



SMALL BANK

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

PUBLIC DISCLOSURE

March 17, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 15799**

**101 N.E. Hayes Street
Greenfield, Iowa 50849**

**Comptroller of the Currency
Omaha North Field Office
13710 FNB Parkway #110
Omaha, Nebraska 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, 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) adequately meets the credit needs of the community.

- The sampling process, discussed further in the Performance Evaluation, shows a substantial majority of the loans originated are within the bank's assessment area (AA).
- The bank's average loan-to-deposit (LTD) ratio reasonably compares to similarly situated banks within the AA.
- Loan originations are reasonably distributed to businesses and farms of different sizes.

DESCRIPTION OF INSTITUTION

FNB is a \$106 million bank located in Adair County in southwestern Iowa. The bank is 100% owned by First Fontanelle Bancorporation, a \$151 million two-bank holding company located in Fontanelle, Iowa. While the bank is officially located in Greenfield, the main banking office is in Fontanelle, Iowa. Fontanelle is about five miles west of Greenfield. In addition, the bank owns a cash dispensing automated teller machine (ATM) at each bank location. The bank also has an ATM located in the C-Store on Highway 92 in Massena, Iowa; in the Casey's General Store on Highway 92 in Fontanelle, Iowa; in the Kum & Go Convenience Store on Highway 92, in the Fareway Store on Highway 92, and in a drive-up terminal at the junction of Highway 25 and 92 all in Greenfield, Iowa.

FNB offers traditional loan and deposit products. As of December 31, 2002, the bank's loan portfolio totaled 64% of total assets. The bank's primary credit products are agricultural and commercial loans based on the number and dollar amount of originations. The table below shows the percentage of loan categories by dollar amount originated and by the number of loans originated.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Agricultural Loans	60%	49%
Commercial Loans	21%	15%
Consumer Loans	6%	26%
Residential Loans	13%	10%
Total	100%	100%

Source: Trial balance provided by bank

The bank has no legal or financial impediments which prevent it from fulfilling its obligations under the Community Reinvestment Act (CRA). FNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated November 16, 1998.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA includes all of Adair County and one block numbering area in Cass County. The AA includes four contiguous BNAs, which all (100%) are considered middle-income tracts. This AA meets the requirements of CRA and does not arbitrarily exclude low- or moderate-income areas. Individuals can refer to the CRA Public File for a map outlining the bank's AA.

The assessment period for the CRA examination ran from November 30, 1998 through December 31, 2002. The holding company purchased another bank in 2003, which will be converted to a branch June 25, 2004. This bank is located in Anita, Iowa with branches in Massena and Correctionville, Iowa. CRA performance of the new branches will be reviewed at the next CRA examination.

According to the 1990 U.S. Census, the total population of the AA is 10,271. The 1990 census estimated 20% of families in the AA were low-income, 23% were moderate-income, 26% were middle-income, and 31% were upper-income. Thirteen percent of the AA households are below the poverty level. The 2002 weighted average updated median family income is \$49,400 for non-metropolitan statistical areas in Iowa. The median housing value in the AA is \$26,915, and 68% of housing is owner-occupied.

The local economy is stable. The main sources of employment are provided by agriculture, manufacturing, construction, and local schools. There are six other financial institutions with branches within the AA. These institutions range in size from approximately \$38 million to \$125 million in total assets, and provide the primary competition to FNB.

Examiners made one community contact during the CRA examination. The new contact indicated agricultural and small business lending as the primary community credit needs. FNB offers and originates these types of loans.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's average LTD ratio is reasonable, given its size, financial condition, and AA credit needs. The LTD ratio averaged 66% over the past seventeen quarters (since the prior CRA examination) and was 71% as of December 31, 2002. The average for the six similarly situated banks within the AA is 77%, with a range from 68% to 90%. The bank's average LTD ratio is lower than the other banks. The competition for loans and deposits in the AA is strong and the bank's LTD ratio may fluctuate due to the agricultural nature and seasonal basis of the majority of its loans.

Lending in Assessment Area

FNB originates a substantial majority of its loans within the AA. We reviewed a sample of originated loans from the primary product types to determine the lending within the AA. The sample was selected from loans originated from January 1, 2000 through December 31, 2002. The following table summarizes the findings from the sample.

Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Totals	18	90	2	10	100	822,263	89	98,000	11%	100

Source: Data reported from bank's loan trial balance.

Lending to Farms and Businesses of Different Sizes

FNB has a satisfactory record of lending to farms and businesses of different sizes. We reviewed income information obtained by the bank for 20 loans within each of the primary product types. Lending levels, given the demographics of the AA, reflect satisfactory penetration among farms and business of different income levels. All of the loans in each primary loan product sample were to borrowers located within the AA and originated between January 1, 2000 and December 31, 2002.

Farm Loans

The bank has a more than reasonable record of lending to small agricultural borrowers. All of the loans originated and dollar amount originated were to small farming operations that had gross annual revenues less than \$1 million. The following table summarizes the number and dollar volume of the agricultural loan sample.

Borrower Distribution of Loans to Farms in AA			
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Farms Not Reporting Revenue Data
% of AA Farms	98%	1%	1%
% of Bank Loans in AA by #	100%	100%	0%
% of Bank Loans in AA by \$	100%	100%	0%

Source: Loan sample; 2002 Business Geodemographic Data

Business Loans

The bank has a good record of lending to small business borrowers. The following table shows the percentage of the number and dollar volume of loans originated in our sample of business loans. Our sample shows the bank originated a substantial majority of loans to small business operations that had gross annual revenues less than \$1 million.

Borrower Distribution of Loans to Businesses in AA			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Businesses Not Reporting Revenue Data
% of AA Businesses	76%	4%	20%
% of Bank Loans in AA by #	95%	5%	0%
% of Bank Loans in AA by \$	88%	12%	0%

Source: Loan sample; 2002 Business Geodemographic Data

Geographic Distribution of Loans

A geographic analysis was not performed, as all geographies in the AA are middle-income areas.

Responses to Complaints

The bank has not received any complaints regarding CRA performance since the previous CRA examination dated November 16, 1998.

Fair Lending or Other Illegal Credit Practices Review

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