



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**March 22, 2006**

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

**First National Bank  
Charter Number 14717**

**3717 North Brady Street  
Davenport, IA 52806**

**Comptroller of the Currency  
Minneapolis West  
920 Second Avenue South Suite 800  
Minneapolis, MN 55402**

**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 bank's average loan-to-deposit ratio is satisfactory.
- The bank originates a majority of its loans by number and dollar volume within its assessment area.
- The bank has an excellent distribution of credit among commercial borrowers of different sizes and a satisfactory distribution of credit among consumer borrowers of different income levels.
- The geographic distribution of commercial loans and consumer loans reflects satisfactory dispersions throughout the assessment area.

## **DESCRIPTION OF INSTITUTION**

First National Bank, N.A. (FNB) was an \$86 million institution as of December 31, 2005. FNB is headquartered out of Davenport, Iowa, in east central Iowa. Their main office is located in Moline, Illinois, a city of 43,000 persons located across the Mississippi river from Davenport. FNB has four full-service branches located in Moline and Cairo, Illinois, and Davenport and Bettendorf, Iowa. The Bettendorf branch opened in 1999, subsequent to our previous Community Reinvestment Act (CRA) exam.

The Moline, Davenport, and Bettendorf locations are in the Davenport-Moline-Rock Island, IA-IL Metropolitan Statistical Area (MSA), also known as the Quad Cities. The Cairo branch location in southern Illinois is in a non-MSA area. FNB offers telephone and internet banking to its customers. These services provide customers with 24-hour access to deposit and loan account information and allow customers to make transfers between accounts. FNB owns three ATMs, one located at each of their full-service facilities, with the exception of the Davenport location. All three ATMs accept deposits from FNB customers. The Bettendorf location also accepts deposits from non-FNB customers.

FNB offers a wide range of loan and deposit products which are designed to meet the community's needs. The Quad Cities branch location's primary product is commercial loans and the Cairo branch's primary products are commercial and consumer loans. The majority, 94 percent, of loans are originated in the Quad Cities branches. As of December 31, 2005, the bank's \$44 million loan portfolio consisted of 85 percent commercial loans, six percent residential real estate loans, four percent consumer loans, three percent municipal loans, and two percent agricultural loans. As of December 31, 2005, net loans made up 52 percent of total assets. The bank's primary lending focus is commercial and consumer loans.

FNB is owned by Uptown Bancorporation, a one-bank holding company. As of December 31, 2005, Uptown Bancorporation had assets of \$86 million. The bank does not have any affiliate relationships that impact the bank's CRA performance.

There are no financial, legal or other factors that impede FNB's ability to meet its CRA obligations. The bank's last CRA rating was "Satisfactory" dated February 16, 1999.

## **DESCRIPTION OF QUAD CITIES ASSESSMENT AREA**

FNB's Quad Cities assessment area (AA) includes 101 census tracts (CTs) in Rock Island, Henry, and Mercer Counties in Illinois, and Scott County, Iowa. Larger cities in this AA are Rock Island, Moline, and East Moline in Illinois, and Bettendorf and Davenport in Iowa. The Mississippi River, coupled with the Illinois and Iowa state line, is a major barrier between the two states. Of the 101 CTs in the AA, four are low income, 25 are moderate-income, 53 are middle-income, and 19 are upper-income. FNB's AA complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies.

Based on 2000 census information, 2.69 percent of the AA's population live in low-income CTs, 16.90 percent in moderate-income CTs, 58.32 percent middle-income CTs, and 22.10 percent upper-income CTs. The 2000 median family income for the AA was \$50,559. Based on the Department of Housing and Urban Development's 2005 estimate, the updated median family income for the AA is \$57,800.

The 2000 census data shows that 14,500 households (ten percent) within the Quad Cities AA are below the poverty level. In 2003, the Census Bureau estimated that the State of Illinois had 11.4 percent of its persons below the poverty level, and the State of Iowa had 9.1 percent, compared to 12.5 percent nation-wide. By County, the percentage of the population below the poverty level is 11.6 percent in Rock Island, 8.7 percent in Mercer, 8.3 percent in Henry, and 10.3 percent in Scott.

According to the U.S. Bureau of Labor Statistics, unemployment levels in the State of Illinois as of December 31, 2005 were 5.5 percent, compared to 4.8 percent in the Davenport-Moline-Rock Island MSA and 5.1 percent nationwide. The largest employer in the area is John Deere, which is headquartered in Moline, IL, and employs 8,000 people. There is also a large military base in the area that employs 7,000 people. Our community contact indicated there is a pork processing facility moving to the Moline area that will provide 1,000 new jobs.

Bank competition in FNB's Quad Cities AA is strong. There are 46 financial institutions with a presence in FNB's AA, some of which are branches of mid-size and large banks situated in the metro area. FNB is ranked 27<sup>th</sup> in deposit market share with 0.84 percent of the market share based on June 2005 deposit information obtained from the Federal Deposit Insurance Corporation.

## **DESCRIPTION OF CAIRO ASSESSMENT AREA**

FNB's Cairo AA consists of six CTs in Alexander and Pulaski Counties in Illinois. The bank's branch is in the city of Cairo, Illinois, which borders Kentucky and Missouri on the southern tip of Illinois. Of the six CTs in the AA, three are moderate-income, and three are middle-income. FNB's AA complies with regulatory requirements and does not arbitrarily exclude any low or moderate-income geographies.

Based on 2000 census information, 47.82 percent of the population live in moderate-income CTs and 52.18 percent in middle-income CTs. The Department of Housing and Urban Development

estimates the updated 2005 median family income for the AA is \$49,550.

The 2000 census data indicates that 1,648 households (25 percent) within the Cairo AA are below the poverty level. In 2003, the Census Bureau estimated that the State of Illinois had 11.4 percent of its persons below the poverty level, compared to 12.5 percent nation-wide. By County, the percentage of the population below the poverty level is 22.2 percent in Alexander 22.2 percent, and 19.8 percent in Pulaski. Unemployment levels in the city of Cairo were at 14 percent, compared to six percent nationwide. Alexander County had a 10.7 percent unemployment rate and Pulaski County had a 9.7 percent rate compared to 6.7 percent for the State of Illinois.

The Census Bureau indicates the population of Pulaski County increased 8.65 percent from 1990 to 2000. However, Alexander County has decreased 9.75 percent over the same period. This is representative of the declining economy base in the City of Cairo.

There is little competition in the Cairo AA, with only one other bank in the county of Alexander. FNB has 49 percent of the market share based on June 2005 deposit information obtained from the Federal Deposit Insurance Corporation.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is satisfactory given the bank's size, financial condition and local credit needs. The bank's quarterly average loan-to-deposit ratio for the 28 quarters since the previous CRA exam is 62.28 percent. Similarly situated banks with a presence in the AA are those with total assets between \$72 and \$110 million. Quarterly average loan-to-deposit ratios for similarly situated banks range from 58.60 percent to 85.78 percent over the same time frame.

Institution	Assets (as of 12/31/05)	Average Loan-to-Deposit Ratio; 1Q99 – 4Q05
FIRST TRUST & SAVINGS BANK	\$72 million	85.78%
PORT BYRON STATE BANK	\$73 million	72.93%
GREAT RIVER BANK & TRUST	\$80 million	78.08%
<b>FIRST NATIONAL BANK</b>	<b>\$85 million</b>	<b>62.28%</b>
LIBERTY TRUST & SAVINGS BANK	\$110 million	58.60%

### Lending in Assessment Area

FNB does an excellent job of originating loans in their AA. Overall they originated 86.2 percent of loans by number and 62.6 percent by dollar volume within the defined AA.

### QUAD CITIES ASSESSMENT AREA

Based on a sample of 20 commercial loans, FNB originated a majority of its loans by number and dollar volume to borrowers located within its defined AA. The sample determined that of loans originated from January 1, 2004 through March 31, 2006, 80 percent by number and 53 percent by dollar volume were made to commercial customers located within the bank's AA.

The following table shows loans originated inside and outside their AA by number and dollar volume:

	Number of Loans				Dollar of Loans			
	Inside		Outside		Inside		Outside	
Loan Type	#	%	#	%	\$	%	\$	%
Commercial	16	80	4	20	1,919,489	53.36	1,677,500	46.64

### CAIRO ASSESSMENT AREA

Based on a sample of 18 commercial loans and 20 consumer loans, FNB originates a majority of its loans by number and dollar to borrowers located within its defined AA. The sample determined that of loans originated from January 1, 2004 through March 31, 2006, 89.47 percent by number and 87.73 percent by dollar were made to commercial and consumer customers located within the bank's AA. The following table shows loans originated inside and outside their AA by number and dollar volume:

	Number of Loans				Dollar of Loans			
	Inside		Outside		Inside		Outside	
Loan Type	#	%	#	%	\$	%	#	%
Commercial	16	88.89	2	11.11	1,034,002	88.01	140,860	11.99
Consumer	18	90.00	2	10	127,573	85.53	21,590	14.47
<b>TOTALS:</b>	<b>34</b>	<b>89.47</b>	<b>4</b>	<b>10.53</b>	<b>1,161,575</b>	<b>87.73</b>	<b>162,450</b>	<b>12.27</b>

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

FNB does a satisfactory job of lending to borrowers of different incomes and businesses of different sizes. FNB has an excellent distribution of credit among commercial borrowers of different sizes in the Quad Cities AA and a satisfactory distribution of credit among commercial borrowers of different sizes in the Cairo AA. The bank also has good distribution of credit among consumer borrowers of different income levels in the Cairo AA.

### QUAD CITIES ASSESSMENT AREA

FNB does an excellent job of lending to small businesses within the AA. Commercial borrowers have a wide diversity of gross revenue levels ranging from a few thousand to more than a million dollars. A random sample of 20 commercial files showed the following breakdown of annual revenues.\*

Borrower Distribution of Loans to Businesses		
Business Revenues	< \$1,000,000	> \$1,000,000
% of AA Businesses**	64.64%	6.46%
% of Bank Loans in AA by #	75.00%	25.00%
% of Bank Loans in AA by \$	60.04%	39.96%

\* 28.90% of businesses did not report revenues

\*\* Per 2004 Business Demographic Data

## CAIRO ASSESSMENT AREA

FNB's distribution of loans in its assessment area to businesses of different revenue sizes is satisfactory. Commercial borrowers have a wide diversity of gross revenue levels ranging from a few thousand to more than a million dollars. A random sample of 16 commercial files indicates the following breakdown of annual revenues.\*

<b>Borrower Distribution of Loans to Businesses</b>		
<b>Business Revenues</b>	<b>&lt; \$1,000,000</b>	<b>&gt; \$1,000,000</b>
% of AA Businesses**	64.58%	5.72%
% of Bank Loans in AA by #	75.00%	25.00%
% of Bank Loans in AA by \$	40.60%	59.40%

\* 2 businesses in the AA did not report income information

\*\* Per 2004 Business Demographic Data; 29.7% of businesses did not report revenues

FNB's distribution of credit among households of different income levels is satisfactory. The following table compares the percentage of households based on income level located within the AA to those loans made by the bank from the selected loan sample of 19 consumer loans.\*

<b>Borrower Distribution of Consumer Loans</b>								
<b>Borrower Income Level*</b>	<b>Low (0 - \$12,790)</b>		<b>Moderate (\$12,791 - \$20,465)</b>		<b>Middle (\$20,466 - \$30,697)</b>		<b>Upper (\$30,698 and over)</b>	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer	37.83%	26%	15.85%	11%	19.61%	26%	26.71%	37%

\* 1 Consumer did not report income information

\*\* Per 2005 HUD Estimated Median Household Income for Davenport-Moline-Rock Island, IA-IL non-MSA AA

## Geographic Distribution of Loans

Overall, the bank does a satisfactory job of lending throughout its Assessment Areas.

## QUAD CITIES ASSESSMENT AREA

The geographic distribution of commercial loans reflects satisfactory dispersions throughout the AA. FNB's Moline and Davenport locations are in middle-income CTs, and their Bettendorf branch is in an upper-income tract. FNB does an excellent job of lending in their moderate-income CTs. The random sample of loans showed that over half were originated to borrowers in moderate-income CTs. While none of the loans in our sample were to businesses located in the low-income CTs, only 6.5 percent of businesses are located in these areas. In addition, only four percent of the CTs in the area are considered low-income. We did not identify any conspicuous gaps in lending to low- or moderate-income CTs. The following table compares the demographics of the area to the bank's actual lending, based on a random sample of 16 commercial loans:

<b>Geographic Distribution of Loans to Businesses in Assessment Area</b>								
<b>Census Tract</b>	<b>Low 4%</b>		<b>Moderate 25%</b>		<b>Middle 53%</b>		<b>Upper 19%</b>	
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
Commercial	6.50%	0%	18.72%	56%	50.90%	25%	23.88%	19%

### **CAIRO ASSESSMENT AREA**

The geographic distribution of commercial loans and consumer loans reflects satisfactory dispersions throughout the AA. FNB's Cairo branch is located in a moderate-income CT, and the random sample of loans selected showed that lending to borrowers in moderate-income CTs exceeded the area's demographics for businesses. The following table compares the demographics of the area to the bank's actual lending, based on a random sample of 16 commercial loans in the AA.

<b>Geographic Distribution of Loans to Businesses in Assessment Area</b>								
<b>Census Tract</b>	<b>Low 0%</b>		<b>Moderate 50%</b>		<b>Middle 50%</b>		<b>Upper 0%</b>	
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
Commercial	0%	0%	54.86%	69%	45.14%	31%	0%	0%

The random sample for consumer loans showed a good amount of lending in the moderate-income CT. We did not identify any conspicuous gaps in lending to low- or moderate-income CTs. The following table compares the demographics of the area to the bank's actual lending, based on a random sample of 18 consumer loans in the AA.

<b>Geographic Distribution of Consumer Loans in Assessment Area</b>								
<b>Census Tract</b>	<b>Low 0%</b>		<b>Moderate 50%</b>		<b>Middle 50%</b>		<b>Upper 0%</b>	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer	0%	0%	48.02%	33%	51.98%	67%	0%	0%

### **Responses to Complaints**

FNB has not received any complaints about its performance in helping meet assessment area credit needs during this evaluation period.

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

We found no evidence of illegal discrimination or other illegal credit practices.