



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 5, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number: 15799

101 N.E. Hayes Street
Greenfield, Iowa 50849

Office of the Comptroller of the Currency
Omaha Field Office
13710 FNB Parkway Suite 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.

First National Bank (FNB) meets the credit needs of its assessment areas (AAs).

- FNB’s lending level is reasonable given the financial institution’s size, financial condition, and the AAs’ credit needs.
- A majority of the bank’s loans are within its AAs.
- The bank’s distribution of loans reflects satisfactory penetration among farms of different sizes.

SCOPE OF EXAMINATION

The scope of the CRA examination included the time period of March 17, 2004 to January 5, 2009. Small bank procedures were used to evaluate the bank’s performance under the Community Reinvestment Act (CRA). A full scope review was completed of the bank’s CRA activities in the AAs. The primary product for the AAs is agricultural loans. A sample of 20 loans of FNB’s primary lending product was used to assess the bank’s lending performance. The evaluation period for the lending test was January 1, 2006 to December 31, 2008.

DESCRIPTION OF INSTITUTION

FNB is a \$157 million bank headquartered in Greenfield, Iowa. The bank is 100% owned by First Fontanelle Bancorp. FNB operates with four other branches located in Fontanelle, Massena, Anita, and Correctionville, Iowa. The bank offers ten Automated Teller Machines. There are no legal or financial factors that impede the bank’s ability to help meet the community credit needs. The bank’s performance was rated Satisfactory at its last CRA examination dated March 17, 2004.

FNB offers traditional loan and deposit products. The bank remains primarily focused on agricultural borrowers. As of September 30, 2008, the bank’s loan portfolio totaled 71.8% of total assets. The following table shows the breakdown of loans originated and purchased from January 1, 2006 to December 31, 2008.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Agricultural Loans	69%	61%
Consumer Loans	6%	20%
Commercial Loans	18%	15%
Residential RE Loans	7%	4%
Total	100%	100%

Source: Bank reports.

Please refer to the bank’s CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREAS

The bank's AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. Due to FNB's five locations, management has designated two AAs.

The first AA contains all of Adair County and part of Cass County in Iowa which includes five middle-income census tracts (CTs). The AA is served by the main bank in Greenfield and the Fontanelle, Massena, and Anita branches. Management does not include three middle-income CTs in the western portion of Cass County. Given the location of their branches, it would be difficult for the bank to reasonably serve these CTs. In addition, there are several other banks in these CTs that can serve this area.

According to the 2000 U.S. Census, the Adair and Cass Counties AA's population is 12,899. The 2000 weighted average median family income was \$43,887, and the 2008 weighted average updated median family income is \$53,500 for non-metropolitan statistical areas in Iowa. Family income in the AA includes 19% low-income, 21% moderate-income, 28% middle-income, and 32% upper-income. Business demographics consist of 72% non-farm and 28% farm. The local economy is stable, and unemployment remains low at 1.64%.

The second AA is part of Woodbury County in Iowa which includes one middle-income CT. The AA is in the Sioux City IA-NE-SD Metropolitan Statistical Area (MSA) and is served by the Correctionville branch. FNB limited their AA to one CT located in the eastern portion of the MSA. This is appropriate as using the entire county or MSA boundary would have resulted in an area too large for FNB to reasonably serve.

According to the 2000 U.S. Census, Woodbury County AA's population is 4,285. The 2000 weighted average median family income was \$46,397, and the 2008 average updated median family income is \$55,600 for the MSA. Family income in the AA includes 20% low-income, 23% moderate-income, 28% middle-income, and 29% upper-income. Business demographics consist of 73% non-farm and 27% farm. The local economy is stable, and unemployment remains low at 1.47%.

The main sources of employment in the AAs are provided by agriculture, manufacturing, and local schools. FNB has the largest market share in Adair County, with 48% of deposits. Their share of deposits in Cass and Woodbury Counties is only 3% and 1%, respectively. There are three other financial institutions headquartered in the AAs and several others with branches. These institutions provide the primary competition to FNB.

We conducted one community contact during the examination with a local community development organization. The community contact revealed that agricultural and residential real estate loans remain the primary credit need within the community. FNB offers and originates these types of loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's average loan-to-deposit (LTD) ratio is reasonable for satisfactory performance. The LTD ratio averaged 82% over the past twenty quarters, and was 84% as of September 30, 2008. The average LTD ratio for the three other similarly situated financial institutions headquartered within the AAs was 81%.

Lending in Assessment Area

A majority of FNB's loans were made within the bank's AAs. We reviewed a sample of 20 agricultural loans, originated between January 1, 2006 and December 31, 2008, to determine the bank's lending performance within the AAs. We identified 15 loans, or 75% of agricultural loans sampled that were originated within the bank's AAs. Furthermore, \$1,037,878, or 55% of loan volume, was originated within the AAs. The following table illustrates the bank's reasonable performance regarding lending in the AAs.

Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	15	85%	5	25%	20	\$1,037,878	55%	\$858,320	45%	\$1,896,198

Source: Bank Reports.

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

The bank has a satisfactory record of lending to farms of different sizes, and meets the demographics of each AA.

Adair and Cass Counties AA

FNB's distribution of loans to farms of different sizes in Adair and Cass Counties is satisfactory. As shown in the following table, a majority of the loans were originated to farms with gross annual revenues of less than \$1 million. FNB meets income standards for agricultural lending when compared to AA demographics.

Borrower Distribution of Loans to Farms in Adair and Cass Counties AA		
Farm Revenues (or Sales)	<\$1,000,000	>\$1,000,000
% of AA Farms	99%	1%
% of Bank Loans in AA by #	95%	5%
% of Bank Loans in AA by \$	98%	2%

Source: Bank Reports; Dun and Bradstreet 2008 Information.

Woodbury County AA

FNB’s distribution of loans to farms of different sizes in Woodbury County is satisfactory. As shown in the table below, a majority of the loans were originated to farms with gross annual revenues of less than \$1 million. FNB meets income standards for agricultural lending when compared to AA demographics.

Borrower Distribution of Loans to Farms in Woodbury County AA		
Farm Revenues (or Sales)	<\$1,000,000	>\$1,000,000
% of AA Farms	99%	1%
% of Bank Loans in AA by #	95%	5%
% of Bank Loans in AA by \$	88%	12%

Source: Bank Reports; Dun and Bradstreet 2008 Information.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was not meaningful as the AAs did not have any low- or moderate-income geographies.

Responses to Complaints

The Office of the Comptroller of the Currency and the bank did not receive any complaints about its CRA performance during the evaluation period.

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.