



PUBLIC DISCLOSURE

November 16, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First National Bank
Charter # 15799
101 N.E. Hayes Street
Greenfield, Iowa 50849

Office of the Comptroller of the Currency
Omaha South Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank, Greenfield, Iowa**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of November 16, 1998. This evaluation is based on information since the last CRA examination dated **February 22, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- The bank lends to farms of all different sizes.
- The level of lending to borrowers of different income levels is reasonable based on our review of consumer lending activities.
- The bank's loan-to-deposit ratio is comparable to similarly situated area banks.
- A substantial majority of loans are extended in the bank's assessment area.

DESCRIPTION OF INSTITUTION

First National Bank is an \$86 million bank which is wholly owned by **First Fontanelle Bancorporation**, a one-bank holding company. Its facilities consist of the main office in Fontanelle, Iowa, and a recently acquired branch in Greenfield, Iowa. Both branches have onsite ATMs. The bank operates three offsite ATMs: one in the C-Store on Highway 92 in Massena, Iowa; one in the Fairway Store in Greenfield, Iowa; and one at the Cardinal Glass facility in Greenfield, Iowa. The bank is primarily an agricultural lender. Net loans equal 58% of total assets as of September 30, 1998. The following table summarizes loan originations since the last CRA evaluation and the current loan portfolio composition:

	VOLUME OF LOANS OUTSTANDING SEPTEMBER 30, 1998		LOAN ORIGINATIONS SINCE FEBRUARY 22, 1996	
	BY DOLLAR (\$000)	PERCENT	NUMBER	PERCENT
AGRICULTURAL	\$34,201	69%	1,922	57%
1-4 FAMILY R/E	\$ 6,879	14%	132	4%
COMMERCIAL	\$ 5,639	11%	159	5%
CONSUMER	\$ 2,864	6%	1,193	34%

No financial or legal constraints impede the bank's ability to meet community credit needs. The bank has adequate resources to provide for the credit needs of its assessment area. The type and amount of CRA activities are consistent with the bank's size, financial capacity, and local economic conditions. The bank's prior CRA rating, dated February 22, 1996, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

First National Bank is not in a metropolitan statistical area and has designated all Adair County and Block Numbering Area (BNA) # 9903 of Cass County as its assessment area. The area consists of four contiguous middle-income BNAs. This assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income areas.

DESCRIPTION OF ASSESSMENT AREA (Continued)

The population of the First National Bank's assessment area was 10,271 as of the 1990 census. The median family income at that time was \$29,303. The 1998 Iowa non-metropolitan median family income is \$41,200. Census information on family incomes aggregated for all BNAs in the assessment area shows that 20% of the families were in low-, 23% were in moderate-, 26% were in middle-, and 31% were in upper-income levels. Census data shows that 14% of the households in the assessment area are below the poverty level.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1998 non-metropolitan median family income. Moderate income is defined as income that is at least 50% but less than 80% of the 1998 non-metropolitan median family income. Middle income is at least 80% but less than 120% of the 1998 non-metropolitan median family income. Upper income is income that is 120% or more of the 1998 non-metropolitan median family income.

The median housing value is \$26,915 and the median year built is 1943. Owner-occupied units represent 68% of the housing stock, with 92% of the housing stock being 1-4 family units.

The economy is primarily agrarian based with some manufacturing and service-related businesses. The largest single employer in the assessment area is Cardinal Glass in Greenfield. The local economic conditions have remained stable; however, low grain and livestock prices may adversely impact the assessment area. The unemployment rate for the counties included in the bank's assessment area reflects lower unemployment than the state and nation as a whole. As of October 1998 Cass County's unemployment rate is 2.3% and the rate for Adair County is only 1.8%. This compares favorably to the statewide rate of 2.1% and the national rate of 4.4%.

Strong competition in the area for all banking products is provided by six other financial institutions in Greenfield and the other communities within the assessment area. These institutions range in asset size from \$21 million to \$81 million.

During this evaluation, we contacted a community organization. This organization, and others previously contacted, indicated that the primary needs of the area are housing stock and home ownership programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:**

The bank demonstrates satisfactory performance. The bank's primary products are agricultural lending by both dollar and number. The consumer product with the highest volume of originations is secured loans to individuals.

Agriculture Loans. The bank extends loans to farms of all sizes. Since the last evaluation, First National Bank has originated more than 1,900 loans related to the agriculture industry. The majority of agricultural borrowers have multiple loans, but all operating lines are master notes. We reviewed 35 master notes originated in 1998. The following table summarizes our findings:

Gross Revenues of Agricultural Borrowers

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	15	43%	13	37%	6	17%	1	3%
\$ (000's)	\$414	18%	\$858	39%	\$623	28%	\$330	15%

Consumer Lending. The bank demonstrates satisfactory performance. The bank originated 706 secured consumer loans totaling more than \$3.5 million since the last CRA evaluation. We reviewed 50 of these loans and found the distribution of loans to borrowers of different income levels moderately exceeded the income characteristics of the assessment area.

Consumer Loans by Borrower Income Level

Income Levels	Loans Sample	Loan \$	% By # of Loans	% By \$ of Loans	BNA Family Breakdown by Income
<i>Low Income</i>	8	\$29,482	16%	9%	20%
<i>Moderate Income</i>	22	\$145,927	44%	45%	23%
<i>Middle Income</i>	13	\$68,695	26%	22%	26%
<i>Upper Income</i>	7	\$75,814	14%	24%	31%

Business Lending. The bank extends loans to small businesses. Since the last evaluation, the bank originated 159 commercial loans. We reviewed fifteen of these loans that originated in 1998.

Distribution by Business Revenue

	Under \$100M		\$100M-\$500M		\$500M-\$1MM		Over \$1MM	
#	6	40%	6	40%	2	13%	1	7%
\$ (000's)	\$105	19%	\$271	47%	\$100	17%	\$100	17%

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is satisfactory. The loan-to-deposit ratio is 64% as of June 30, 1998. The bank's average loan-to-deposit ratio for the eleven quarters since the previous CRA evaluation is 58%. We compared the seven banks which have facilities within the two-county assessment area, and the average loan-to-deposit ratio for the last eleven quarters is 68.67%. The other six banks in the area presently average a 77.3% loan-to-deposit ratio.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. This conclusion is based on the distribution of sampled loans. The following table reflects the sampled loan distribution:

	# Sampled	# in Assessment Area	% in Assessment Area
Agriculture Loans	35	29	83%
Business Loans	15	12	80%
Consumer Loans	50	46	92%

Geographic Distribution of Loans:

A geographic analysis was not performed as all geographies in the assessment area are middle income.

Response to Complaints:

No complaints were received since the prior CRA evaluation.

Compliance with Anti-discrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending examination which included a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. We found no evidence of discrimination or disparate treatment.