



Public Disclosure

October 25, 1999

Community Reinvestment Act Performance Evaluation

**First National Bank
Charter Number 14253**

**600 Pierce Street
Post Office Box 5410
Sioux City, Iowa 51102**

**Office of the Comptroller of the Currency
Omaha North Field Office
117 Pierce Street, Suite 100
Sioux City, Iowa 51101**

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 CRA performance of **First National Bank**, Sioux City, Iowa prepared by The Office of the Comptroller of the Currency, as of October 25, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

- The bank's lending level is reasonable, given the institution's size, financial condition, and assessment area credit needs.
- A significant majority of the bank's loans are within the bank's assessment area.
- The bank is lending to individuals of different income levels and does an effective job of lending to farms of different sizes.
- The bank's lending by geographies needs to improve.
- The bank has no written complaints related to their CRA performance.
- The bank is in compliance with fair lending laws and regulations.

Description of Institution

First National Bank, Sioux City, Iowa is a \$84 million bank serving Plymouth County and Sioux City, Iowa. The bank operates offices in downtown Sioux City and LeMars as well as a separate drive-up facility in LeMars, Iowa. The bank also operates three Automated Teller Machines (ATM). All of the ATMs are located within the bank's assessment area in LeMars, Iowa. Plymouth Bancorporation, a one-bank holding company, owns 100% of the bank stock. The bank has no legal or financial impediments limiting its ability to meet the credit needs of the assessment area.

On June 30, 1999, the bank's loan portfolio was 56% of total assets. The bank's primary products are agricultural, residential real estate, and commercial loans. Our conclusions are based on an analysis of the bank's agricultural lending and its primary consumer product, residential lending. The table below details the percentages of the portfolio by dollar volume and number of loans.

Loan Portfolio Mix				
(Loans originated between 7/01/96 and 9/30/99)				
Loan Type	Loans by \$ (\$000)	% of Loans by \$	Loans by Number	% Loans by Number
Agriculture	\$17,016	27.8%	619	28.0%
Residential RE	\$16,587	27.1%	213	9.7%
Commercial	\$12,736	20.8%	311	14.1%
Consumer	\$9,709	15.9%	1,036	46.9%
Other	\$5,132	8.4%	28	1.3%
<i>Total</i>	\$61,180	100%	2,207	100%

First National Bank was rated "Outstanding Record of Meeting Community Credit Needs" at the last CRA examination dated August 15, 1996.

Description of First National Bank=s Assessment Area

The bank has two assessment areas (AA). Both meet the requirements of CRA.

Assessment area 1 includes all of Plymouth County Iowa, and includes six middle-income block-numbering areas (BNA). The population of this area is 23,388 and includes 8,407 households. Assessment area 1 is serviced by the LeMars branch and drive-up facilities.

Assessment area 2 includes the twenty-two census tracts of the Sioux City Metropolitan Statistical Area (MSA). The population of this assessment area is 80,611 and includes 30,529 households. The AA consists of two low-income, five moderate-income, nine middle-income, and five upper-income census tracts. One census tract does not contain any residents. Assessment area 2 is serviced by the Sioux City location.

The 1999 Iowa statewide median family income is \$42,100. The 1999 median family income for the Sioux City MSA is \$46,000. The income from the 1990 U.S. Census is used to determine the income level of each BNA or census tract (low, moderate, middle, or upper). The 1990 U.S. Census indicates the statewide median family income was \$29,303 and the median family income for the Sioux City MSA was \$30,449. The local economy is stable, but poor agricultural prices could negatively impact the area. Manufacturing, the medical field, local schools, and agricultural related businesses provide the main sources of employment for the assessment areas.

The banking environment in the assessment areas is competitive. Twenty banks are located within the bank's assessment areas. These banks, along with other institutions located outside the assessment areas, provide competition for loans and deposits. The primary credit needs in the assessment areas are residential real estate loans. Secondary credit needs are small business and agricultural loans. We determined the credit needs of the assessment areas through community contacts. We contacted a local community development director during the examination and used a previous contact made during a CRA review at another local institution.

Conclusions with Respect to Performance Criteria

The bank=s lending levels are reasonable.

First National Bank=s loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and AA credit needs. The loan-to-deposit ratio averaged 70.87% over the past twelve quarters and was 62.8% on June 30, 1999. This compares favorably to the quarterly average of 67.67% of the twelve community banks in the AA. The loan-to-deposit ratios for banks in the AA range from 39.89% to 88.77% for the last twelve quarters. In addition FNB sold \$6.8 million in fixed-rate real estate loans over the past three years, which would increase the loan-to-deposit ratio an additional 9%.

The bank is lending in the Assessment Area.

First National Bank originates a significant majority of its loans within the assessment area. The table below summarizes the degree of the bank's lending within its assessment area.

In/ Out Ratio for Loan Sample				
	Number of Loans	% of Total Number	\$ of Loans (\$000)	% of Total \$
Inside Assessment Area	66	83.5%	\$4,530	86.4%
Outside Assessment Area	13	16.5%	\$714	13.6%
Total	79	100%	\$5,244	100%

FNB originates a significant majority of its loans inside the assessment area. Of the seventy-nine agricultural and residential real estate loans we sampled, 83.5% of the number of loans, and 86.4% of the dollar volume were inside the assessment area.

The bank does an effective job lending to farms of different sizes.

The table below demonstrates the bank's willingness to make loans to farms of all sizes. The bank's lending performance was compared to the 1997 Agricultural Census data prepared by the U.S. Bureau of the Census. The census data shows 49% of farms in Plymouth County had sales between \$10,000 and \$100,000 and the average farm had total sales of \$159,994.

Loans to Farms of Different Sizes				
Gross Revenue of Farms H	\$ of Loans (\$000)	% of Total \$ Loans	Number of Loans	% of Total Number
\$0 - \$100,000	\$25	1.4%	3	7.7%
\$100,001 - \$250,000	\$350	20.3%	7	17.9%
\$250,001-\$500,000	\$293	17.0%	8	20.5%
over \$500,000	\$229	13.3%	2	5.1%
Not Available*	\$828	48.0%	19	48.8%
Total	\$1,724	100%	39	100%

H Revenue information was taken from the latest tax return or cash flow in each credit file.

* Nineteen files sampled did not contain current income information.

The bank is lending to individuals of different income levels.

The bank is making residential real estate loans to low-income and moderate-income families. The table below shows the results of our sample from assessment area 1 and compares the bank's lending to 1990 census data. Our sample indicated that the bank originated 8% by number to low-income families. This is slightly below the 15% of low-income families in the assessment area, but is reasonable. The bank also originated 4% by number to moderate-income families. This is below the 17.1% of moderate-income families in the assessment area.

Residential Real Estate Lending by Borrower Income					
Plymouth County Assessment Area					
Family Income Category	\$ of Loans (\$000)	% of Loans by \$	Number of Loans	% of Loans By Number	Families in Assessment Area (%)
Low-Income	\$93	4.3%	2	8.0%	15.0%
Moderate-Income	\$67	3.1%	1	4.0%	17.1%
Middle-Income	\$651	30.2%	10	40.0%	26.5%
Upper-Income	\$1,342	62.4%	12	48.0%	41.4%
Total	\$2,153	100%	25	100%	100%

The table below compares the results of our sample from assessment area 2 to 1990 census data. Our sample indicated that the bank originated 6.7% by number to low-income families. This is below the 19.3% of low-income families in the assessment area. The bank also originated 13.3% by number to moderate-income families. This is also slightly below the 18.3% of moderate-income families in the assessment area, but is reasonable.

Residential Real Estate Lending by Borrower Income					
Sioux City MSA Assessment Area					
Family Income Category	\$ of Loans (\$000)	% of Loans by \$	Number of Loans	% of Loans By Number	Families in Assessment Area (%)
Low-Income	\$60	4.4%	1	6.7%	19.3%
Moderate-Income	\$107	7.8%	2	13.3%	18.3%
Middle-Income	\$230	16.8%	3	20.0%	24.1%
Upper-Income	\$970	71.0%	9	60.0%	38.3%

Total	\$1.367	100%	15	100%	100%
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The bank's geographic distribution of loans needs to improve.

The bank needs to improve its lending in all census tracts in assessment area 2. The table below shows the results of our sample from assessment area 2 and compares the bank's lending to the total number of families in each income tract from the 1990 census data.

Residential Real Estate Lending by Census Tract Loans in the Sioux City MSA Assessment Area					
Census Tract Category	\$ of Loans (\$000)	% of Loans by \$	Number of Loans	% of Loans By Number	Families by Income Tract (%)
Low-Income	\$0	0.0%	0	0.0%	4.1%
Moderate- Income	\$0	0.0%	0	0.0%	20.3%
Middle-Income	\$100	12.3%	2	18.2%	44.8%
Upper-Income	\$714	87.7%	9	81.8%	30.8%
Total	\$814	100%	11	100%	100%

Our sample did not detect any penetration in the low-income and moderate-income tracts within the Sioux City MSA. We reviewed all eleven residential real estate loans made within this assessment area between January 1, 1999 and June 30, 1999. The bank recently expanded services into this area by opening the Sioux City office in November 1998. The bank is actively making loans in this area. As of June 30, 1999 the bank had made \$4.5 million in new loans since opening the Sioux City office in November 1998.

A geographic distribution of loans was not performed on AA 1, since all the BNA in this AA are middle-income. A geographic distribution is not meaningful if there are no low-income or moderate-income BNA in the AA.

Response to Complaints

The bank received no written complaints related to its CRA performance during the evaluation period.

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any single female applicants for indirect auto loans during our fair lending examination. The bank has satisfactory fair lending policies, procedures, and training programs in place.