan Sample, 2009 Business Geodemographic Data

### **Geographic Distribution of Loans**

Geographic distribution of loans to borrowers and farms in different income census tracts meets the standards for satisfactory performance. The bank lends to borrowers in all income-tract levels.

### *Residential Real Estate*

The geographic distribution of residential real estate loans reflects a reasonable dispersion through the AA. The following chart illustrates that the bank’s residential real estate lending to borrowers in the one moderate-income census tract is near the demographic ratio of owner occupied housing. A reason the bank’s ratio is just lower than the demographic information is that the bank does not have an office in or near the moderate-income census tract. Also, there are several other lending institutions located within the moderate-income census tract as the census tract encompasses the town of Wabasha.

<b>Geographic Distribution of Residential Real Estate Loans</b>								
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
Residential Real Estate	0.00	0.00	8.28	5.00	91.72	95.00	0.00	0.00

Source: Loan Sample, 2000 US Census

*Agricultural Loans*

The geographic distribution of agricultural loans reflects an adequate dispersion through the AA. The following chart illustrates that the bank has not made any agricultural loan in the moderate-income census tract. However, there are very few farms in this census tract since it primarily encompasses the town of Wabasha. Based on the demographics there are only 26 farms in the census tract. Also, there are several other lending institutions located within the census tract.

<b>Geographic Distribution of Loans to Farms</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Agricultural	0.00	0.00	3.88	0.00	96.12	100.00	0.00	0.00

Source: Loan Sample, 2009 Business Geodemographic Data

**Responses to Complaints**

No CRA related complaints have been reported since the last CRA examination

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.